
Section VI

Special Reports

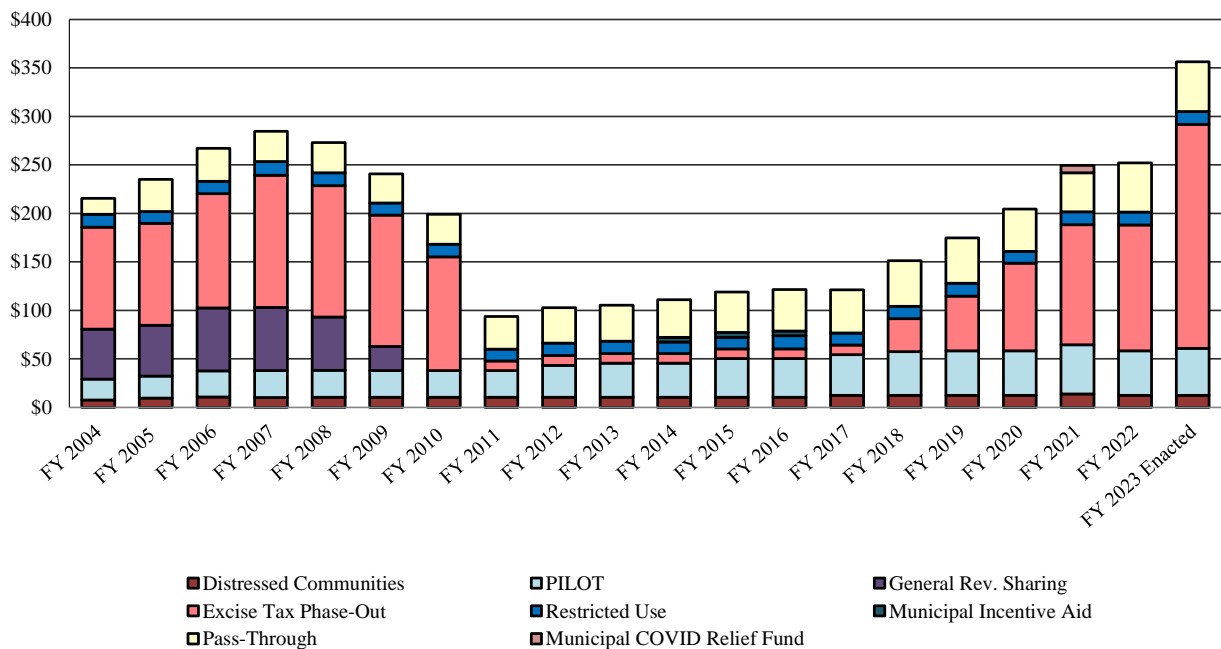
State Aid to Local Governments

Introduction

The Assembly provided state aid to cities and towns totaling \$201.3 million for FY 2022 and \$305.0 million for FY 2023. Revised funding for general aid programs in FY 2022 includes \$188.2 million, which is \$10.0 million less than enacted and \$3.2 million more than the Governor recommended, primarily reflecting updated data for the Motor Vehicle Excise Tax Phase-Out. Funding for general aid programs in FY 2023 totals \$291.8 million, \$66.7 million more than recommended.

For restricted use programs, the budget includes \$13.2 million for FY 2022 and \$13.3 million for FY 2023 to reflect full funding of the library aid program, offset by other changes. Local communities also receive revenues from other local taxes, which the state collects and passes through to the communities. This is estimated to be \$50.7 million for FY 2022 and \$51.3 million for FY 2023.

The following graph shows historical funding data in millions and includes the allocation by program from FY 2004 through the FY 2023 enacted budget.



The major changes included in the FY 2023 enacted budget proposal are discussed on the following pages, followed by tables that show the enacted distribution of general aid by community. Though not state aid programs, there are also tables for the public service corporation, and local 1.0 percent meals and beverage and hotel tax collections, which are collected at the state level for efficiency purposes and returned to local governments. It should be noted that the FY 2023 Motor Vehicle Excise Tax Phase-Out reimbursements will require data updates not reflected in the distribution. Those updates will likely change allocations to each community.

General. The Assembly provided \$188.2 million for FY 2022 and \$291.8 million for FY 2023 for general state aid programs to local governments.

Fiscal Year	2005	2010	2015	2020	2022 Enacted	2022 Final	2023 Gov. Rec.	2023 Enacted	Chg. To Enacted
General Aid									
Distressed Communities	\$ 9.5	\$ 10.4	\$ 10.4	\$ 12.4	\$ 12.4	\$ 12.4	\$ 12.4	\$ 12.4	\$ -
PILOT	22.7	27.6	40.1	46.1	46.1	46.1	46.1	48.4	2.3
Excise Tax Phase-Out	105.0	117.2	10.0	90.3	139.7	129.7	166.6	231.0	91.3
Municipal Incentive Aid	-	-	5.0	-	-	-	-	-	-
General Rev. Sharing	52.4	-	-	-	-	-	-	-	-
Subtotal	\$ 189.7	\$ 155.1	\$ 65.5	\$ 148.7	\$ 198.1	\$ 188.2	\$ 225.1	\$ 291.8	\$ 93.6
Restricted Use Aid									
Library Resource Aid	\$ 8.1	\$ 8.8	\$ 8.8	\$ 9.6	\$ 9.6	\$ 9.6	\$ 9.6	\$ 11.0	\$ 1.4
Library Const. Aid	2.5	2.6	2.3	1.9	2.1	2.1	1.9	1.9	(0.2)
Police & Fire Incentive	1.1	-	-	-	-	-	-	-	-
Prop. Val. Reimb.	0.6	1.6	0.7	0.6	1.5	1.5	0.4	0.4	(1.1)
Oversight Reimb.	-	-	0.1	0.1	-	-	-	-	-
Subtotal	\$ 12.3	\$ 13.0	\$ 11.9	\$ 12.2	\$ 13.2	\$ 13.2	\$ 11.8	\$ 13.3	\$ 0.1
Total Appropriated Aid	\$ 202.0	\$ 168.2	\$ 77.4	\$ 160.9	\$ 211.3	\$ 201.3	\$ 236.9	\$ 305.0	\$ 93.7
Other Aid - Pass-Through									
Public Service Corp.	\$ 14.6	\$ 10.2	\$ 14.3	\$ 13.2	\$ 12.6	\$ 12.6	\$ 12.6	\$ 12.6	\$ -
Meals and Beverage Tax	17.8	19.0	23.9	26.2	27.2	32.4	33.5	33.1	5.9
Local Hotel Tax	0.6	1.7	3.4	4.3	3.8	5.7	5.7	5.6	1.8
Total Other Aid	\$ 33.1	\$ 30.9	\$ 41.6	\$ 43.6	\$ 43.6	\$ 50.7	\$ 51.8	\$ 51.3	\$ 7.7

\$ in millions

- Distressed Communities Relief Fund.** The Assembly provided the enacted level of \$12.4 million for the Distressed Communities Relief Fund, consistent with the Governor's recommendation. Communities' aid distribution is based on updated qualifying tax levies reflecting the exclusion of Cranston as a distressed community for FY 2023; no community is newly qualified. For both the first year of a community's qualification as a distressed community and the year that a community no longer qualifies, it receives a transition payment of half its proportional share; there is a redistribution of funding among qualifying communities based on the recommended total.
- Payment in Lieu of Taxes Program.** The Assembly provided \$48.4 million, \$2.3 million more than the Governor's recommendation for FY 2023 to fully fund the Payment in Lieu of Taxes program. This reimburses municipalities for property taxes that would have been due on real property exempted from taxation by state law, including property owned by private nonprofit higher educational institutions, nonprofit hospitals, or any state-owned hospital, veterans' residential facility, or correctional facility. Municipalities may be reimbursed up to 27.0 percent of the tax that would have been collected if the property had been taxable, subject to appropriation. If the appropriation is less than the necessary amount, reimbursements are ratably reduced. The Governor recommended \$46.1 million for FY 2023, equivalent to 25.7 percent. The FY 2022 enacted budget contains the same amount and is equivalent to 26.0 percent.
- Motor Vehicle Excise Tax Phase-Out.** The Assembly provided \$231.0 million, \$64.4 million more than the Governor's recommendation for FY 2023. The Budget reflects estimated funding consistent with accelerating the motor vehicle phase-out by one year compared to the schedule anticipated by the 2017 Assembly, which ended the tax for FY 2024. With the exception of East Providence, no community will send out a tax bill for FY 2023; East Providence entered the phase-out one year behind and will end the same way. The FY 2022 final amount includes \$129.7 million, \$10.0 million less than enacted reflecting updated data and holding certain communities harmless from the negative effects of the advancement on their accounting practices.
- Library Resource Sharing Aid.** The Assembly provided \$11.0 million, \$1.4 million more than enacted to fully fund the library aid program. Current law allows 25.0 percent reimbursement of second prior year

expenditures, subject to appropriation. The Governor recommended \$9.6 million, which represents a 22.4 percent reimbursement; the FY 2022 budget represents 21.8 percent.

- **Library Construction Aid.** The Assembly provided \$1.9 million to fully fund library construction aid requirements, this is \$0.2 million less than the enacted and revised amounts of \$2.1 million. The state reimburses libraries up to half of the total costs 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.
- **Property Valuation Reimbursement.** The Assembly provided the enacted level of \$1.5 million for FY 2022 and \$0.4 million for FY 2023 to reimburse communities conducting property valuation updates.
- **Oversight Reimbursement.** The Budget does not provide funding for oversight reimbursement to communities exiting state Fiscal Stability Act oversight as no communities are eligible.
- **Public Service Corporation Tax.** The Budget assumes the state will collect and distribute \$12.6 million of property tax revenues from public service corporations on behalf of municipalities and pass that back to them. The FY 2023 amount is estimated; updated data is not yet available.
- **Meals and Beverage Tax.** The Budget assumes the state will collect and distribute an estimated \$32.4 million and \$33.1 million from local meals and beverage taxes for FY 2022 and FY 2023, respectively. This reflects the June 2022 update to the November 2021 Office of Revenue Analysis forecast presented in the Governor's recommendation.
- **Local Hotel Tax.** The Budget assumes the state will collect and distribute an estimated \$5.7 million and \$5.6 million for FY 2022 and FY 2023, respectively, from the 1.0 percent local hotel tax. This reflects the June 2022 update to the November 2021 Office of Revenue Analysis forecast presented in the Governor's recommendation.

State Aid

State aid can be classified into *general* state aid and *restricted use* aid. *General* aid payments made to municipalities can be used for general budget use or as reimbursement for costs incurred. Examples include: distressed communities relief, payment in lieu of taxes, and Motor Vehicle Excise Tax Phase-Out payments. The general purpose of these programs is to relieve pressure on local property taxes by providing revenues from the state's broad based taxes to local governments.

Restricted use aid includes payments made to a municipality for a specific purpose or payments to non-governmental entities providing a public service, including library aid. The largest source of restricted aid is education aid, not included here. This information is shown separately in the Education Aid report in this publication.

Pass-through aid in the form of the Public Service Corporation, 1.0 percent local meals and beverage tax, and 1.0 percent hotel tax are listed as state aid. These funds are not paid from state sources. For efficiency of collections, the Division of Taxation collects this local levy at the state level and returns the collections back to the local governments.

General State Aid

Distressed Communities Relief Program. The Distressed Communities Relief program was established in 1990 to provide assistance to the communities with the highest property tax burdens relative to the wealth of the taxpayers.

Rankings	Central Falls	Cranston	North Providence	Pawtucket	Providence	West Warwick	Woonsocket
FY 2020							
Levy/Full Value	3	5	6	8	2	4	1
Per Capita Income 2017	1	7	9	3	4	5	2
Personal Income/Full Value	1	9	4	3	11	6	2
Full Value Per Capita	1	7	6	3	4	5	2
Qualifying Rankings	4	3	3	4	3	4	4
FY 2021							
Levy/Full Value	4	5	7	6	3	2	1
Per Capita Income 2018	1	7	9	4	3	5	2
Personal Income/Full Value	1	6	4	3	17	5	2
Full Value Per Capita	1	6	7	3	5	4	2
Qualifying Rankings	4	4	3	4	3	4	4
FY 2022							
Levy/Full Value	4	7	5	6	2	1	3
Per Capita Income 2019	1	7	8	4	3	5	2
Personal Income/Full Value	1	13	5	3	14	4	2
Full Value Per Capita	1	8	6	3	5	4	2
Qualifying Rankings	4	3	4	4	3	4	4
FY 2023							
Levy/Full Value	3	10	5	11	2	1	8
Per Capita Income 2019	1	7	8	4	3	5	2
Personal Income/Full Value	1	11	4	3	9	5	2
Full Value Per Capita	1	7	6	3	4	5	2
Qualifying Rankings	4	2	4	3	3	4	4

The 2005 Assembly increased eligibility for FY 2006 to any community falling into the lowest 20.0 percent for at least three of four indices to be eligible for assistance under the Distressed Communities Relief program.

Dedicated funding for the program was from \$0.30 of the \$2.00 real estate transfer tax collected for each \$500 or fractional part of the purchase price of property sold, \$5.0 million from state appropriations, and 0.19 percent of all net terminal income from video lottery. The 2007 Assembly adopted the Governor's recommendation to convert the real estate conveyance portion to general revenues and make the program subject to appropriation. Distributions from only video lottery terminal revenues were shared equally among qualifying communities.

The 2012 Assembly adopted legislation allowing municipalities to receive the entirety of their distressed aid payments in August. Payments had been made twice a year in August and March.

Historically, a majority of the funds, \$9.6 million, was distributed on a weighted allocation and legislation was included in past budgets to allow \$0.8 million previously linked to lottery revenues to be shared equally among the communities. Since FY 2014, all of the funds are distributed on a weighted basis. The program had been level funded at \$10.4 million from FY 2008 until the 2016 Assembly increased funding to \$12.4 million. The state typically makes payments in August each year.

The 2016 Assembly enacted legislation requiring that all communities qualifying as distressed participate in the Division of Taxation's refund offset program to collect taxes owed. Current law provides that if the Assembly appropriates more than the enacted level for the program, distressed communities will receive shares, even if they are receiving a transition payment. The 2020 Assembly provided an enhanced level of \$13.8 million, reflecting \$1.4 million provided using one-time COVID Relief federal funds.

The Assembly provided \$12.4 million for the Distressed Communities Relief program for FY 2023, consistent with prior appropriated amounts. Communities' aid distribution is based on updated qualifying tax levies and population data from 2019, consistent with current law for the most recent data available.

Most funds are distributed based on the ratio of an eligible municipality's tax levy to the total tax levy of all eligible municipalities. However, when a new community qualifies, that community receives 50.0 percent of current law requirements the first year it qualifies. The remaining 50.0 percent is distributed to the other distressed communities proportionately. When a community falls out of the program, it receives a one-time transition payment of 50.0 percent of the prior year requirement exclusive of any reduction for first year qualification. The FY 2023 budget includes a 50.0 percent transition payment out of the program for Cranston; no communities are newly qualified.

Payment in Lieu of Taxes (PILOT). This program reimburses cities and towns for property taxes, which would have been due on real property owned by private nonprofit higher educational institutions or nonprofit hospitals, or any state-owned hospital, veterans' residential facility or correctional facility, which is exempt from taxation by state law. Municipalities may be reimbursed up to 27.0 percent of the tax that would have been collected if the property had been taxable, subject to appropriation. The state typically makes one payment to communities in July of each year.

If the appropriation is less than the necessary amount, the reimbursements are ratably reduced. The Assembly provided \$48.4 million, \$2.3 million more than the Governor's recommendation to fully fund the program for FY 2023. The FY 2022 final budget includes the enacted reimbursement level which represents 26.0 percent and \$1.8 million less than full funding based on prior data.

Motor Vehicle Excise Tax Phase-Out. The 1998 General Assembly enacted legislation to eliminate the motor vehicles excise tax over a period of seven years. The exemption is a reduction in the assessed value subject to taxation. Cities and towns are paid by the state for the lost taxes due to the exemptions and local vehicle tax rates were frozen to the FY 1998 level. The state typically makes quarterly payments to the communities in the months of August, November, February and May.

The 2010 Assembly provided \$117.2 million to fund the program at 88.0 percent of the amount that would have been due in FY 2010. It also enacted legislation that mandates a \$500 exemption for which the state will reimburse municipalities an amount subject to appropriation for FY 2011 and thereafter. It had been funded at \$10.0 million until FY 2018. Municipalities could provide an additional exemption which was not subject to reimbursement. The Assembly removed the prohibition on taxing the difference when the value of a vehicle is higher than assessed in the prior fiscal year, and allowed motor vehicle rates and ratios of assessment to be less than earlier levels, which were frozen. The Assembly also restored fire districts' authority to levy a motor vehicles excise tax and excluded them from reimbursements.

The 2017 Assembly enacted legislation to restart the phase-out. Over time, that law incrementally reduces the maximum tax rate levied and percentage of assessed value, while increasing the minimum exemption. That legislation also exempts cars older than 15 years from taxation, a change from the prior exemption of 25 years. Under that phase-out schedule, for FY 2023 the rate cap decreases by \$10 to \$20 per \$1,000 assessed, the percentage of value assessed decreases 5.0 percent to 70.0 percent, and the minimum exemption increases by \$1,000 to \$6,000; cars older than 15 years are exempt and the tax is eliminated as of FY 2024.

The Governor recommended \$166.6 million for FY 2023 to fully fund the program consistent with the phase-out schedule enacted by the 2017 Assembly; the FY 2022 revised amount includes \$126.5 million, \$13.1 million less than the enacted estimate based on updated data.

		2017 Assembly			2022 Assembly Except East Providence			2022 Assembly East Providence ¹		
Fiscal Year	No Tax After Age	% of Retail Value	Cap on Rate per \$1,000	Exemption Floor	% of Retail Value	Cap on Rate per \$1,000	Exemption Floor	% of Retail Value	Cap on Rate per \$1,000	Exemption Floor
2017	25	100.0%	\$ -	\$ 500	100.0%	\$ -	\$ 500	100.0%	\$ -	\$ 500
2018	15	95.0%	\$ 60	\$ 1,000	95.0%	\$ 60	\$ 1,000	95.0%	\$ 60	\$ 1,000
2019	15	90.0%	\$ 50	\$ 2,000	90.0%	\$ 50	\$ 2,000	90.0%	\$ 50	\$ 2,000
2020	15	85.0%	\$ 35	\$ 3,000	85.0%	\$ 35	\$ 3,000	85.0%	\$ 35	\$ 3,000
2021	15	80.0%	\$ 35	\$ 4,000	80.0%	\$ 35	\$ 4,000	80.0%	\$ 35	\$ 4,000
2022	15	75.0%	\$ 30	\$ 5,000	75.0%	\$ 30	\$ 5,000	70.0%	\$ 20	\$ 6,000
2023	15	70.0%	\$ 20	\$ 6,000	No Tax Levied					
2024										

¹ East Providence's FY 2022 is the state's FY 2023; this results in entering and leaving the phase-out later.

The 2022 Assembly included Section 12 of Article 6 which accelerates the phase-out by one year for all communities. The Budget includes \$129.7 million for FY 2022 and \$231.0 million for FY 2023, which is \$3.2 million and \$64.4 million more than the Governor recommended, respectively. Each year includes some additional funding: in FY 2022 it is to hold certain communities harmless from the negative effects of the advancement on their accounting practices; in FY 2023 it is for distribution to communities for which the levy is above the 2018 baseline, and that revenue was included in the local budget.

For all communities this reflects ending the tax collection as of FY 2023. East Providence's fiscal year is one year behind the state and the other communities. As the phase-out was structured on a fiscal year basis, East Providence entered the phase-out one year later than other communities. Most communities completed the FY 2022 aid year, and are accelerated to FY 2024 which calls for no tax; East Providence completed its FY 2021 aid year, and is accelerated to the FY 2023 tax schedule as enacted by the 2017 Assembly in its FY 2022 aid year, after which there is no tax.

Municipal Incentive Aid. The Municipal Incentive Aid program, which encouraged sustainable funding of retirement plans and reduction of unfunded liabilities was conceived as a three-year program. Aid was distributed on the basis of the most recent estimate of population of each municipality as a share of the total state population, as reported by the Bureau of the Census in the year the payment is made. Program payments were made in March of each year. If a municipality was not eligible to receive aid, its share may have been reappropriated to the following fiscal year. To receive the prior and current years' share of aid, the municipality had to meet the funding requirements for both years. FY 2016 was the third and final year. For FY 2016, Johnston did not meet the requirements for eligibility and its payment was reappropriated to FY 2017. Its share was ultimately redistributed amongst the other communities in May 2017.

Municipal COVID Relief Fund. The 2020 Assembly provided an enhanced level of local aid support for FY 2021 from the state's one-time allocation of \$1,250.0 million from the Coronavirus Relief Fund, provided under the CARES Act. The budget had proviso language for cities and towns to comply with all applicable federal laws and regulations under Section 5001 of the Coronavirus Aid, Relief, and Economic Security Act, P.L. 116-136. The FY 2021 budget includes \$136.5 million from Coronavirus Relief federal funds, using the enacted distribution methodology based on four formulas, including the Distressed Communities Relief, Payment in Lieu of Taxes, and Motor Vehicle Excise Tax Phase-Out programs, distributed based on those formulas and a per capita funding formula.

General Revenue Sharing. Beginning in FY 1994, a portion of total state tax revenues from the second prior fiscal year have been earmarked as state aid to cities and towns and distributed based on per capita income and local tax burdens for public purposes. The FY 1999 budget began increasing the percentage of shared revenues as a mechanism for reimbursing municipalities for lost local revenues from the ten-year

phase-out of the inventory tax. Legislation in 2005 and 2006 dedicated a portion of video lottery net terminal income, up to \$10.0 million, to the program for non-distressed communities. The 2009 Assembly adopted the Governor's recommendation to subject the program to appropriation. It has not been funded since FY 2009.

Restricted Use State Aid

Library Resource Sharing Aid. Current law requires the state to support local libraries via grants-in-aid at a level equivalent to 25.0 percent of the amount appropriated and expended from local tax revenues in the second prior fiscal year by the municipalities in which the libraries are located, provided that if the total exceeds the appropriation the aid amounts to each municipality be proportionately reduced.

Aid remained relatively stable from FY 1991 through FY 1997. For FY 1998, the General Assembly appropriated an additional \$1.0 million to begin increasing funding to meet the 25.0 percent program requirement by FY 2000. The state is also required to fund 100 percent of the administrative and operating costs of the Rhode Island Library Network. It should be noted that the 25.0 percent requirement also applies to institutional libraries; however, that funding is not shown in this report as local aid.

The 2003 Assembly amended the statute to include Providence Public Library endowment funding as part of the local effort; the annual amount of endowment funds that may be included is capped at 6.0 percent of the three-year average market value of the endowment, calculated at the end of the calendar year. The 2004 Assembly further amended the laws to extend this allowance to all libraries.

For FY 2009, the Assembly enacted legislation to reduce the maintenance of effort requirement for municipalities to library services funding of at least 80.0 percent of the previous fiscal year. The 2009 Assembly enacted legislation to continue allowing communities to meet the 80.0 percent maintenance of effort for libraries to qualify for state library aid.

The chief library officer annually determines each municipality's compliance with the maintenance of effort requirement 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.

Included in this aid program is the library resources services grant, which is provided to the Providence Public Library to serve as the state's reference resource center. The program is intended to provide high-quality reference services to libraries and their patrons, including research area-specific databases, librarian-assisted research, and some tutoring services. It had historically been funded at \$1.0 million per year. The 2016 Assembly concurred with the Governor's recommendation to reduce the statewide library resource reference grant to \$0.7 million.

For FY 2023, the Assembly provided \$11.0 million to fully fund state support of public libraries; this is \$1.4 million more than the Governor recommended. Current law allows 25.0 percent reimbursement of second prior year expenditures, subject to appropriation. The FY 2022 budget represents 21.8 percent.

Library Construction Aid. State law establishes a library construction aid program, administered by the Office of Library and Information Services, which provides the authority to make grants-in-aid to a municipality or a free public library for construction of or capital improvements to any free public library to provide better services to the public.

The state grants-in-aid are limited to a maximum of 50.0 percent of total eligible costs, as determined by the Office of Library and Information Services. The grants are paid 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 a project. During the repayment period, the state share may include the costs of interest on the state share of the project costs if the municipality or free public library was required to borrow the state's share of the project costs.

Reimbursable costs also include any cost of borrowing for the state share during the construction period. Examples of costs ineligible for state funds include fundraising or public relations costs incurred by the municipality or the free library. In a case where the library is a component of local government, payments are made to the municipality. Payments are also made directly to free public libraries.

Library construction aid is considered indirect aid. Payments are not necessarily made to a local government; some are made directly to free public libraries, and therefore cannot be considered traditional local aid. Additionally, funds are targeted for specific use and are not for general support of the local government or free library budget.

The 2011 Assembly imposed a three-year moratorium on the acceptance of applications for library construction aid projects through July 1, 2014. The 2022 Assembly provided \$1.9 million for FY 2023 based on expected reimbursements. This is consistent with Governor's recommendation and \$0.2 million less than FY 2022.

State and Municipal Police Incentive Pay. The Rhode Island General Laws establish the Municipal Police Incentive Pay program. The purpose is to provide financial compensation to members of the state, city, and town police departments, sheriffs and deputy sheriffs, members of the Rhode Island marshals' unit, Rhode Island Capitol Police, park police and conservation officers of the Division of Enforcement in the Department of Environmental Management, and the State Fire Marshal and deputy fire marshals who have earned college credits in the field of police work.

The amount of the incentive is based on a point system, which is related to the individual's level of educational attainment. The state payments go directly to the municipalities which, in turn, make payments to the participants. The Governor proposed to eliminate the program for FY 2009; the 2008 Assembly maintained it in the general laws, but no funding has been provided since. Municipalities are still required to reimburse police officers for eligible expenses incurred in earning credits associated with the program.

Municipal Firefighters Incentive Pay. Current law establishes a Municipal Firefighters Incentive Pay program. The purpose of this program is to provide financial compensation to members of the municipal fire departments and fire districts, the Cumberland Rescue Department and emergency service technicians of the Town of Lincoln who have furthered their education at the college level.

The amount of the incentive is based on a point system, which is related to the individual's level of educational attainment. The state payments go directly to the municipalities which, in turn, make payments to the participants. The Governor proposed to eliminate the program for FY 2009; the 2008 Assembly maintained it in the general laws, but no funding has been provided since. Current law does not require that municipalities reimburse firefighters for eligible expenses; however, some municipalities do so voluntarily.

Property Revaluation Reimbursement. Section 44-5-11.6 of the Rhode Island General Laws requires that municipalities update property valuations using statistical techniques every third and sixth year after a full revaluation. The statute also requires that the state reimburse municipalities the total cost of the first update, not to exceed \$20 per parcel. Reimbursements for subsequent updates are 80.0 percent for the second statistical update and 60.0 percent for the third and all subsequent updates. A distressed community

will receive 80.0 percent reimbursement for the second and all subsequent updates. The reimbursement is made upon receipt of bills for completion of the revaluation.

Fiscal Year	Expenditures	Fiscal Year	Expenditures
2012	\$ 905,250	2018	\$ 732,812
2013	\$ 889,640	2019	\$ 1,023,245
2014	\$ 436,537	2020	\$ 585,632
2015	\$ 681,508	2021	\$ 853,931
2016	\$ 1,300,849	2022*	\$ 1,503,677
2017	\$ 446,302	2023*	\$ 414,947

**FY 2022 Final and FY 2023 Enacted*

The Assembly provided \$1.5 million for FY 2022 and \$0.4 million for FY 2023 to reflect anticipated expenses for maximum allowable reimbursements for communities scheduled to complete revaluations. This is consistent with the Governor's recommendations for each year. The state does not reimburse non-distressed municipalities for complete revaluations, only for updates. Expenditures fluctuate annually, the previous table includes actual expenditures since FY 2012, and the appropriated amounts for FY 2022 and FY 2023.

Oversight Reimbursement. Current law requires that the state reimburse 50.0 percent of the cost of an official to act as a financial advisor to municipalities no longer subject to state Fiscal Stability Act oversight. No funding is provided; the final eligible community exited oversight on March 20, 2020.

Pass-Through Revenues

Public Service Corporation Tax. The Budget assumes the state will collect \$12.6 million of property taxes from public service corporations on behalf of municipalities and pass that back to them in FY 2023. This reflects the FY 2022 amount; a final figure will be calculated in spring 2023 when updated data is available. The 2009 Assembly adopted the Governor's recommendation to require the tax rate applied to the tangible personal property of public service corporations not be less than the prior year. Annual tax collections had dropped from \$16.6 million in FY 2004 to \$10.2 million in FY 2010. The statute allows for the use of up to 0.75 percent for administrative expenses; these funds are deposited as general revenues.

The tangible personal property of telegraph, cable, and telecommunications corporations and express corporations used exclusively in conducting business for the corporation is exempt from local taxation under current law; however, it is subject to taxation by the state. Tangible personal property includes lines, cables, ducts, pipes, machines and machinery, and equipment.

By March 1 of each year, companies are required to declare the value of their tangible personal property to the Department of Revenue, which uses this data to calculate the taxes due from each company. The calculation is based on the average assessment ratios in the state and the average property tax rate. Funds are collected by the Department and distributed as prescribed in statute. The statewide average assessment ratio is the total gross statewide assessment divided by the total statewide value. The average property tax rate is calculated as the total statewide levy divided by the statewide net assessment. Funds collected by the state from this tax are distributed to cities and towns on the basis of the ratio of city or town population to the population of the state as a whole. It should be noted that while this category of state aid is displayed in the tables later in this report, the funds are not appropriated by the General Assembly.

Other Local Revenues

Meals and Beverage Tax. The 2003 Assembly enacted a 1.0 percent additional tax on gross receipts from the sale of food and beverages sold in or from eating and drinking establishments, effective August 1, 2003. Meals are defined as food sold ready for immediate consumption, regardless of when or where consumed. Eating establishments include all entities preparing these foods, including caterers. The Division of Taxation collects the tax and distributes it to the city or town where the meals and beverages were delivered. Collections for the last five fiscal years are shown in the following table.

Fiscal Year	Total Collections
2021	\$ 26,005,401
2020	\$ 26,153,929
2019	\$ 28,297,063
2018	\$ 28,896,727
2017	\$ 26,337,072

While not a direct appropriation, the Budget assumes the state will collect and distribute an estimated \$32.4 million and \$33.1 million from local meals and beverage taxes for FY 2022 and FY 2023, respectively. This reflects the June 2022 update to the November 2021 Office of Revenue Analysis forecast presented in the Governor's recommendation.

Hotel Tax. The 2004 Assembly enacted a 1.0 percent additional tax on occupancy charges, effective January 1, 2005. The tax is paid by anyone receiving monetary charge for occupancy of any space furnished in a structure with a minimum of one room that is kept, used, maintained, advertised as or held out to the public to be a space where living quarters are supplied for pay to transient use. The Division of Taxation collects the tax for all except the City of Newport and distributes it to the city or town where the occupancy occurred. An expansion of the types of lodging to which this tax applies has increased recent collections. Collections for the last five fiscal years are shown in the following table.

Fiscal Year	Total Collections
2021	\$ 3,749,642
2020	\$ 4,299,317
2019	\$ 5,072,892
2018	\$ 5,070,279
2017	\$ 4,415,901

While not a direct appropriation, the Budget assumes the state will collect and distribute an estimated \$5.7 million and \$5.6 million for FY 2022 and FY 2023, respectively, from the 1.0 percent local hotel tax. This reflects the June 2022 update to the November 2021 Office of Revenue Analysis forecast presented in the Governor's recommendation.

For additional information, the tables at the end of this section show recent distributions from these sources.

Federal Stimulus Local Aid

On March 11, 2021, President Biden signed into law the American Rescue Plan Act, which 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 \$1,780.2 million including \$536.8 million for local governments from the Local Fiscal Recovery Fund. The act provides

that half of these funds be disbursed within 60 days of certified attestation from the state regarding the use of funds, with the remainder not to be paid within one year of the first disbursement.

Communities receive funding from up to three distinct distributions from county, non-entitlement, and entitlement allocations. The entitlement community allocation does not flow through the state; Cranston, East Providence, Pawtucket, Providence, Warwick, and Woonsocket receive those funds directly. For those communities, only the county allocation is passed through the state budget. For the county government funds, the state is required to disburse those funds to each government within each county on a per capita basis with respect to the county population. The final budget includes the \$132.0 million to reflect the first funding tranche. The state distributed \$29.1 million to non-entitlement communities in July 2021, and \$102.9 million from the county distribution in August 2021. The FY 2023 enacted budget includes an equal amount for the second tranche. The Local Fiscal Recovery Fund allocations anticipated are shown in the following table; the distribution by community and allocation type is located in tables at the end of this section.

Local Fiscal Recovery Fund			
Disbursement Type	FY 2022	FY 2023	Total
Entitlement	\$ 136,459,865	\$ 136,459,865	\$ 272,919,729
<i>Cranston</i>	<i>13,385,229</i>	<i>13,385,229</i>	<i>26,770,457</i>
<i>East Providence</i>	<i>9,268,337</i>	<i>9,268,337</i>	<i>18,536,674</i>
<i>Pawtucket</i>	<i>22,131,140</i>	<i>22,131,140</i>	<i>44,262,279</i>
<i>Providence</i>	<i>65,686,983</i>	<i>65,686,983</i>	<i>131,373,965</i>
<i>Warwick</i>	<i>11,848,880</i>	<i>11,848,880</i>	<i>23,697,760</i>
<i>Woonsocket</i>	<i>14,139,297</i>	<i>14,139,297</i>	<i>28,278,594</i>
Non-Entitlement	\$ 29,073,366	\$ 29,073,366	\$ 58,146,731
County	\$ 102,884,228	\$ 102,884,228	\$ 205,768,455
Grand Total	\$ 268,417,458	\$ 268,417,458	\$ 536,834,915

Distribution by Community

General Aid Total
Includes Distressed Communities, PILOT, & Motor Vehicle Excise Tax

<i>City or Town</i>	<i>FY 2022 Enacted ¹</i>	<i>FY 2022 Gov. Rev. ¹</i>	<i>FY 2022 Final* ¹</i>	<i>Change to Enacted</i>
Barrington	\$ 3,583,232	\$ 3,294,539	\$ 3,294,539	\$ (288,693)
Bristol	2,802,010	2,642,585	2,642,585	(159,425)
Burrillville	3,303,116	2,979,914	2,979,914	(323,202)
Central Falls	1,753,187	1,640,560	1,640,560	(112,627)
Charlestown	516,867	409,712	410,125	(106,742)
Coventry	3,141,355	2,667,501	2,667,501	(473,854)
Cranston	22,205,059	20,985,653	20,985,653	(1,219,406)
Cumberland	3,073,980	2,641,329	5,938,024	2,864,044
East Greenwich	1,595,123	1,303,146	1,303,146	(291,977)
East Providence	5,860,240	4,876,907	4,876,907	(983,332)
Exeter	1,174,231	1,031,171	1,031,171	(143,060)
Foster	1,027,831	916,921	916,921	(110,910)
Glocester	1,205,509	1,045,563	1,045,563	(159,946)
Hopkinton	896,335	762,446	762,446	(133,889)
Jamestown	182,168	121,883	121,883	(60,285)
Johnston	6,502,131	5,962,368	5,962,368	(539,763)
Lincoln	2,395,450	2,034,347	2,034,347	(361,103)
Little Compton	105,149	81,995	81,995	(23,154)
Middletown	794,581	698,657	698,657	(95,925)
Narragansett	526,083	442,433	442,433	(83,650)
Newport	2,273,800	2,078,245	2,078,245	(195,555)
New Shoreham	94,711	82,699	82,699	(12,012)
North Kingstown	2,016,677	1,909,138	1,909,138	(107,540)
North Providence	7,685,492	7,332,733	7,332,733	(352,760)
North Smithfield	2,662,361	2,387,438	2,387,438	(274,924)
Pawtucket	13,765,615	12,940,421	12,940,421	(825,194)
Portsmouth	1,079,761	903,110	903,110	(176,651)
Providence	65,591,408	64,187,797	64,187,797	(1,403,612)
Richmond	756,231	634,674	634,674	(121,557)
Scituate	574,145	333,324	333,324	(240,822)
Smithfield	4,741,569	4,420,708	4,420,708	(320,861)
South Kingstown	1,868,077	1,578,955	1,578,955	(289,122)
Tiverton	526,855	365,326	365,326	(161,528)
Warren	1,106,897	954,817	954,817	(152,080)
Warwick	14,546,500	13,414,590	13,414,590	(1,131,910)
Westerly	3,129,315	2,740,282	2,740,282	(389,033)
West Greenwich	655,354	533,647	533,647	(121,707)
West Warwick	3,962,032	3,552,803	3,552,803	(409,229)
Woonsocket	8,278,763	7,892,049	7,892,049	(386,714)
Subtotal	\$ 197,959,199	\$ 184,782,384	\$ 188,079,492	\$ 188,079,492
FY 2023 MV Data				
Update*	-	-	-	-
MV Phase Out - Fire Districts	171,125	211,511	91,134	(79,992)
Enhanced Total	\$ 198,130,324	\$ 184,993,894	\$ 188,170,626	\$ 187,999,500
FY 2021 CRF				
Enhancement	-	-	-	-
Total	\$ 198,130,324	\$ 184,993,894	\$ 188,170,626	\$ 187,999,500

¹ FY 2022 enacted MV figures reflect the 2021 levy; revisions reflect the FY 2022 levy.

*For later distribution to certified communities with FY 2023 levy above the FY 2018 baseline, that budgeted the revenue.

General Aid Total
Includes Distressed Communities, PILOT, & Motor Vehicle Excise Tax

<i>City or Town</i>	<i>FY 2022 Enacted ¹</i>	<i>FY 2023 Gov. Rec. ²</i>	<i>FY 2023 Enacted*</i>	<i>Change to FY 2022 Final</i>
Barrington	\$ 3,583,232	\$ 4,459,747	\$ 5,912,955	\$ 2,618,416
Bristol	2,802,010	2,945,283	4,314,103	1,671,517
Burrillville	3,303,116	3,970,198	5,159,175	2,179,262
Central Falls	1,753,187	1,974,929	2,313,437	672,877
Charlestown	516,867	516,068	1,020,877	610,752
Coventry	3,141,355	3,237,937	5,872,396	3,204,895
Cranston	22,205,059	23,544,191	28,659,187	7,673,535
Cumberland	3,073,980	3,258,801	6,073,469	135,445
East Greenwich	1,595,123	1,649,645	3,191,464	1,888,317
East Providence	5,860,240	7,023,909	7,484,283	2,607,375
Exeter	1,174,231	1,564,804	2,241,381	1,210,210
Foster	1,027,831	1,250,448	1,652,251	735,331
Glocester	1,205,509	1,478,367	2,381,941	1,336,378
Hopkinton	896,335	960,602	1,629,259	866,813
Jamestown	182,168	158,501	622,793	500,910
Johnston	6,502,131	7,941,051	10,382,785	4,420,417
Lincoln	2,395,450	3,652,032	5,683,015	3,648,669
Little Compton	105,149	103,637	366,775	284,780
Middletown	794,581	919,619	1,976,448	1,277,791
Narragansett	526,083	537,544	1,707,362	1,264,928
Newport	2,273,800	2,455,848	3,912,632	1,834,387
New Shoreham	94,711	96,719	163,298	80,599
North Kingstown	2,016,677	2,749,647	5,379,966	3,470,828
North Providence	7,685,492	8,942,843	10,694,732	3,362,000
North Smithfield	2,662,361	3,292,439	4,398,531	2,011,093
Pawtucket	13,765,615	15,333,793	18,149,792	5,209,371
Portsmouth	1,079,761	1,300,336	2,414,242	1,511,133
Providence	65,591,408	69,414,356	76,075,290	11,887,493
Richmond	756,231	854,261	1,448,455	813,781
Scituate	574,145	964,460	1,977,127	1,643,803
Smithfield	4,741,569	5,992,959	8,009,651	3,588,943
South Kingstown	1,868,077	2,023,481	4,147,520	2,568,565
Tiverton	526,855	470,683	1,710,494	1,345,168
Warren	1,106,897	1,375,291	2,090,911	1,136,094
Warwick	14,546,500	19,397,855	26,824,689	13,410,099
Westerly	3,129,315	4,180,445	5,962,851	3,222,568
West Greenwich	655,354	665,198	1,331,725	798,078
West Warwick	3,962,032	4,991,275	6,737,346	3,184,543
Woonsocket	8,278,763	9,209,088	10,641,694	2,749,645
Subtotal	\$ 197,959,199	\$ 224,858,291	\$ 290,716,302	\$ 102,636,810
FY 2023 MV Data				
Update*	-	-	500,000	500,000
MV Phase Out - Fire Districts	171,125	210,266	556,628	465,495
Total	\$ 198,130,324	\$ 225,068,558	\$ 291,772,931	\$ 103,602,305

¹ FY 2022 enacted MV figures reflect the 2021 levy; revisions reflect the FY 2022 levy.

*For later distribution to certified communities with FY 2023 levy above the FY 2018 baseline, that budgeted the revenue.

Distressed Communities Relief

<i>City or Town</i>	<i>FY 2022 Enacted</i>	<i>FY 2022 Gov. Rev.</i>	<i>FY 2022 Final</i>	<i>Change to Enacted</i>
Barrington	\$ -	\$ -	\$ -	\$ -
Bristol	-	-	-	-
Burrillville	-	-	-	-
Central Falls	220,713	220,713	220,713	-
Charlestown	-	-	-	-
Coventry	-	-	-	-
Cranston	2,685,555	2,685,555	2,685,555	-
Cumberland	-	-	-	-
East Greenwich	-	-	-	-
East Providence	-	-	-	-
Exeter	-	-	-	-
Foster	-	-	-	-
Glocester	-	-	-	-
Hopkinton	-	-	-	-
Jamestown	-	-	-	-
Johnston	-	-	-	-
Lincoln	-	-	-	-
Little Compton	-	-	-	-
Middletown	-	-	-	-
Narragansett	-	-	-	-
Newport	-	-	-	-
New Shoreham	-	-	-	-
North Kingstown	-	-	-	-
North Providence	987,908	987,908	987,908	-
North Smithfield	-	-	-	-
Pawtucket	1,490,485	1,490,485	1,490,485	-
Portsmouth	-	-	-	-
Providence	5,265,375	5,265,375	5,265,375	-
Richmond	-	-	-	-
Scituate	-	-	-	-
Smithfield	-	-	-	-
South Kingstown	-	-	-	-
Tiverton	-	-	-	-
Warren	-	-	-	-
Warwick	-	-	-	-
Westerly	-	-	-	-
West Greenwich	-	-	-	-
West Warwick	953,745	953,745	953,745	-
Woonsocket	780,677	780,677	780,677	-
Total	\$ 12,384,458	\$ 12,384,458	\$ 12,384,458	\$ -

Distressed Communities Relief

<i>City or Town</i>	<i>FY 2022 Enacted</i>	<i>FY 2023 Gov. Rec.*</i>	<i>FY 2023 Enacted*</i>	<i>Change to FY 2022 Final</i>
Barrington	\$ -	\$ -	\$ -	\$ -
Bristol	-	-	-	-
Burrillville	-	-	-	-
Central Falls	220,713	235,462	235,462	14,749
Charlestown	-	-	-	-
Coventry	-	-	-	-
Cranston	2,685,555	1,342,778	1,342,778	(1,342,778)
Cumberland	-	-	-	-
East Greenwich	-	-	-	-
East Providence	-	-	-	-
Exeter	-	-	-	-
Foster	-	-	-	-
Glocester	-	-	-	-
Hopkinton	-	-	-	-
Jamestown	-	-	-	-
Johnston	-	-	-	-
Lincoln	-	-	-	-
Little Compton	-	-	-	-
Middletown	-	-	-	-
Narragansett	-	-	-	-
Newport	-	-	-	-
New Shoreham	-	-	-	-
North Kingstown	-	-	-	-
North Providence	987,908	1,075,446	1,075,446	87,538
North Smithfield	-	-	-	-
Pawtucket	1,490,485	1,651,225	1,651,225	160,740
Portsmouth	-	-	-	-
Providence	5,265,375	6,171,331	6,171,331	905,957
Richmond	-	-	-	-
Scituate	-	-	-	-
Smithfield	-	-	-	-
South Kingstown	-	-	-	-
Tiverton	-	-	-	-
Warren	-	-	-	-
Warwick	-	-	-	-
Westerly	-	-	-	-
West Greenwich	-	-	-	-
West Warwick	953,745	1,063,602	1,063,602	109,857
Woonsocket	780,677	844,614	844,614	63,937
Total	\$ 12,384,458	\$ 12,384,458	\$ 12,384,458	\$ -

*Cranston no longer qualifies; it receives a 50.0 percent transition payment.

Payment in Lieu of Taxes

<i>City or Town</i>	<i>FY 2022 Enacted</i>	<i>FY 2022 Gov. Rev.</i>	<i>FY 2022 Final</i>	<i>Change to Enacted</i>
Barrington	\$ 17,094	\$ 17,094	\$ 17,094	\$ -
Bristol	1,327,172	1,327,172	1,327,172	-
Burrillville	98,835	98,835	98,835	-
Central Falls	-	-	-	-
Charlestown	-	-	-	-
Coventry	-	-	-	-
Cranston	4,778,876	4,778,876	4,778,876	-
Cumberland	-	-	-	-
East Greenwich	729,131	729,131	729,131	-
East Providence	260,127	260,127	260,127	-
Exeter	-	-	-	-
Foster	-	-	-	-
Glocester	-	-	-	-
Hopkinton	-	-	-	-
Jamestown	-	-	-	-
Johnston	-	-	-	-
Lincoln	-	-	-	-
Little Compton	-	-	-	-
Middletown	-	-	-	-
Narragansett	-	-	-	-
Newport	1,601,050	1,601,050	1,601,050	-
New Shoreham	-	-	-	-
North Kingstown	1,080	1,080	1,080	-
North Providence	-	-	-	-
North Smithfield	-	-	-	-
Pawtucket	3,501	3,501	3,501	-
Portsmouth	-	-	-	-
Providence	34,027,865	34,027,865	34,027,865	-
Richmond	-	-	-	-
Scituate	-	-	-	-
Smithfield	860,981	860,981	860,981	-
South Kingstown	209,069	209,069	209,069	-
Tiverton	-	-	-	-
Warren	-	-	-	-
Warwick	1,528,261	1,528,261	1,528,261	-
Westerly	185,126	185,126	185,126	-
West Greenwich	-	-	-	-
West Warwick	-	-	-	-
Woonsocket	461,334	461,334	461,334	-
Total	\$ 46,089,504	\$ 46,089,504	\$ 46,089,504	\$ -

Payment in Lieu of Taxes

<i>City or Town</i>	<i>FY 2022 Enacted</i>	<i>FY 2023 Gov. Rec.</i>	<i>FY 2023 Enacted</i>	<i>Change to FY 2022 Final</i>
Barrington	\$ 17,094	\$ 17,255	\$ 18,133	\$ 1,039
Bristol	1,327,172	1,340,127	1,408,285	81,113
Burrillville	98,835	100,149	105,242	6,407
Central Falls	-	-	-	-
Charlestown	-	-	-	-
Coventry	-	-	-	-
Cranston	4,778,876	4,761,971	5,004,163	225,286
Cumberland	-	-	-	-
East Greenwich	729,131	736,665	774,131	45,000
East Providence	260,127	268,367	282,016	21,889
Exeter	-	-	-	-
Foster	-	-	-	-
Glocester	-	-	-	-
Hopkinton	-	-	-	-
Jamestown	-	-	-	-
Johnston	-	-	-	-
Lincoln	-	-	-	-
Little Compton	-	-	-	-
Middletown	-	-	-	-
Narragansett	-	-	-	-
Newport	1,601,050	1,607,219	1,688,961	87,911
New Shoreham	-	-	-	-
North Kingstown	1,080	1,093	1,149	68
North Providence	-	-	-	-
North Smithfield	-	-	-	-
Pawtucket	3,501	2,912	3,060	(441)
Portsmouth	-	-	-	-
Providence	34,027,865	34,041,052	35,772,362	1,744,497
Richmond	-	-	-	-
Scituate	-	-	-	-
Smithfield	860,981	866,869	910,957	49,976
South Kingstown	209,069	206,559	217,065	7,995
Tiverton	-	-	-	-
Warren	-	-	-	-
Warwick	1,528,261	1,502,042	1,578,435	50,174
Westerly	185,126	187,778	197,328	12,202
West Greenwich	-	-	-	-
West Warwick	-	-	-	-
Woonsocket	461,334	449,445	472,304	10,969
Total	\$ 46,089,504	\$ 46,089,504	\$ 48,433,591	\$ 2,344,087

Motor Vehicle Excise Phase-Out

<i>City or Town</i>	<i>FY 2022 Enacted ¹</i>	<i>FY 2022 Gov. Rev. ¹</i>	<i>FY 2022 Final ¹</i>	<i>Change to Enacted</i>
Barrington	\$ 3,566,139	\$ 3,277,446	\$ 3,277,446	\$ (288,693)
Bristol	1,474,839	1,315,414	1,315,414	(159,425)
Burrillville	3,204,281	2,881,079	2,881,079	(323,202)
Central Falls	1,532,474	1,419,847	1,419,847	(112,627)
Charlestown	516,867	409,712	410,125	(106,742)
Coventry	3,141,355	2,667,501	2,667,501	(473,854)
Cranston	14,740,627	13,521,221	13,521,221	(1,219,406)
Cumberland	3,073,980	2,641,329	5,938,024	2,864,044
East Greenwich	865,992	574,015	574,015	(291,977)
East Providence	5,600,113	4,616,780	4,616,780	(983,332)
Exeter	1,174,231	1,031,171	1,031,171	(143,060)
Foster	1,027,831	916,921	916,921	(110,910)
Glocester	1,205,509	1,045,563	1,045,563	(159,946)
Hopkinton	896,335	762,446	762,446	(133,889)
Jamestown	182,168	121,883	121,883	(60,285)
Johnston	6,502,131	5,962,368	5,962,368	(539,763)
Lincoln	2,395,450	2,034,347	2,034,347	(361,103)
Little Compton	105,149	81,995	81,995	(23,154)
Middletown	794,581	698,657	698,657	(95,925)
Narragansett	526,083	442,433	442,433	(83,650)
Newport	672,750	477,195	477,195	(195,555)
New Shoreham	94,711	82,699	82,699	(12,012)
North Kingstown	2,015,597	1,908,057	1,908,057	(107,540)
North Providence	6,697,585	6,344,825	6,344,825	(352,760)
North Smithfield	2,662,361	2,387,438	2,387,438	(274,924)
Pawtucket	12,271,628	11,446,434	11,446,434	(825,194)
Portsmouth	1,079,761	903,110	903,110	(176,651)
Providence	26,298,168	24,894,557	24,894,557	(1,403,612)
Richmond	756,231	634,674	634,674	(121,557)
Scituate	574,145	333,324	333,324	(240,822)
Smithfield	3,880,588	3,559,726	3,559,726	(320,861)
South Kingstown	1,659,007	1,369,885	1,369,885	(289,122)
Tiverton	526,855	365,326	365,326	(161,528)
Warren	1,106,897	954,817	954,817	(152,080)
Warwick	13,018,239	11,886,329	11,886,329	(1,131,910)
Westerly	2,944,189	2,555,156	2,555,156	(389,033)
West Greenwich	655,354	533,647	533,647	(121,707)
West Warwick	3,008,286	2,599,058	2,599,058	(409,229)
Woonsocket	7,036,751	6,650,038	6,650,038	(386,714)
Subtotal	\$ 139,485,237	\$ 126,308,422	\$ 129,605,530	\$ (9,879,707)
FY 2023 MV Data				
Update*	-	-	-	-
MV Phase Out - Fire Districts	171,125	211,511	91,134	(79,992)
	\$ 139,656,362	\$ 126,519,932	\$ 129,696,664	\$ (9,959,698)

¹ FY 2022 enacted MV figures reflect the 2021 levy; revisions reflect the FY 2022 levy.

*For later distribution to certified communities with FY 2023 levy above the FY 2018 baseline, that budgeted the revenue.

Motor Vehicle Excise Phase-Out

<i>City or Town</i>	<i>FY 2022 Enacted ¹</i>	<i>FY 2023 Gov. Rec. ²</i>	<i>FY 2023 Enacted*</i>	<i>Change to FY 2022 Final</i>
Barrington	\$ 3,566,139	\$ 4,442,492	\$ 5,894,822	\$ 2,617,376
Bristol	1,474,839	1,605,156	2,905,818	1,590,404
Burrillville	3,204,281	3,870,050	5,053,933	2,172,854
Central Falls	1,532,474	1,739,467	2,077,974	658,127
Charlestown	516,867	516,068	1,020,877	610,752
Coventry	3,141,355	3,237,937	5,872,396	3,204,895
Cranston	14,740,627	17,439,442	22,312,247	8,791,026
Cumberland	3,073,980	3,258,801	6,073,469	135,445
East Greenwich	865,992	912,980	2,417,332	1,843,317
East Providence	5,600,113	6,755,542	7,202,266	2,585,486
Exeter	1,174,231	1,564,804	2,241,381	1,210,210
Foster	1,027,831	1,250,448	1,652,251	735,331
Glocester	1,205,509	1,478,367	2,381,941	1,336,378
Hopkinton	896,335	960,602	1,629,259	866,813
Jamestown	182,168	158,501	622,793	500,910
Johnston	6,502,131	7,941,051	10,382,785	4,420,417
Lincoln	2,395,450	3,652,032	5,683,015	3,648,669
Little Compton	105,149	103,637	366,775	284,780
Middletown	794,581	919,619	1,976,448	1,277,791
Narragansett	526,083	537,544	1,707,362	1,264,928
Newport	672,750	848,629	2,223,671	1,746,476
New Shoreham	94,711	96,719	163,298	80,599
North Kingstown	2,015,597	2,748,554	5,378,818	3,470,760
North Providence	6,697,585	7,867,397	9,619,286	3,274,461
North Smithfield	2,662,361	3,292,439	4,398,531	2,011,093
Pawtucket	12,271,628	13,679,656	16,495,506	5,049,072
Portsmouth	1,079,761	1,300,336	2,414,242	1,511,133
Providence	26,298,168	29,201,972	34,131,596	9,237,039
Richmond	756,231	854,261	1,448,455	813,781
Scituate	574,145	964,460	1,977,127	1,643,803
Smithfield	3,880,588	5,126,090	7,098,694	3,538,967
South Kingstown	1,659,007	1,816,922	3,930,455	2,560,570
Tiverton	526,855	470,683	1,710,494	1,345,168
Warren	1,106,897	1,375,291	2,090,911	1,136,094
Warwick	13,018,239	17,895,813	25,246,254	13,359,925
Westerly	2,944,189	3,992,668	5,765,523	3,210,367
West Greenwich	655,354	665,198	1,331,725	798,078
West Warwick	3,008,286	3,927,673	5,673,744	3,074,686
Woonsocket	7,036,751	7,915,029	9,324,776	2,674,739
Subtotal	\$ 139,485,237	\$ 166,384,329	\$ 229,898,253	\$ 100,292,723
FY 2023 MV Data				
Update*	-	-	500,000	500,000
MV Phase Out - Fire Districts	171,125	210,266	556,628	465,495
	\$ 139,656,362	\$ 166,594,596	\$ 230,954,881	\$ 101,258,217

¹ FY 2022 enacted MV figures reflect the 2021 levy; revisions reflect the FY 2022 levy.

² The FY 2023 reflects the FY 2022 levy; the distribution is subject to updated data revisions.

*For later distribution to certified communities with FY 2023 levy above the FY 2018 baseline, that budgeted the revenue.

Library Aid

<i>City or Town</i>	<i>FY 2022 Enacted</i>	<i>FY 2022 Gov. Rev.</i>	<i>FY 2022 Final</i>	<i>Change to Enacted</i>
Barrington	\$ 365,527	\$ 365,527	\$ 365,527	\$ -
Bristol	190,810	190,810	190,810	-
Burrillville	186,270	186,270	186,270	-
Central Falls	31,902	31,902	31,902	-
Charlestown	53,533	53,533	53,533	-
Coventry	197,001	197,001	197,001	-
Cranston	664,578	664,578	664,578	-
Cumberland	308,514	308,514	308,514	-
East Greenwich	123,871	123,871	123,871	-
East Providence	447,125	447,125	447,125	-
Exeter	60,044	60,044	60,044	-
Foster	34,393	34,393	34,393	-
Glocester	81,660	81,660	81,660	-
Hopkinton	37,216	37,216	37,216	-
Jamestown	109,968	109,968	109,968	-
Johnston	126,270	126,270	126,270	-
Lincoln	217,473	217,473	217,473	-
Little Compton	37,355	37,355	37,355	-
Middletown	126,831	126,831	126,831	-
Narragansett	87,158	87,158	87,158	-
Newport	415,522	415,522	415,522	-
New Shoreham	91,679	91,679	91,679	-
North Kingstown	301,066	301,066	301,066	-
North Providence	201,533	201,533	201,533	-
North Smithfield	80,421	80,421	80,421	-
Pawtucket	421,641	421,641	421,641	-
Portsmouth	117,111	117,111	117,111	-
Providence*	2,020,796	2,020,796	2,020,796	-
Richmond	26,826	26,826	26,826	-
Scituate	109,928	109,928	109,928	-
Smithfield	317,166	317,166	317,166	-
South Kingstown	242,750	242,750	242,750	-
Tiverton	127,469	127,469	127,469	-
Warren	64,909	64,909	64,909	-
Warwick	736,708	736,708	736,708	-
Westerly	316,166	316,166	316,166	-
West Greenwich	48,116	48,116	48,116	-
West Warwick	171,836	171,836	171,836	-
Woonsocket	200,324	200,324	200,324	-
Subtotal	\$ 9,499,463	\$ 9,499,463	\$ 9,499,463	\$ -
Institutional Libraries	62,609	62,609	62,609	-
Total	\$ 9,562,072	\$ 9,562,072	\$ 9,562,072	\$ -

*Includes the Statewide Reference Library Resource Grant.

Library Aid

<i>City or Town</i>	<i>FY 2022 Enacted</i>	<i>FY 2023 Gov. Rec.</i>	<i>FY 2023 Enacted</i>	<i>Change to FY 2022 Final</i>
Barrington	\$ 365,527	\$ 293,430	\$ 327,745	\$ (37,782)
Bristol	190,810	197,714	220,836	30,026
Burrillville	186,270	180,942	202,102	15,832
Central Falls	31,902	32,808	36,645	4,743
Charlestown	53,533	57,653	64,396	10,863
Coventry	197,001	200,907	224,402	27,401
Cranston	664,578	699,781	781,617	117,039
Cumberland	308,514	302,252	337,599	29,084
East Greenwich	123,871	121,281	135,464	11,593
East Providence	447,125	459,406	513,132	66,007
Exeter	60,044	51,312	57,313	(2,731)
Foster	34,393	35,329	39,461	5,067
Glocester	81,660	85,356	95,338	13,678
Hopkinton	37,216	37,727	42,139	4,923
Jamestown	109,968	115,315	128,801	18,833
Johnston	126,270	118,037	131,840	5,570
Lincoln	217,473	209,822	234,360	16,886
Little Compton	37,355	39,139	43,716	6,361
Middletown	126,831	150,605	168,217	41,386
Narragansett	87,158	89,530	100,000	12,842
Newport	415,522	435,366	486,280	70,758
New Shoreham	91,679	87,097	97,282	5,604
North Kingstown	301,066	309,217	345,378	44,312
North Providence	201,533	215,681	240,904	39,371
North Smithfield	80,421	85,342	95,323	14,902
Pawtucket	421,641	345,066	385,419	(36,221)
Portsmouth	117,111	118,348	132,188	15,077
Providence*	2,020,796	2,058,894	2,617,736	596,940
Richmond	26,826	28,138	31,429	4,603
Scituate	109,928	116,307	129,909	19,981
Smithfield	317,166	325,807	363,908	46,742
South Kingstown	242,750	234,588	262,022	19,272
Tiverton	127,469	130,938	146,250	18,782
Warren	64,909	68,651	76,680	11,770
Warwick	736,708	658,109	735,072	(1,636)
Westerly	316,166	368,242	411,306	95,140
West Greenwich	48,116	50,392	56,285	8,169
West Warwick	171,836	182,145	203,446	31,609
Woonsocket	200,324	202,788	226,504	26,179
Subtotal	\$ 9,499,463	\$ 9,499,463	\$ 10,928,440	\$ 1,428,977
Institutional Libraries	62,609	62,609	62,609	-
Total	\$ 9,562,072	\$ 9,562,072	\$ 10,991,049	\$ 1,428,977

*Includes the Statewide Reference Library Resource Grant.

Public Service Corporation Tax

<i>City or Town</i>	<i>FY 2022 Enacted¹</i>	<i>FY 2022 Gov. Rev.</i>	<i>FY 2022 Final</i>	<i>Change to Enacted</i>
Barrington	\$ 192,114	\$ 192,114	\$ 192,114	\$ -
Bristol	263,739	263,739	263,739	-
Burrillville	197,557	197,557	197,557	-
Central Falls	231,392	231,392	231,392	-
Charlestown	92,883	92,883	92,883	-
Coventry	412,395	412,395	412,395	-
Cranston	967,705	967,705	967,705	-
Cumberland	415,003	415,003	415,003	-
East Greenwich	155,790	155,790	155,790	-
East Providence	565,505	565,505	565,505	-
Exeter	79,366	79,366	79,366	-
Foster	56,130	56,130	56,130	-
Glocester	120,775	120,775	120,775	-
Hopkinton	96,432	96,432	96,432	-
Jamestown	65,431	65,431	65,431	-
Johnston	349,035	349,035	349,035	-
Lincoln	258,808	258,808	258,808	-
Little Compton	41,553	41,553	41,553	-
Middletown	190,768	190,768	190,768	-
Narragansett	184,599	184,599	184,599	-
Newport	293,727	293,727	293,727	-
New Shoreham	10,909	10,909	10,909	-
North Kingstown	312,449	312,449	312,449	-
North Providence	387,825	387,825	387,825	-
North Smithfield	147,834	147,834	147,834	-
Pawtucket	855,635	855,635	855,635	-
Portsmouth	206,787	206,787	206,787	-
Providence	2,137,706	2,137,706	2,137,706	-
Richmond	91,144	91,144	91,144	-
Scituate	126,647	126,647	126,647	-
Smithfield	258,355	258,355	258,355	-
South Kingstown	365,054	365,054	365,054	-
Tiverton	187,862	187,862	187,862	-
Warren	124,908	124,908	124,908	-
Warwick	964,596	964,596	964,596	-
Westerly	268,491	268,491	268,491	-
West Greenwich	74,125	74,125	74,125	-
West Warwick	344,712	344,712	344,712	-
Woonsocket	495,476	495,476	495,476	-
Total	\$ 12,591,223	\$ 12,591,223	\$ 12,591,223	\$ -

¹ FY 2022 based on 2021 actual payments.

Public Service Corporation Tax

<i>City or Town</i>	<i>FY 2022 Enacted¹</i>	<i>FY 2023 Gov. Rec.²</i>	<i>FY 2023 Enacted</i>	<i>Change to FY 2021 Final</i>
Barrington	\$ 192,114	\$ 192,114	\$ 192,114	\$ -
Bristol	263,739	263,739	263,739	-
Burrillville	197,557	197,557	197,557	-
Central Falls	231,392	231,392	231,392	-
Charlestown	92,883	92,883	92,883	-
Coventry	412,395	412,395	412,395	-
Cranston	967,705	967,705	967,705	-
Cumberland	415,003	415,003	415,003	-
East Greenwich	155,790	155,790	155,790	-
East Providence	565,505	565,505	565,505	-
Exeter	79,366	79,366	79,366	-
Foster	56,130	56,130	56,130	-
Glocester	120,775	120,775	120,775	-
Hopkinton	96,432	96,432	96,432	-
Jamestown	65,431	65,431	65,431	-
Johnston	349,035	349,035	349,035	-
Lincoln	258,808	258,808	258,808	-
Little Compton	41,553	41,553	41,553	-
Middletown	190,768	190,768	190,768	-
Narragansett	184,599	184,599	184,599	-
Newport	293,727	293,727	293,727	-
New Shoreham	10,909	10,909	10,909	-
North Kingstown	312,449	312,449	312,449	-
North Providence	387,825	387,825	387,825	-
North Smithfield	147,834	147,834	147,834	-
Pawtucket	855,635	855,635	855,635	-
Portsmouth	206,787	206,787	206,787	-
Providence	2,137,706	2,137,706	2,137,706	-
Richmond	91,144	91,144	91,144	-
Scituate	126,647	126,647	126,647	-
Smithfield	258,355	258,355	258,355	-
South Kingstown	365,054	365,054	365,054	-
Tiverton	187,862	187,862	187,862	-
Warren	124,908	124,908	124,908	-
Warwick	964,596	964,596	964,596	-
Westerly	268,491	268,491	268,491	-
West Greenwich	74,125	74,125	74,125	-
West Warwick	344,712	344,712	344,712	-
Woonsocket	495,476	495,476	495,476	-
Total	\$ 12,591,223	\$ 12,591,223	\$ 12,591,223	\$ -

¹ FY 2022 based on 2021 actual payments.

² FY 2023 estimated, actuals not yet available.

Meals and Beverage Tax

<i>City or Town</i>	<i>FY 2020</i>	<i>FY 2021</i>	<i>FY 2022*</i>	<i>FY 2023*</i>
Barrington	\$ 152,985	\$ 138,323	\$ 21,732	\$ 206,912
Bristol	416,000	504,007	600,745	571,563
Burrillville	186,986	173,127	218,535	241,643
Central Falls	132,792	152,992	212,712	166,346
Charlestown	152,990	133,874	187,439	203,745
Coventry	438,323	448,221	513,273	545,719
Cranston	1,858,687	1,973,740	2,189,844	2,358,289
Cumberland	506,646	478,716	625,221	615,400
East Greenwich	634,609	663,808	846,229	852,602
East Providence	986,260	1,007,986	1,064,796	1,263,092
Exeter	111,618	106,758	136,428	135,508
Foster	16,898	16,695	22,667	23,212
Glocester	74,640	79,222	91,317	94,452
Hopkinton	48,734	48,787	61,101	61,837
Jamestown	69,411	61,145	88,821	97,579
Johnston	683,594	690,602	907,199	846,610
Lincoln	685,299	567,389	821,183	897,597
Little Compton	48,533	41,731	49,200	68,834
Middletown	723,622	704,614	842,197	927,183
Narragansett	629,826	647,984	810,832	802,753
Newport	2,223,684	2,055,545	2,998,673	2,837,795
New Shoreham	374,252	375,627	546,706	458,782
North Kingstown	579,873	594,086	784,317	723,662
North Providence	426,666	474,308	527,939	501,988
North Smithfield	314,651	337,246	399,673	384,024
Pawtucket	939,512	998,076	1,127,311	1,149,383
Portsmouth	271,232	274,764	360,528	329,780
Providence	5,252,178	4,884,912	6,584,003	6,687,665
Richmond	135,091	160,791	164,883	177,856
Scituate	61,551	71,894	86,081	78,451
Smithfield	820,099	815,360	986,346	987,641
South Kingstown	871,225	877,632	980,134	1,095,940
Tiverton	278,459	310,989	369,961	335,290
Warren	300,451	379,211	414,026	388,501
Warwick	2,784,958	2,744,154	3,367,836	3,568,358
Westerly	859,102	885,572	1,129,593	1,110,581
West Greenwich	128,869	121,169	149,876	150,823
West Warwick	407,763	410,010	453,546	481,611
Woonsocket	565,861	594,333	696,641	687,788
Total	\$ 26,153,929	\$ 26,005,401	\$ 32,439,545	\$ 33,116,795

**Projections from Office of Revenue Analysis updated June 2022.*

Local Hotel Tax

<i>City or Town</i>	<i>FY 2020</i>	<i>FY 2021</i>	<i>FY 2022*</i>	<i>FY 2023*</i>
Barrington	\$ 2,208	\$ 1,547	\$ 831	\$ 3,197
Bristol	27,017	21,358	38,148	35,567
Burrillville	82	67	41	129
Central Falls	548	78	120	380
Charlestown	58,299	56,542	89,784	61,046
Coventry	32,059	25,422	47,152	46,838
Cranston	31,302	9,750	13,416	19,925
Cumberland	156	198	360	676
East Greenwich	1,073	1,153	1,324	1,487
East Providence	29,251	26,036	28,663	32,730
Exeter	88	143	287	108
Foster	158	1,624	160	803
Glocester	1,308	1,140	1,550	1,809
Hopkinton	75	1,062	1,034	2,081
Jamestown	17,826	30,825	33,610	28,442
Johnston	2,926	5,119	5,456	4,955
Lincoln	49,914	29,852	72,189	59,025
Little Compton	18,907	22,521	22,896	22,723
Middletown	420,664	367,157	578,356	549,784
Narragansett	184,588	193,292	222,910	224,297
Newport	988,011	1,133,861	1,687,562	1,389,692
New Shoreham	387,796	396,332	441,049	457,596
North Kingstown	40,796	45,471	51,797	62,628
North Providence	1,130	928	1,643	1,672
North Smithfield	1,562	1,348	1,551	1,873
Pawtucket	36,664	26,316	38,525	39,004
Portsmouth	11,130	10,034	15,474	16,780
Providence	812,753	362,364	892,340	1,093,313
Richmond	3,144	6,914	21,436	5,433
Scituate	3,390	3,077	2,744	4,159
Smithfield	70,043	49,640	81,212	82,639
South Kingstown	108,122	85,890	140,814	120,793
Tiverton	11,909	3,296	5,429	8,553
Warren	(715)	527	1,160	1,143
Warwick	423,495	268,815	459,155	570,670
Westerly	398,716	462,882	542,042	465,881
West Greenwich	49,492	38,361	51,079	62,807
West Warwick	49,814	41,837	53,408	70,323
Woonsocket	23,616	16,864	24,866	28,218
Total	\$ 4,299,317	\$ 3,749,642	\$ 5,671,576	\$ 5,579,177

**Projections from Office of Revenue Analysis updated June 2022.*

Local Fiscal Recovery Fund

Local Fiscal Recovery Fund

	<i>Non-Entitlement Communities</i>	<i>County Allocation</i>	<i>FY 2022</i>	<i>Entitlement Communities¹</i>	<i>Year One Federal Support</i>
Barrington	\$ 840,122	\$ 1,559,053	\$ 2,399,176	\$ -	\$ 2,399,176
Bristol	1,146,906	2,128,366	3,275,272	-	3,275,272
Burrillville	882,042	1,636,846	2,518,888	-	2,518,888
Central Falls	1,024,077	1,900,427	2,924,504	-	2,924,504
Charlestown	409,568	760,054	1,169,622	-	1,169,622
Coventry	1,822,227	3,381,591	5,203,818	-	5,203,818
Cranston	-	7,910,937	7,910,937	13,385,229	21,296,165
Cumberland	1,845,464	3,424,712	5,270,176	-	5,270,176
East Greenwich	686,626	1,274,203	1,960,829	-	1,960,829
East Providence	-	4,624,619	4,624,619	9,268,337	13,892,956
Exeter	341,167	633,120	974,287	-	974,287
Foster	248,326	460,830	709,156	-	709,156
Glocester	540,247	1,002,561	1,542,808	-	1,542,808
Hopkinton	421,814	782,780	1,204,595	-	1,204,595
Jamestown	287,734	533,961	821,695	-	821,695
Johnston	1,542,343	2,862,198	4,404,542	-	4,404,542
Lincoln	1,150,674	2,135,359	3,286,032	-	3,286,032
Little Compton	181,809	337,392	519,201	-	519,201
Middletown	831,487	1,543,029	2,374,516	-	2,374,516
Narragansett	803,279	1,490,682	2,293,960	-	2,293,960
Newport	1,273,502	2,363,297	3,636,799	-	3,636,799
New Shoreham	53,904	100,033	153,937	-	153,937
North Kingstown	1,377,595	2,556,467	3,934,062	-	3,934,062
North Providence	1,710,598	3,174,436	4,885,034	-	4,885,034
North Smithfield	658,470	1,221,953	1,880,423	-	1,880,423
Pawtucket	-	7,003,941	7,003,941	22,131,140	29,135,080
Portsmouth	901,510	1,672,974	2,574,485	-	2,574,485
Providence	-	17,470,082	17,470,082	65,686,983	83,157,065
Richmond	405,120	751,799	1,156,919	-	1,156,919
Scituate	561,547	1,042,088	1,603,635	-	1,603,635
Smithfield	1,145,964	2,126,618	3,272,581	-	3,272,581
South Kingstown	1,588,241	2,947,372	4,535,612	-	4,535,612
Tiverton	819,659	1,521,080	2,340,739	-	2,340,739
Warren	550,086	1,020,819	1,570,905	-	1,570,905
Warwick	-	7,867,039	7,867,039	11,848,880	19,715,919
Westerly	1,171,293	2,173,623	3,344,917	-	3,344,917
West Greenwich	334,259	620,300	954,559	-	954,559
West Warwick	1,515,705	2,812,764	4,328,470	-	4,328,470
Woonsocket	-	4,054,821	4,054,821	14,139,297	18,194,118
Total	\$ 29,073,366	\$ 102,884,228	\$ 131,957,593	\$ 136,459,865	\$ 268,417,458

¹ Entitlement community funding is provided directly; it does not pass through the state budget.

Local Fiscal Recovery Fund

	<i>Non-Entitlement Communities</i>	<i>County Allocation</i>	<i>FY 2023 Gov. Rec.</i>	<i>Entitlement Communities¹</i>	<i>Year Two Federal Support²</i>	<i>Grand Total²</i>
Barrington	\$ 840,122	\$ 1,559,053	\$ 2,399,176	\$ -	\$ 2,399,176	\$ 4,798,351
Bristol	1,146,906	2,128,366	3,275,272	-	3,275,272	6,550,543
Burrillville	882,042	1,636,846	2,518,888	-	2,518,888	5,037,776
Central Falls	1,024,077	1,900,427	2,924,504	-	2,924,504	5,849,009
Charlestown	409,568	760,054	1,169,622	-	1,169,622	2,339,245
Coventry	1,822,227	3,381,591	5,203,818	-	5,203,818	10,407,637
Cranston	-	7,910,937	7,910,937	13,385,229	21,296,165	42,592,330
Cumberland	1,845,464	3,424,712	5,270,176	-	5,270,176	10,540,352
East Greenwich	686,626	1,274,203	1,960,829	-	1,960,829	3,921,658
East Providence	-	4,624,619	4,624,619	9,268,337	13,892,956	27,785,912
Exeter	341,167	633,120	974,287	-	974,287	1,948,574
Foster	248,326	460,830	709,156	-	709,156	1,418,313
Glocester	540,247	1,002,561	1,542,808	-	1,542,808	3,085,615
Hopkinton	421,814	782,780	1,204,595	-	1,204,595	2,409,189
Jamestown	287,734	533,961	821,695	-	821,695	1,643,390
Johnston	1,542,343	2,862,198	4,404,542	-	4,404,542	8,809,083
Lincoln	1,150,674	2,135,359	3,286,032	-	3,286,032	6,572,065
Little Compton	181,809	337,392	519,201	-	519,201	1,038,402
Middletown	831,487	1,543,029	2,374,516	-	2,374,516	4,749,032
Narragansett	803,279	1,490,682	2,293,960	-	2,293,960	4,587,921
Newport	1,273,502	2,363,297	3,636,799	-	3,636,799	7,273,599
New Shoreham	53,904	100,033	153,937	-	153,937	307,874
North Kingstown	1,377,595	2,556,467	3,934,062	-	3,934,062	7,868,124
North Providence	1,710,598	3,174,436	4,885,034	-	4,885,034	9,770,069
North Smithfield	658,470	1,221,953	1,880,423	-	1,880,423	3,760,846
Pawtucket	-	7,003,941	7,003,941	22,131,140	29,135,080	58,270,161
Portsmouth	901,510	1,672,974	2,574,485	-	2,574,485	5,148,969
Providence	-	17,470,082	17,470,082	65,686,983	83,157,065	166,314,129
Richmond	405,120	751,799	1,156,919	-	1,156,919	2,313,838
Scituate	561,547	1,042,088	1,603,635	-	1,603,635	3,207,270
Smithfield	1,145,964	2,126,618	3,272,581	-	3,272,581	6,545,163
South Kingstown	1,588,241	2,947,372	4,535,612	-	4,535,612	9,071,224
Tiverton	819,659	1,521,080	2,340,739	-	2,340,739	4,681,479
Warren	550,086	1,020,819	1,570,905	-	1,570,905	3,141,810
Warwick	-	7,867,039	7,867,039	11,848,880	19,715,919	39,431,837
Westerly	1,171,293	2,173,623	3,344,917	-	3,344,917	6,689,834
West Greenwich	334,259	620,300	954,559	-	954,559	1,909,118
West Warwick	1,515,705	2,812,764	4,328,470	-	4,328,470	8,656,940
Woonsocket	-	4,054,821	4,054,821	14,139,297	18,194,118	36,388,236
Total	\$ 29,073,366	\$ 102,884,228	\$ 131,957,593	\$ 136,459,865	\$ 268,417,458	\$ 536,834,915

¹ Entitlement community funding is provided directly; it does not pass through the state budget.

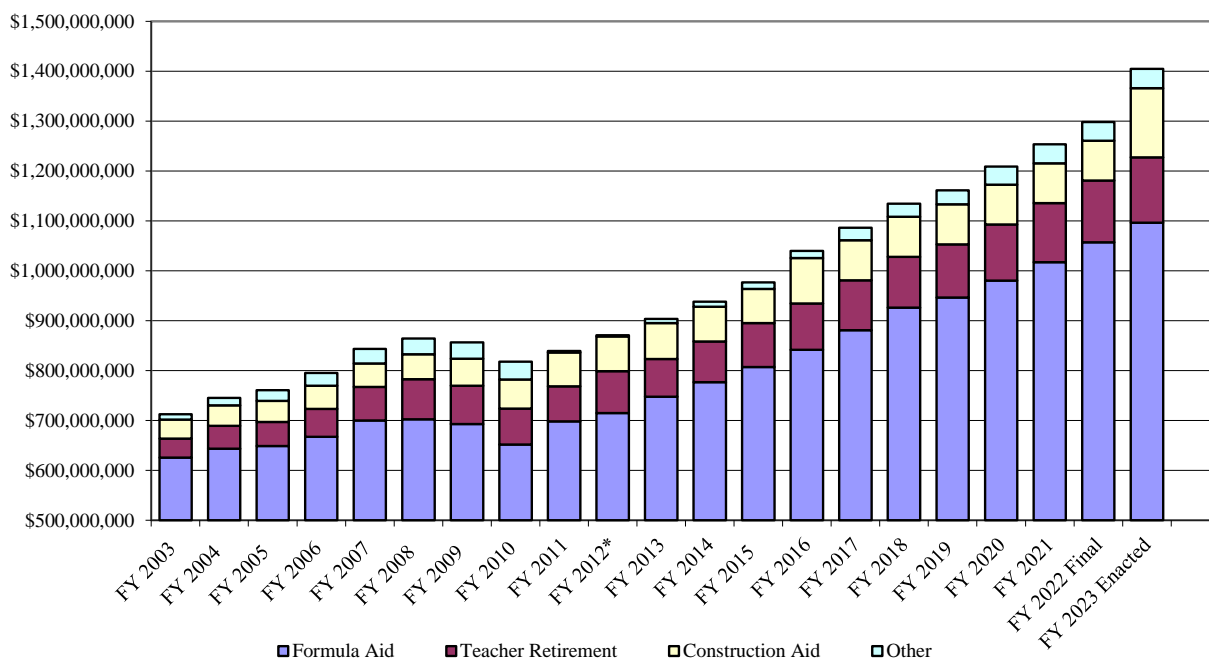
² FY 2023 estimated to include an equal amount of funding based on the statutory distribution requirement.

Education Aid

Summary

The Assembly enacted \$1,406.0 million for total FY 2023 aid for local school districts. This is \$107.3 million more than enacted for FY 2022. Funding includes \$1,096.9 million in direct distributions to local school districts, \$38.6 million in categorical funding, \$1.0 million in other aid for distribution by the Department of Elementary and Secondary Education, \$130.9 million for the state's contribution to teacher retirement, and \$138.5 million for school construction costs.

State Education Aid



*Davies begins appearing with education aid

The 2010 Assembly adopted a funding formula to be effective with the FY 2012 budget that distributes aid to all districts, charter schools and the state schools: Davies Career and Technical School and the Metropolitan Career and Technical School. It is based on the principle that the money follows the student and includes a core instruction amount per pupil that every student will receive, a single poverty weight as a proxy for student supports, and a state share ratio that considers the district's ability to generate revenues and its poverty concentration. There is no minimum share in the formula. Group home aid is paid on a per-bed basis, adjusted for the impact of the funding formula. The funding plan also allows for additional support from the state to districts for high-cost special education students, career and technical programs, early childhood education programs, transportation costs and a limited two-year bonus for regionalized districts. There has been a redistribution of aid among communities with some getting less aid than prior years.

Similar to legislation passed by the 2021 Assembly, the 2022 Assembly enacted legislation to hold districts harmless from the impacts of the coronavirus emergency on student enrollments for FY 2023 only. Local education agencies will receive aid based on student enrollment in either March 2020, 2021 or 2022, 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 and FY 2023. For any community in which enrollment was higher in March 2021, enrollment is adjusted for students enrolling in new and expanding charter schools for FY 2023. The student success factor amount for traditional school

districts will reflect the percentage of students in poverty in either March 2020, 2021 or 2022, 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.

The FY 2022 funding formula used the greater of March 2020 or March 2021 enrollment, adjusted for charter school growth, to offset the immediate impact of the pandemic on the distribution of funding formula aid. As a result of the coronavirus pandemic, local education agencies have experienced a decline in student enrollment. Data collected in March 2021 showed nearly 4,000 fewer students were enrolled in public schools than in March 2020. October 1, 2021 data showed further decline of 1,271 students for total enrollment of 137,069 students. The decline for children in poverty was twice that rate. This likely relates to the data collection for this metric, which is partially based on school lunch applications. Data collected in March 2022 showed total student enrollment of 137,556, including 62,335 students in poverty. While it appears some students have enrolled since October data collections, total enrollment is 4,805 fewer students than the same period in 2020. Enrollment for students in poverty declined by 6,012 likely related to data collection issues for this metric, which is partially based on school lunch applications.

For FY 2023, pandemic-related issues also depressed data used to calculate the share ratio because it uses, June student enrollment and the number of students in poverty. This caused the state share ratios for wealthier communities to grow while falling for other communities because it is a relative measure. This was contrary to the equity intent of the formula. To avoid the impact of additional data issues in calculating of funding formula aid, the enacted legislation also maintains the FY 2022 state share ratio for FY 2023.

For ten local education agencies, including six districts and four schools of choice, the unaltered funding formula calculation would have produced more aid than the amended calculation for FY 2023. To lessen that impact, the Assembly provided an additional appropriation equivalent to 20.0 percent of the difference in aid that would have been received under the unaltered calculation. This is shown separately from funding formula aid in Tables 1A and 1B at the end of this report.

Since its inception, there have been various proposals to change the education funding formula. Based on the recommendations of a 2015 working group, the Assembly provided a category of aid for English language learners and three years of support for districts with at least 5.0 percent of students enrolled in charter or state schools. The 2018 Assembly also established a voluntary three-year pilot program to support school resource officers from FY 2019 to FY 2021. The 2021 Assembly enacted legislation to permanently provide additional transition support for districts with at least 5.0 percent of students enrolled in charter or state schools.

The FY 2023 budget includes \$1,096.9 million for direct aid to local school districts, an increase of 53.4 percent from the first year of the formula. The funding formula costs are driven by enrollment, wealth, and the core instruction amount. Since FY 2012, the per pupil core instruction amount has increased by \$2,717 or 32.6 percent, which is an annual increase of 3.0 percent. Aid per student has increased by \$2,293 or 42.5 percent during that same period, which is an annual increase of 3.9 percent.

	FY 2012	FY 2017	FY 2020	FY 2022 Final ^{1,3}	FY 2023 Enacted ²	Chg. to FY 2012	Chg. to FY 2012	% Average Annual Change ³
Per Pupil Core Amount	\$ 8,333	\$ 9,100	\$ 9,871	\$ 10,635	\$ 11,050	\$ 2,717	32.6%	3.0%
Student Enrollment	140,913	141,278	142,306	142,426	142,424	1,511	1.1%	0.1%
Students in Poverty	63,446	69,630	67,972	68,099	68,212	4,766	7.5%	0.7%
Highest State Share Ratio	92.6%	94.4%	94.8%	95.4%	95.4%	2.8%	3.0%	0.3%
Average State Share Ratio	38.7%	39.4%	38.4%	38.1%	38.1%	-0.6%	-1.6%	-0.1%
Avg. Weighted State Share Ratio	52.5%	55.5%	55.0%	55.3%	55.3%	2.8%	5.3%	0.5%
Aid Per Student	\$ 5,393	\$ 6,202	\$ 6,737	\$ 7,402	\$ 7,686	\$ 2,293	42.5%	3.9%

¹ Uses the greater of March 2020 or March 2021 enrollment, adjusted for charter school growth. ² Uses the greater of three years enrollment, adjusted for charter school growth, and the FY 2022 state share ratio. ³ Table and narrative corrected from hard copy publication distributed in July 2022.

The previous table shows these changes, as well as changes to enrollment, students in poverty, and average state share ratio since the first year of the funding formula. The formula provides a 40.0 percent weight for each student living at or below 185.0 percent of the federal poverty level. The state share is a relative measure determined using the full value of local property, the median family income as determined by the last five years of census data, and enrollment data, including students in poverty. Among all communities, the average state share ratio used for FY 2023 is 38.1 percent; the average unaltered state share ratio would have been 36.5 percent.

When multiplying the state share ratio for each community by the number of students used in the calculation, the average weighted state share ratio is 55.3 percent; the average weighted unaltered state share ratio would have been 53.9 percent. Meanwhile, this metric was 52.5 percent when the formula began. Table 2 at the end of this report shows the funding formula calculation by community for FY 2023.

Education Aid by Component

The Budget includes \$1,406.0 million for FY 2023 education aid for distribution to districts including Central Falls, Davies Career and Technical Center, charter schools and the Metropolitan Career and Technical School. This also includes teacher retirement and school housing aid as well as other formula aid for distribution by the Department. This is \$107.3 million more than enacted for FY 2022.

Education Aid	FY 2022 Enacted	FY 2022 Final	FY 2023 Governor	FY 2023 Enacted	Change to FY 2022	Change to Governor
Operating Aid						
Local Districts	\$ 855,543,741	\$ 855,867,398	\$ 812,229,123	\$ 879,268,671	\$ 23,724,930	\$ 67,039,548
Central Falls	47,702,746	47,702,746	47,354,162	48,961,338	1,258,592	1,607,176
Met School*	9,342,007	9,342,007	9,479,298	9,790,163	448,156	310,865
Davies Career & Tech*	14,437,904	14,513,869	15,411,326	14,772,019	334,115	(639,307)
Charter Schools	124,651,435	124,327,778	139,758,102	137,712,567	13,061,132	(2,045,535)
UCAP	1,630,145	1,630,145	1,558,325	1,693,977	63,832	135,652
Youth Build Academy	-	-	1,727,458	1,727,458	1,727,458	-
Group Homes Funding	2,949,934	2,949,934	2,287,007	2,287,007	(662,927)	-
Subtotal	\$ 1,056,257,913	\$ 1,056,333,878	\$ 1,029,804,801	\$ 1,096,213,201	\$ 39,955,288	\$ 66,408,399
Other Adjustments						
Additional Appropriation	\$ -	\$ -	\$ -	\$ 701,190	\$ 701,190	\$ 701,190
FY 2022 Data Correction	-	842,580	842,580	-	-	(842,580)
Hold Harmless- Formula	-	-	49,673,897	-	-	(49,673,897)
Adjusted Subtotal	\$ 1,056,257,913	\$ 1,057,176,458	\$ 1,080,321,279	\$ 1,096,914,391	\$ 40,656,478	\$ 16,593,112
Categorical Funding						
High Cost Special Ed.	\$ 4,500,000	\$ 4,500,000	\$ 4,500,000	\$ 4,500,000	\$ -	\$ -
Career and Technical	4,500,000	4,500,000	4,500,000	4,500,000	-	-
Early Childhood	14,850,000	14,850,000	14,850,000	14,850,000	-	-
Non-Public Transportation	3,476,076	3,476,076	3,476,076	3,476,076	-	-
Regional District Transp.	4,185,284	4,185,284	4,185,284	5,793,117	1,607,833	1,607,833
English Language Learner	5,000,000	5,000,000	5,000,000	5,000,000	-	-
School Choice Density	1,010,500	1,010,500	1,010,500	520,500	(490,000)	(490,000)
Subtotal	\$ 37,521,860	\$ 37,521,860	\$ 37,521,860	\$ 38,639,693	\$ 1,117,833	\$ 1,117,833
Set-Aside Funds						
Textbook Loans	\$ 240,000	\$ 25,571	\$ 240,000	\$ 240,000	\$ -	\$ -
School Breakfast	270,000	270,000	270,000	270,000	-	-
Recovery High School	500,000	500,000	500,000	500,000	-	-
Total	\$ 1,094,789,773	\$ 1,095,493,889	\$ 1,118,853,139	\$ 1,136,564,084	\$ 41,774,311	\$ 17,710,945
Other Aid						
Teacher Retirement	\$ 123,916,166	\$ 123,987,654	\$ 130,855,471	\$ 130,855,471	\$ 6,939,305	\$ -
Construction Aid	79,409,186	71,038,041	88,536,507	88,536,507	9,127,321	-
School Building Authority	590,814	8,961,959	-	50,000,000	49,409,186	50,000,000
Statewide Total	\$ 1,298,705,939	\$ 1,299,481,543	\$ 1,338,245,117	\$ 1,405,956,062	\$ 107,250,123	\$ 67,710,945

*Only reflects operating support consistent with other school districts. Capital projects funded from Rhode Island Capital Plan funds appear in the Department of Elementary and Secondary Education's operating budget.

The previous table compares the FY 2023 enacted funding for the major components of education aid to the enacted FY 2022 budget and the Governor's recommendation. It is followed by an explanation of each of the items in the table.

Following enactment of the FY 2022 budget, the Division of Municipal Finance adjusted local property value data used to determine the state's share of education costs. The original calculation included incorrect information provided by multiple municipalities, including data input errors from Foster, West Warwick, Cumberland and North Kingstown. Correcting the data affects the state's share of education formula aid for 24 districts and 16 charter schools, with some getting more and some getting less. The net impact of the change is \$0.4 million above the enacted budget. The Budget includes \$0.5 million to hold districts harmless from any losses resulting from correcting the data, and shifts the payment from FY 2023 to FY 2022.

Operating Aid

Local Districts. The Budget includes \$879.3 million for formula aid to locally operated school districts. This is \$23.7 million more than enacted.

The final FY 2022 budget shifts \$0.3 million from charter school aid to local districts. The enacted budget assumed expansion at Village Green, which did not occur, and the revised budget shifted funding back to Cranston, East Providence, Johnston, Pawtucket, Providence, and Warwick.

Central Falls Operations. The Budget includes \$49.0 million for formula aid for the Central Falls School District. This is \$1.3 million or 2.6 percent more than FY 2022 enacted aid. Beginning with FY 2012, Central Falls is funded pursuant to the funding formula. The formula includes a stabilization fund to support the district until the city can begin paying its local share. This is the ninth year of stabilization funding and the Budget includes \$10.1 million, \$1.0 million more than enacted. Compared to FY 2022, the formula produces a \$0.3 million increase from the updated per pupil amount.

Metropolitan Career and Technical School. The Budget includes \$9.8 million for formula aid for the Metropolitan Career and Technical School. This is \$0.4 million more than enacted reflecting year 12 of the funding formula. The 2016 Assembly enacted a stabilization fund for the state schools in order to mitigate some of the losses in funding from the implementation of the funding formula and recognize the additional costs associated with running a stand-alone school that offers both academic and career and technical education. This includes \$1.1 million in stabilization funding for the Met School, consistent with the enacted budget.

Prior to FY 2012, the Met School was fully state supported. The Met School is funded like other districts with the state share being that of the sending district for each student plus the local contribution being the local per pupil cost of each sending district, which it must pay to the School. Table 5 at the end of this report includes estimated enrollment for FY 2023.

Davies Career and Technical School. The Budget includes \$14.8 million from general revenues for formula aid to support the Davies Career and Technical School. This is \$0.3 million more than the FY 2022 enacted level. The funding formula legislation requires that state schools participating in the state retirement system have their state aid adjusted to reflect reimbursement for the employer contributions for those staff employed by the state. The 2016 Assembly enacted a stabilization fund for the state schools in order to mitigate some of the losses in funding from the implementation of the funding formula and recognize the additional costs associated with running a stand-alone school that offers both academic and career and technical education. The Budget includes \$5.8 million from stabilization funding for Davies, \$0.6 million more than enacted for FY 2022.

Davies was fully state supported until FY 2012, but is now funded like other districts with the state share being that of the sending district for each student plus the local contribution being the local per pupil cost of each sending district, which it must pay to the School. Davies' operating budget is submitted as part of the Department's budget and Davies' employees are still state employees. Table 5 at the end of this report includes estimated enrollment by sending district for FY 2023.

Charter Schools. The Budget includes \$137.7 million for formula aid to charter schools. This is \$13.1 million more than the FY 2022 enacted level based on the updated per pupil core instruction amount and projected growth for new and existing schools. Since FY 2012, charter schools are funded pursuant to the education funding formula, like other districts. The state share is that of the sending district for each student and the local contribution is the local per pupil cost of each sending district, which it must pay to the school. Districts are billed quarterly for students attending charter and state schools.

The final budget shifts \$0.3 million from charter school aid to local districts. The enacted budget assumed expansion at Village Green, which did not occur, and the revised budget shifted funding back to Cranston, East Providence, Johnston, Pawtucket, Providence, and Warwick.

Charter schools are public schools authorized by the state to operate independently from many state and local district rules and regulations. The 2010 Assembly increased the statewide total to no more than 35 charters; it had previously been no more than 20 charters serving no more than 4.0 percent of the state's school age population. At least half of the 35 total charters are reserved for charter school applications designed to increase the educational opportunities for at-risk pupils. Mayoral academies are charter schools and are included in the total. In FY 2022, there were 24 charter schools in Rhode Island; however, two new charter schools will open in the fall of 2022, drawing students from Central Falls, North Providence and Providence. Table 5 at the end of this report includes enrollment used to calculate aid for FY 2023.

Urban Collaborative Accelerated Program. The Budget includes \$1.7 million for the Urban Collaborative Accelerated Program (UCAP) for FY 2023. The 2012 Assembly adopted legislation requiring that the Urban Collaborative Accelerated Program is funded pursuant to the education funding formula beginning in FY 2014. The program operates as an independent public school dedicated to reducing the dropout rates in Providence, Central Falls and Cranston. Table 5 at the end of this report includes enrollment by sending district used to calculate aid for FY 2023.

YouthBuild Preparatory Academy. The Budget includes \$1.7 million for YouthBuild Preparatory Academy, which will open in the fall of 2022. The 2016 Assembly adopted legislation requiring that YouthBuild Preparatory Academy is funded pursuant to the education funding formula. The program operates as an independent public school providing an alternative learning environment to students in Providence and Central Falls. Table 5 at the end of this report includes enrollment by sending district used to calculate aid for FY 2023.

Group Homes. The Budget includes \$2.3 million for group home aid, based on 238 beds, which is 83 fewer than for FY 2022. The current per bed amount is \$26,000 for the group home beds associated with Bradley Hospital's residential CRAFT program and \$17,000 for all other group home beds. In FY 2023, there are 12 communities hosting group homes. The law requires that the number of group home beds be deducted from enrollment data for the purpose of determining average daily membership. Instead of showing the impact of group home beds on funding formula aid, the Budget shows the impact in group home aid. Increases in beds prior to December 31 of each year are paid as part of the supplemental budget for that year. Decreases in beds are not reflected until the budget year so any decreases in group home beds during FY 2022 would not be reflected until FY 2023.

Other Adjustments

Additional Appropriation. For ten local education agencies, including six districts and four schools of choice, the unaltered funding formula calculation would have produced more aid than the amended calculation. To lessen that impact, Article 10 of 2022-H 7123, Substitute A, as amended provides an additional appropriation equivalent to 20.0 percent of the difference in aid that would have been received under the unaltered calculation. The Budget includes \$0.7 million for the additional appropriation; impacted local education agencies include: Barrington, East Greenwich, Exeter, North Smithfield, Richmond, Smithfield, Beacon, Blackstone Academy, Village Green and Davies Career and Technical School.

Current Law Data Correction. Following enactment of the FY 2022 budget, the Division of Municipal Finance adjusted local property value data used to determine the state's share of education costs. The original calculation included data input errors from Foster, West Warwick, Cumberland and North Kingstown. Correcting the data affects the state's share of education formula aid for 24 districts and 16 charter schools, with some getting more and some getting less. The net impact of the change is \$0.4 million above the enacted budget. Current law requires the adjustment to district aid payments in the following fiscal year.

Article 10 of 2022-H 7123, Substitute A, as amended, includes legislation holding local education agencies harmless from the impact of correcting data used to calculate FY 2022 aid. It also shifts payments owed from FY 2023 to FY 2022. The final FY 2022 budget includes \$0.8 million for the data correction.

Funding Formula Hold Harmless. The Governor proposed \$49.7 million and language in Article 1 of 2022-H 7123 to hold local education agencies harmless from any reductions that would occur under the implementation of data updates in the funding formula for FY 2023. Those entities that receive more through the update would keep that increase. In the case where the update means less aid than FY 2022, districts would receive funding consistent with the FY 2022 enacted budget. The Assembly did not concur with this proposal. Rather, it included legislation in Article 10, of 2022-H 7123, Substitute A, as amended, and used the greater of March 2020, 2021 or 2022 student enrollment and percent of students in poverty for the calculation of funding formula aid. It also maintained the FY 2022 state share ratio for FY 2023. For those communities in which the unaltered funding formula calculation would have produced more aid than the amended calculation, the Assembly provided an additional appropriation equivalent to 20.0 percent of the difference in aid that would have been received under the unaltered calculation.

COVID-19 Relief

Education Stabilization Funds to Districts. The federal Coronavirus Aid, Relief and Economic Security (CARES) Act passed in March 2020 requires that the state maintain support for both elementary and secondary education and public higher education at no less than the average level of aid from FY 2017 through FY 2019 for both FY 2020 and FY 2021 in order to be eligible for stabilization funds. The Assembly included use of \$41.7 million from federal education stabilization funds in lieu of a like amount from general revenues in the final FY 2020 budget. It separately authorized \$50.0 million of additional funds from the state's allocation of coronavirus relief funds. Local education agencies received funding based on their share of federal funds distributed under Title I, Part A of the Elementary and Secondary Education Act, consistent with federal requirements. Funding in the final budget exceeded the maintenance of effort requirement by \$36.0 million. Due to a delay in distribution, funding was carried forward in the FY 2021 enacted and final budgets.

The Coronavirus Response and Relief Supplemental Appropriations Act enacted at the end of 2021 provided additional emergency relief for elementary and secondary schools. Of this amount, Rhode Island received \$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 and states must meet maintenance of effort requirements. This Act requires that the proportion of state funding for elementary and secondary education, compared to all state funding for FY 2022, be consistent with the average proportion of spending in FY 2017, FY 2018, and FY 2019. Across the three-year period, state funding for elementary and secondary education comprised 29.9 percent of total state spending; under the final FY 2022 appropriation, elementary and secondary education expenses account for 26.2 percent of state spending in FY 2022. However, the state may apply for a waiver from the FY 2022 requirement once actual expenditures are known.

The American Rescue Plan Act enacted on March 11, 2021 provided more emergency relief for elementary and secondary schools, and Rhode Island received an additional \$415.1 million. At least 90.0 percent must be distributed to local education agencies in the same manner as the prior acts. However, local education agencies must use at least 20.0 percent of their funds specifically to address learning loss. Maintenance of effort requirements are consistent with the Consolidated Appropriations Act and applies to both FY 2022 and FY 2023. Table 9 at the end of this report shows the full allocation from each act to districts. Under the enacted budget, elementary and secondary education expenses account for 28.5 percent of state spending in FY 2023. Additionally, the bill includes a local maintenance of effort requirement for local education agencies; high poverty schools must maintain per-pupil funding and per-pupil full-time equivalent staff for FY 2022 and FY 2023.

Education Stabilization Funds - Governor's Fund. The CARES Act also contained emergency relief to local education agencies, higher education institutions, and other education related entities within the state designed to be used at the discretion of the Governor of each state. Rhode Island received \$8.7 million from this and an additional \$11.0 million through the Consolidated Appropriations Act, of which \$3.8 million is flexible and \$7.1 million must be distributed to private schools. Between the two acts, the state received \$19.7 million, of which \$12.5 million is flexible. Through the American Rescue Plan Act, Rhode Island received an additional \$6.2 million to distribute to private schools.

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 would 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 would 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 used funds to: improve access to higher education and education training opportunities, support innovation of ongoing operations of those institutions of higher education that were most impacted by COVID-19, and protect education related jobs and increase the quality of child care programming.

The Budget includes the funds identified by Governor Raimondo as well as a total of \$13.4 million for private schools.

Categorical Funding

For each category of aid, the Department of Elementary and Secondary Education 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. There was an expectation that funding for these expenditures would grow annually as the funding formula was phased-in; however, funding has not increased annually and the Governor's out-year estimates assume these costs will remain constant.

High Cost Special Education. The funding formula allows for additional funding from the state for high cost special education students when those costs exceed five times the district's combined per pupil core instruction and student success factor amounts. The Budget includes \$4.5 million for FY 2023, the same

as provided in FY 2017 through FY 2022. There was an expectation that funding for these expenditures would grow annually as the funding formula was phased-in; however, that has not occurred consistently since FY 2017 and the Governor's out-year estimates assume these costs will remain constant. This was first funded in FY 2013 at \$500,000.

Career and Technical Programs. The funding formula allows for additional resources from the state to help meet the initial capital investment needs to transform existing or create new comprehensive career and technical education programs and career pathways in critical and emerging industries and to help offset the higher than average costs associated with maintaining the quality of highly specialized programs. The Department developed criteria for the purpose of allocating funds. The Budget includes \$4.5 million for FY 2023, the same as provided in FY 2017 through FY 2022. There was an expectation that funding for these expenditures would grow annually as the funding formula was phased-in; however, funding has only increased twice since it was first funded at \$3.0 million in FY 2013. The Governor's out-year estimates assume these costs will remain constant. These funds are not shown in the distribution tables at the end of this report.

Early Childhood Education. The funding formula allows for additional resources from the state to increase access to voluntary, free, high quality prekindergarten programs. Funds are distributed through a request for proposals process and are paid directly to early education programs. The Budget includes \$14.9 million from general revenues for FY 2023, consistent with the FY 2022 enacted budget. All early childhood categorical funds were used as a match for a federal grant from FY 2016 through FY 2019, which allowed the Department to expand the number of prekindergarten classes from 17 in FY 2015 to 60 in FY 2018. This was first funded in FY 2013 at \$1.5 million. These funds are not shown in the distribution tables at the end of this report.

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 new preschool development federal funds and federal funds authorized in response to the public health emergency, the program is supporting 2,364 students across 127 classrooms in FY 2022. This is an increase of 516 seats and 27 classrooms over FY 2021. Federal funds are available through FY 2023; \$7.6 million from general revenues would be needed beginning in FY 2024 to maintain these classrooms.

The Assembly also enacted legislation in Article 10 of 2022-H 7123, Substitute A, as amended, directing the Department to develop an expansion plan for the state prekindergarten program, including annual participation growth and associated costs, in order to achieve 5,000 seats over five years, including both three and four-year-olds. It must provide the proposal to the Governor, Speaker of the House, President of the Senate, and chairs of the House and Senate Finance and Education Committees by December 31, 2022. Should the proposed or similar growth plan be adopted, additional funding for classrooms will be needed in the out-years.

Additionally, the article establishes an early childhood governance working group to review and provide recommendations regarding the structure of early childhood programs in the state. It includes leadership from the Departments of Elementary and Secondary Education, Human Services, Health, and Administration, as well as the Office of Postsecondary Education and Rhode Island Kids Count. The group must report to the Governor, Speaker of the House, President of the Senate, and chairs of the House and Senate Finance Committees on its findings and recommendations by October 1, 2023. Funding is included through the Executive Office of Health and Human Services for the children's cabinet to support this work.

Non-Public School Transportation. The funding formula allows the state to provide resources to mitigate the excess costs associated with transporting students to out-of-district non-public schools. The state assumes the costs of non-public out-of-district transportation for those districts participating in the statewide transportation system. Prior to FY 2018, funding for transportation costs was allocated through a single category of aid. The Budget includes \$3.5 million for FY 2023, consistent with the enacted level. FY 2012 funding for this component of the original transportation fund was \$0.8 million.

Regional School District Transportation. The funding formula allows the state to provide resources to mitigate the excess costs associated with transporting students within regional school districts. The state shares in the costs associated with transporting students within regional school districts. The state and regional school district equally share the student transportation costs net any federal sources of revenue for these expenditures. Prior to FY 2018, funding for transportation costs was allocated through a single category of aid. The Budget includes \$5.8 million for FY 2023, \$1.6 million more than the enacted level, to fully fund this category of aid. FY 2012 funding for this component of the original transportation fund was \$0.5 million.

English Language Learner Aid. The Budget includes \$5.0 million to support English language learners that are in the most intensive programs, consistent with the enacted budget. The funding is used on evidence-based programs proven to increase outcomes and are monitored by the Department of Elementary and Secondary Education. The calculation is 10.0 percent of the Core Instruction Amount, applied to students in the most intensive English learner programs, and then ratably reduced. Funding for this category was first provided in FY 2017 for one year only; it was made permanent a year later.

School of Choice Density Aid. The 2017 Assembly enacted a three-year category of education aid 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 schools of choice. The 2021 Assembly amended this program to permanently provide transition aid to traditional school districts with at least 5.0 percent of resident students enrolled in schools of choice. For FY 2022, \$500 per pupil was provided for any new students that have enrolled in schools of choice since FY 2019, 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. The Budget includes \$520,500, which is \$490,000 less than enacted but fully funds this category of aid.

Set-Aside Funds

Textbook Loans. The Budget includes the enacted level of \$240,000 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. This is \$216,685 more than spent in FY 2021. The final budget includes \$25,571 based on actual expenses.

School Breakfast. The Budget includes \$270,000 for FY 2023 for the administrative cost reimbursement to districts for the school breakfast program, which is consistent with the FY 2022 enacted level. 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.

Current law requires the Assembly to “*annually appropriate some sum and distribute it based on each district’s proportion of the number of breakfasts served in the prior school year relative to the statewide total in the same year.*” As in the lunch program, children from families with incomes at or below 130.0 percent of federal poverty are eligible for free meals, while those from families up to 185.0 percent of poverty are eligible for reduced-price meals.

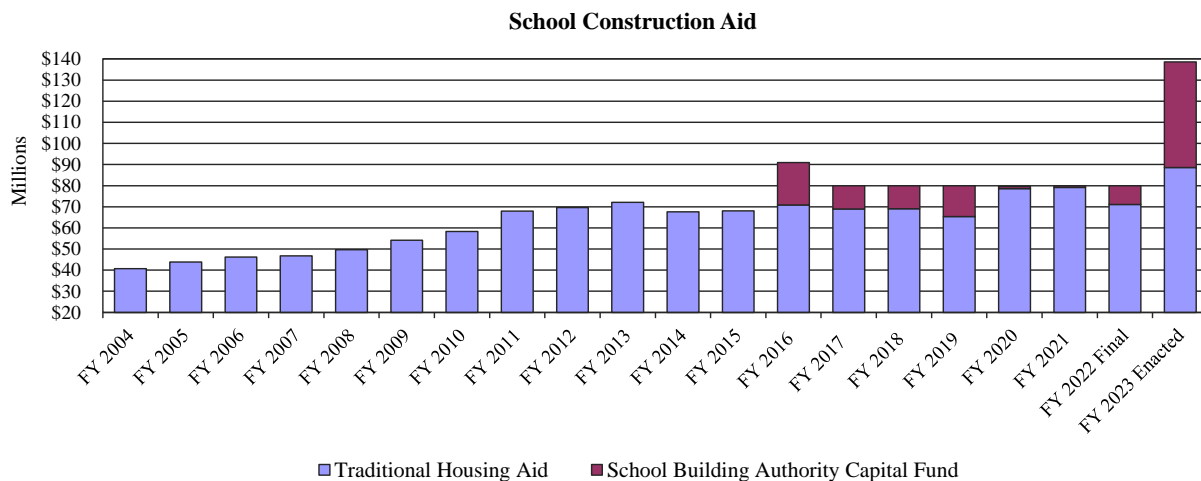
Recovery High School. The 2016 Assembly enacted legislation to provide \$500,000 for FY 2017 only to support the state’s recovery high school. Recovery high schools are specifically designed for students recovering from a substance abuse disorder. The legislation also removed districts from the enrollment process and changed the local tuition payment from the local per pupil expenditures to the core instruction amount. The 2017 Assembly removed the one year funding limitation. The Budget includes \$500,000, consistent with the FY 2022 enacted budget.

Other Aid

Teacher Retirement. The Budget includes \$130.9 million to fund the state’s 40.0 percent share of the employer contribution for teacher retirement, an increase of \$6.9 million or 5.6 percent more than the FY 2022 enacted budget, which assumes a 2.5 percent annual increase in teacher wages and updated contribution rates. Prior to changes enacted in 2011, teachers had contributed 9.5 percent of their salaries; as of July 1, 2012, teachers contribute 8.75 percent. That rate is set in the General Laws. Employers contribute the difference between the teachers’ share and the amount needed to support the system, as determined annually by the State Employees’ Retirement System. For districts that choose not to participate in Social Security, there is an additional 4.0 percent contribution; 2.0 percent paid by both the employee and the district. The state does not pay a share of this 2.0 percent. The final budget also adds \$71,488 for total FY 2022 funding of \$124.0 million.

School Construction Aid. The Budget includes \$138.5 million for construction aid to local districts. This includes \$88.5 million for the traditional school housing aid program, which reimburses school districts for a share of completed projects, and \$50.0 million for the School Building Authority Capital Fund, which provides support for smaller projects that do not require both the full rehabilitation of a school and voter approval.

The 2011 Assembly instituted a three-year moratorium on the approval of new projects except for projects necessitated by health and safety reasons, effective July 1, 2011 through July 1, 2014. The 2014 Assembly extended the moratorium to May 1, 2015. During the moratorium, the Council on Elementary and Secondary Education approved \$162.0 million of health and safety projects.



The graph above shows school construction aid appropriations from FY 2004 through the FY 2023 budget. Funding for the program more than doubled over 10 years through FY 2002. It doubled again in the next 10 year period through FY 2012 with an average growth rate of 7.8 percent. Over the past 10 years, from FY 2013 through FY 2022, the Council on Elementary and Secondary Education approved \$2,870.0 million

of projects through the traditional school housing aid program. Additionally, it has approved 172 projects totaling \$62.9 million through the School Building Authority Capital Fund since FY 2016.

The 2018 Assembly enacted legislation to temporarily expand incentives used to enhance the school housing aid ratio in order to encourage new school construction and renovation projects, contingent upon approval of a bond referendum to be put before the voters on the November 2018 ballot to help fund the work. Districts are eligible for share ratio increases of up to 20.0 percent for projects that meet the following incentives.

Temporary Incentive	Share Ratio Increase
1 Health & safety	5%
2 Educational enhancements (includes early education & CTE)	5%
3 Replace facility with a facilities condition index of 65%+	5%
4 Increase functional utilization of a facility from <60% to 80%	5%
5 Decrease facility functional utilization from >120% to between 85% & 105%	5%
6 Consolidate 2+ buildings	5%

While the maximum state share increase is 20.0 percent, a district's local share cannot decrease by more than half of its regular share regardless of the incentives earned, nor can a district's state share increase by more than half of its regular share. Also, the third incentive noted in the table cannot be combined with the fourth or fifth incentive.

Projects approved between May 1, 2015 and January 1, 2018 are eligible for state share increases of up to 20.0 percent so long as commissioning agents and Owners Program Managers are utilized; those projects that do not are eligible for a 5.0 percent increase. Each incentive requires spending 25.0 percent of project costs or \$500,000 on related items. The original legislation required that projects begin by either December 30, 2022 or 2023 and be completed within five years to receive the temporary incentives. The 2022 Assembly enacted legislation in Article 10 of 2022-H 7123, Substitute A, as amended, extending two incentives by one year and aligning all temporary incentives with the December 30, 2023 start deadline; it maintained the five year completion window.

The legislation established a permanent incentive for projects that address school safety and established minimum maintenance spending requirements. Districts are required to meet one of three options to meet the requirements. Maintenance spending may either equal \$3 per square foot of school building space, 3.0 percent of a building's replacement value, or 3.0 percent of the school's operating budget; the latter two options are phased-in over four years.

It also includes additional requirements and oversight throughout projects, which are intended to control project costs, ensure building systems operate correctly, and ensure that projects are executed properly from design through construction. Owners Program Managers and commissioning agents are required for projects exceeding \$1.5 million, and state prequalification of prime contractors is required for all projects exceeding \$10.0 million. Architects and engineers are also required to go through a prequalification process. A list of prequalified contractors, architects and engineers is required to be publically posted with all other program information. While this does not appear to be available on the Department's website, the information is available through the Department of Administration Division of Purchases.

The approved capital plan includes \$250.0 million of new general obligation bonds, which were approved by the voters on the November 2018 ballot for public school construction and repairs over the next five years, with an authorization limit of \$100.0 million in any one year. The legislation requires that bond proceeds first be used in the traditional housing aid program, with no more than 5.0 percent of available

proceeds in any given year to be used by the capital fund. Annual debt service on the bonds would be \$20.7 million, assuming a 5.0 percent interest rate and 20-year term; total debt service would be \$401.4 million.

Enabling legislation requires proportional distribution of the \$250.0 million of general obligation bonds approved by the voters. Districts received 15.0 percent of the expected state share for their projects, including interest, upfront on a reimbursement basis. For those projects that are eligible for incentive points, the difference between the amount of upfront funding received and what would have been eligible under the incentives will be reimbursed through the traditional housing aid distribution, which occurs over the same period as the local debt service payments. Providing upfront funding for FY 2023 projected approvals would require approval of a second general obligation bond.

Between FY 2019 and FY 2021, the Council on Elementary and Secondary Education approved \$1,156.1 million for projects across 17 districts. The Council approved \$312.9 million in December 2021 and \$551.1 million in May 2022, and \$1,440.0 million in projects are expected to be approved during FY 2023. The projected application surge is anticipated as a result of the pending expiration of the temporary incentives.

Approvals	Total Project Costs	Base State Share w/o Incentives	Upfront Bond Reimbursement
FY 2015 to FY 2018	\$ 538,462,880	\$ 357,460,960	\$ 39,901,249
FY 2019	\$ 382,996,196	\$ 381,869,952	\$ 55,487,311
FY 2020	\$ 629,519,258	\$ 519,859,392	\$ 77,938,911
December 2020			
Central Falls	\$ 7,665,597	\$ 7,414,863	\$ 1,112,229
Exeter-West Greenwich	17,800,000	15,418,360	2,312,754
Narragansett	8,311,372	2,908,980	436,347
May 2021			
Coventry	89,384,022	38,267,624	8,151,004
Paul Cuffee	12,746,540	3,823,962	667,824
South Kingstown	7,633,985	2,671,895	4,007,848
FY 2021 Total	\$ 143,541,516	\$ 70,505,684	\$ 16,688,006
December 2021			
Achievement First	\$ 76,500,000	\$ 31,014,000	\$ 4,652,100
Johnston	215,000,000	114,791,520	17,218,728
Portsmouth	21,439,299	\$10,655,332	\$1,598,300
May 2022			
Blackstone Valley Prep	29,754,017	12,675,211	1,179,460
Lincoln	26,036,794	10,258,497	954,579
Little Compton	4,976,864	1,741,902	162,088
New Shoreham	9,056,722	4,501,191	418,847
Providence	146,328,771	167,385,077	15,575,597
Scituate	4,951,559	1,843,296	171,523
Smithfield	12,777,550	4,472,143	416,144
Tiverton	2,628,974	920,141	85,621
Warwick	314,559,510	156,336,076	14,547,461
FY 2022 Total	\$ 864,010,060	\$ 516,594,386	\$ 56,980,448
FY 2023 Projected*	\$ 1,440,000,000	\$ 1,002,686,842	\$ 172,003,026
Total FY 2019-2023	\$ 3,460,067,030	\$ 2,491,516,256	\$ 379,097,702

\$ in millions; excludes value of potential incentive points.

**Based on June 10, 2022 estimates*

The table above includes projects approved from FY 2019 through May 2022, as well as projected approvals for FY 2023. This reflects the state share of the total project costs as presented to the Council. It should be noted that these amounts exclude the impact of the new incentives and, pending calculation and confirmation of those final values, the actual state share of projects will likely be higher.

Article 5 of 2022-H 7123, Substitute A, as amended, includes a new \$250.0 million bond to be put before the voters on the November 2022 ballot to provide funding to local education agencies on a pay-as-you-go basis for school construction projects. The capital budget assumes issuance of \$42.8 million for FY 2024, \$67.8 million annually from FY 2025 to FY 2027, and \$3.8 million in the post-FY 2027 period. Annual debt service would be \$20.7 million assuming a 5.0 percent interest rate and a 20-year term; total debt service would be \$401.4 million. The original bond is programmed at \$48.5 million in prior spending, \$108.7 million for FY 2022, \$67.8 million for FY 2023, and \$25.0 million for FY 2024.

The out-year estimates included with the Governor's recommended budget are based on December projections by the School Building Authority, adjusted for the impact from a second \$250.0 million school construction bond. It assumes costs for the traditional program will grow from the recommended amount of \$88.5 million for FY 2023 to \$97.7 million in FY 2024, \$105.0 million in FY 2025, \$110.0 million in FY 2026 and \$115.0 million for FY 2027. These estimates may change significantly based on actual project activity and do not include debt service for the state bonds, which is shown in the Department of Administration's budget. That is \$7.7 million for FY 2022 based on the issuance of \$137.5 million. Debt service on the entire \$250.0 million would be \$20.7 million annually; the added cost of a second bond would be similar.

Calculation and Distribution Tables

The ten tables on the following pages include the calculation and distribution of the FY 2023 enacted education aid to districts, charter and state schools. Tables 1A and 1B show the total funding and Tables 2 through 7 illustrate different components of the funding formula. Table 8 has education aid to districts for FY 2017 through FY 2021 for comparison purposes. Table 9 shows the distribution of federal stimulus funds authorized under the Consolidated Appropriations Act of 2021 and the American Rescue Plan Act.

Table 1A: Total Education Aid for Districts for FY 2023

Table 1B: Total Education Aid for Charter and State Schools for FY 2023

Table 2: Calculation of Funding Formula for FY 2023

Table 3: Group Home Aid for FY 2023

Table 4: Calculation of State Share Ratio

Table 5: FY 2023 Estimated Charter and State School Enrollment by Sending District

Table 6: Formula Funding to Charter and State Schools by Sending District

Table 7: Categorical Aid for FY 2023

Table 8: Education Aid for FY 2017-FY 2021

Table 9: Education Federal Stimulus Funds

Table 1A: Total Education Aid for Districts for FY 2023

A. Column **A** is the Governor's FY 2023 recommended formula aid for districts. It was based on March 15, 2021 student enrollment data and did not adjust for charter school growth.

B. Column **B** reflects the Governor's proposal to hold districts harmless from any reductions that would occur under the implementation of the funding formula for FY 2023. Those entities that receive more through the updated funding formula would keep that increase. In the case where the update means less aid than FY 2022, districts would receive funding consistent with the FY 2022 enacted budget.

C. Column **C** shows the change in aid per district from updating student enrollment based on March 15, 2022 student enrollment data, adjusted for the Governor's proposal to hold districts harmless from any reductions that would occur under the implementation of the funding formula.

D. Column **D** shows the Governor's funding formula aid recommendation adjusted for the March 2022 data update and his proposal to hold districts harmless from any reductions that would occur under the implementation of the funding formula.

E. Column **E** reflects legislation in Article 10 of 2022-H 7123, Substitute A, as amended, enacted by the 2022 Assembly. For FY 2023 only, funding formula aid for local education agencies is based on student enrollment in either March 2020, 2021 or 2022, whichever was greater, adjusted for students enrolling in new and expanding charter schools. The student success factor amount for traditional school districts will reflect the percentage of students in poverty in either March 2020, 2021 or 2022, whichever is greater. It also maintains the FY 2022 state share ratio for FY 2023.

F. For six districts, the unaltered funding formula calculation would have produced more aid than the amended funding formula calculation shown in Column **E**. Article 10 of 2022-H 7123, Substitute A, as amended provides an additional appropriation equivalent to 20.0 percent of the difference in aid that would have been received under the unaltered calculation, which is shown in column **F**.

G. The formula allows for additional resources from the state 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. The 2021 Assembly enacted a permanent category of aid for those districts with 5.0 percent or more resident students enrolled in schools of choice, including charter schools, Davies and the Met. The distribution from high-cost special education, transportation, English language learners, and school of choice density aid is shown in column **G**.

H. Column **H** shows the amount of group home aid for FY 2023. Group home aid is paid through the funding formula pursuant to current law.

I. Column **I** shows the total general revenue education aid enacted for FY 2023.

J. Column **J** is the difference between the FY 2023 enacted budget showed in column **H** and the Governor's recommended budget.

Table 1A: Total Education Aid for Districts for FY 2023

<i>District</i>	<i>A</i> <i>FY 2023</i> <i>Governor</i> <i>Formula Aid</i> ¹	<i>B</i> <i>Governor</i> <i>Funding Formula</i> <i>Hold Harmless</i>	<i>C</i> <i>March</i> <i>Update</i>	<i>D</i> <i>Governor</i> <i>Adjusted</i> <i>Formula Aid</i> ¹	<i>E</i> <i>Greater of 3 Yrs.</i> <i>Enrollments &</i> <i>FY 2022 State</i> <i>Share Ratio</i>
Barrington	\$ 9,777,358	\$ -	\$ (18,799)	\$ 9,758,559	\$ (1,510,847)
Burrillville	12,145,330	1,635,127	-	13,780,457	421,960
Charlestown	1,169,914	121,387	-	1,291,301	50,389
Coventry	23,532,914	533,190	-	24,066,104	904,779
Cranston	64,218,825	4,263,659	-	68,482,484	2,417,500
Cumberland	20,469,904	-	532,422	21,002,326	1,109,033
East Greenwich	5,184,515	-	12,812	5,197,327	(742,390)
East Providence	33,217,925	2,885,563	-	36,103,488	1,371,300
Foster	988,121	69,798	-	1,057,919	57,044
Glocester	2,302,218	119,935	-	2,422,153	103,739
Hopkinton	5,364,201	226,216	-	5,590,417	235,614
Jamestown	220,202	71,766	-	291,968	11,410
Johnston	17,771,779	1,724,248	-	19,496,027	726,471
Lincoln	15,460,007	480,948	-	15,940,955	907,260
Little Compton	327,243	104,776	-	432,019	16,858
Middletown	6,753,279	1,379,327	-	8,132,606	304,412
Narragansett	1,317,114	861,280	-	2,178,394	85,006
Newport	12,871,533	1,881,371	-	14,752,904	732,479
New Shoreham	73,885	137,201	-	211,086	8,237
North Kingstown	9,723,874	1,492,163	-	11,216,037	272,041
North Providence	25,971,652	636,749	-	26,608,401	788,379
North Smithfield	6,390,886	-	161,746	6,552,632	(152,540)
Pawtucket	94,435,765	625,752	-	95,061,517	3,254,100
Portsmouth	1,979,356	1,083,168	-	3,062,524	119,506
Providence	253,590,302	18,899,401	-	272,489,703	986,851
Richmond	5,192,232	-	224,630	5,416,862	(2,510)
Scituate	2,389,849	-	-	2,389,849	57,416
Smithfield	7,446,747	-	58,555	7,505,302	(376,868)
South Kingstown	3,729,529	830,443	-	4,559,972	196,349
Tiverton	5,821,613	952,952	-	6,774,565	251,915
Warwick	37,552,705	1,666,012	-	39,218,717	1,655,873
Westerly	6,570,661	1,366,663	-	7,937,324	376,641
West Warwick	30,542,306	315,478	-	30,857,784	1,204,135
Woonsocket	68,427,880	1,567,811	-	69,995,691	2,123,301
Bristol-Warren	10,100,912	1,244,811	-	11,345,723	422,951
Chariho	-	-	-	-	-
Exeter-West Greenwich	4,215,272	27,717	-	4,242,989	149,469
Foster-Glocester	4,981,316	122,937	-	5,104,253	203,068
Central Falls*	47,354,162	1,348,583	-	48,702,745	258,592
Total	\$ 859,583,286	\$ 48,676,432	\$971,365	\$ 909,231,082	\$ 18,998,923
<i>Adjusted Chariho</i>	<i>11,726,346</i>		<i>224,630</i>	<i>12,298,580</i>	<i>283,494</i>

*This includes a \$9.1 million stabilization fund payment to Central Falls in the FY 2022 enacted budget and \$10.1 million in FY 2023.

¹ Governor's FY 2023 recommendation adjusted for the data correction payment, which is shifted to the FY 2022 final budget.

Table 1A: Total Education Aid for Districts for FY 2023

	<i>F</i>	<i>G</i>	<i>H</i>	<i>I</i>	<i>J</i>
<i>District</i>	<i>Additional Appropriation</i>	<i>Categoricals (Table 7)</i>	<i>Group Home Aid (Table 3)</i>	<i>Total FY 2023 Enacted Aid</i>	<i>Change to Governor¹</i>
Barrington	\$ 302,169	\$ 278,725	\$ -	\$ 8,828,606	\$ (1,227,478)
Burrillville	-	207,702	-	14,410,118	398,460
Charlestown	-	-	-	1,341,690	50,389
Coventry	-	48,386	79,629	25,098,898	904,779
Cranston	-	1,254,964	-	72,154,948	2,417,500
Cumberland	-	152,210	-	22,263,569	1,647,455
East Greenwich	148,478	238,460	-	4,841,875	(581,101)
East Providence	-	211,268	463,329	38,149,384	1,371,300
Foster	-	22,387	-	1,137,350	57,044
Glocester	-	25,901	-	2,551,793	103,739
Hopkinton	-	603	-	5,826,634	235,614
Jamestown	-	88,284	-	391,662	11,410
Johnston	-	497,628	-	20,720,126	726,471
Lincoln	-	121,029	85,944	17,055,189	909,760
Little Compton	-	-	-	448,877	16,858
Middletown	-	39,369	-	8,476,387	304,412
Narragansett	-	7,878	-	2,271,278	85,006
Newport	-	79,862	133,708	15,698,952	732,479
New Shoreham	-	21,469	-	240,792	8,237
North Kingstown	-	59,755	-	11,547,833	272,041
North Providence	-	699,254	127,813	28,223,847	763,379
North Smithfield	30,508	103,257	-	6,533,857	39,714
Pawtucket	-	736,629	92,961	99,145,207	3,171,600
Portsmouth	-	116,641	473,573	3,772,245	119,506
Providence	-	4,229,146	217,663	277,923,363	710,851
Richmond	502	782	-	5,415,636	222,622
Scituate	-	156,612	-	2,603,877	57,416
Smithfield	75,374	77,627	-	7,281,435	(242,939)
South Kingstown	-	262,179	121,823	5,140,323	196,349
Tiverton	-	210,289	-	7,236,769	251,915
Warwick	-	727,455	271,232	41,873,277	1,655,873
Westerly	-	65,571	-	8,379,537	376,641
West Warwick	-	61,166	-	32,123,085	1,204,135
Woonsocket	-	409,825	-	72,528,817	2,075,301
Bristol-Warren	-	2,133,616	106,028	14,008,318	877,714
Chariho	-	2,405,627	-	2,405,627	590,584
Exeter-West Greenwich	106,335	1,601,556	113,304	6,213,653	650,233
Foster-Glocester	-	653,862	-	5,961,183	371,125
Central Falls*	-	672,080	-	49,633,417	215,092
Total	\$ 663,366	\$ 18,679,054	\$ 2,287,007	\$ 949,859,436	\$ 21,751,487
<i>Adjusted Chariho</i>	<i>502</i>	<i>2,407,012</i>	<i>-</i>	<i>14,989,587</i>	<i>1,099,210</i>

*This includes a \$9.1 million stabilization fund payment to Central Falls in the FY 2022 enacted budget and \$10.1 million in FY 2023.

¹ Governor's FY 2023 recommendation adjusted for the data correction payment, which is shifted to the FY 2022 final budget.

Table 1B: Total Education Aid for Charter and State Schools for FY 2023

A. Column **A** is the FY 2022 formula aid enacted by the 2021 Assembly.

B. Column **B** is the final FY 2022 formula aid, which reflects a shift of \$0.3 million from Village Green to sending districts from an expansion assumed in the enacted budget that did not occur. As staff at Davies Career and Technical School are state employees, the recommendation also includes \$0.1 million for statewide adjustments for non-teaching staff consistent with the Governor's recent labor agreements and assuming the pay increases also apply to non-union staff. It also includes an adjustment correcting funding formula aid; following enactment of the FY 2022 budget, the Division of Municipal Finance adjusted local property value data used to determine the state's share of education costs. Corrections would have occurred in FY 2023; however, the 2022 Assembly enacted legislation in Article 10 of 2022-H 7123, Substitute A, as amended, to shift to the payment to FY 2022 and hold districts harmless from any losses resulting from correcting the data.

C. Column **C** is the Governor's FY 2023 recommended formula aid. It uses March 2021 enrollment and lottery data and includes a proposal to hold districts harmless from any reductions that would occur under the implementation of the funding formula for FY 2023. Those entities that receive more through the updated funding formula would keep that increase. In the case where the update means less aid than FY 2022, districts would receive funding consistent with the FY 2022 enacted budget. Growth due to adding grades is paid in the year of the growth; however, the recommendation did not adjust for new and expanding charter schools.

D. Column **D** shows the changes in aid per district from updating student enrollment based on March 15, 2022 data.

E. Column **E** is the Governor's recommendation adjusted for the March 2022 data update.

F. Column **F** reflects legislation included in Article 10 of 2022-H 7123, Substitute A, as amended. For FY 2023 only, the legislation calculates funding formula aid for local education agencies based on student enrollment in either March 2020, 2021 or 2022, whichever was greater. For schools of choice, the student success factor amount will reflect the number of students in poverty for the year in which total average daily membership is greater. It also maintains the FY 2022 state share ratio for FY 2023.

G. For four schools of choice, the unaltered funding formula calculation would have produced more aid than the amended funding formula calculation shown in column **F**. Article 10 of 2022-H 7123, Substitute A, as amended provides an additional appropriation equivalent to 20.0 percent of the difference in aid that would have been received under the unaltered calculation, which is shown in column **G**.

H. Column **H** includes the distribution of English language learner and high cost special education categorical funding.

I. Column **I** shows the total general revenue education aid enacted for FY 2022

J. Column **J** is the difference between the enacted FY 2023 appropriation shown in column **J** and the final FY 2022 appropriation in column **B**.

Table 1B: Total Education Aid for Charter and State Schools for FY 2023

<i>School</i>	<i>A FY 2022 Enacted Formula Aid ×</i>	<i>B FY 2022 Final Formula Aid ×</i>	<i>C Total FY 2023 Governor Formula Aid*</i>	<i>D March Update</i>	<i>E Governor Adjusted Formula</i>
Achievement First	\$ 24,030,958	\$ 24,030,958	\$ 31,125,533	\$ (3,874,327)	\$ 27,251,206
Beacon	3,679,348	3,683,586	3,749,492	191,557	3,941,049
Blackstone	4,251,850	4,251,850	4,361,166	103,223	4,464,389
Charette	2,099,907	2,099,907	2,178,688	(37,661)	2,141,027
Compass	599,755	599,755	599,755	-	599,755
Excel Academy	-	-	2,074,270	(629,809)	1,444,461
Greene School	1,480,497	1,480,497	1,509,046	(28,549)	1,480,497
Highlander	7,322,522	7,322,649	7,322,522	-	7,322,522
Hope Academy	3,175,063	3,175,063	3,644,853	132,659	3,777,512
International	3,948,411	3,948,959	3,948,411	-	3,948,411
Kingston Hill	855,530	855,530	855,530	47,021	902,551
Learning Community	7,479,749	7,479,749	7,710,783	(106,780)	7,604,003
New England Laborers	1,403,715	1,403,715	1,404,585	(870)	1,403,715
Nowell	1,923,063	1,923,063	1,963,349	(32,990)	1,930,360
Nuestro Mundo	1,697,640	1,697,640	2,888,598	(327,651)	2,560,948
Nurses Institute	4,088,777	4,088,777	4,851,317	(101,141)	4,750,176
Paul Cuffee	9,848,159	9,848,159	10,049,836	(26,363)	10,023,474
Providence Prep	1,550,019	1,550,019	2,370,760	15,064	2,385,824
RI Mayoral Academies					
Blackstone Prep.	21,986,168	22,062,902	23,879,586	(1,097,325)	22,782,261
RISE Mayoral Academy	3,641,901	3,641,901	4,243,955	68,020	4,311,976
Segue Institute	3,751,730	3,751,730	4,448,443	48,380	4,496,823
Southside Elementary	1,765,915	1,765,915	1,765,915	-	1,765,915
Times2 Academy	8,698,560	8,698,560	8,698,560	65,153	8,763,713
Trinity	2,535,388	2,535,388	2,535,388	14,261	2,549,649
Village Green	2,836,810	2,513,402	2,534,233	45,787	2,580,020
Charter Schools Subtotal	\$ 124,651,435	\$ 124,409,674	\$ 140,714,575	\$ (5,532,340)	\$ 135,182,235
Davies Career and Tech.	14,437,904	14,516,857	15,414,314	(628,255)	14,786,059
Met School	9,342,007	9,342,007	9,479,298	125,638	9,604,936
Urban Collaborative	1,630,145	1,630,357	1,630,145	-	1,630,145
YouthBuild Academy	-	-	1,696,628	-	1,696,628
Total	\$ 150,061,491	\$ 149,898,894	\$ 168,934,960	\$ (6,034,957)	\$ 162,900,003

Growth due to adding grades is all paid in the year of growth.

*Includes a state schools stabilization payment of \$5.2 million to Davies and \$1.1 million to Met.

*Includes a state schools stabilization payment of \$6.1 million to Davies and \$1.1 million to Met.

Table 1B: Total Education Aid for Charter and State Schools for FY 2023

<i>School</i>	<i>F Assembly Adjustment to March Update</i>	<i>G Additional Appropriation</i>	<i>H Categoricals</i>	<i>I FY 2023 Enacted Aid**</i>	<i>J Chg. To FY 2022 Final</i>
Achievement First	\$ 555,369	\$ -	\$ 132,286	\$ 27,938,860	\$ 3,907,902
Beacon	(113,655)	22,731	2,447	3,852,572	168,987
Blackstone	(56,059)	11,212	9,884	4,429,426	177,576
Charette	40,822	-	7,048	2,188,898	88,991
Compass	35,594	-	-	635,349	35,594
Excel Academy	24,131	-	-	1,468,592	1,468,592
Greene School	57,502	-	1,776	1,539,775	59,278
Highlander	285,859	-	37,523	7,645,904	323,255
Hope Academy	68,937	-	16,868	3,863,317	688,254
International	155,152	-	43,554	4,147,117	198,157
Kingston Hill	51,980	-	56	954,586	99,056
Learning Community	167,601	-	96,836	7,868,440	388,691
New England Laborers	54,679	-	5,496	1,463,890	60,175
Nowell	35,380	-	12,334	1,978,073	55,010
Nuestro Mundo	46,536	-	-	2,607,483	909,843
Nurses Institute	84,730	-	9,320	4,844,226	755,449
Paul Cuffee	208,981	-	39,803	10,272,257	424,098
Providence Prep	43,353	-	-	2,429,177	879,158
RI Mayoral Academies					
Blackstone Prep.	259,783	-	82,358	23,124,402	1,061,500
RISE Mayoral Academy	81,387	-	5,878	4,399,241	757,340
Segue Institute	19,766	-	26,822	4,543,411	791,681
Southside Elementary	68,910	-	6,634	1,841,459	75,544
Times2 Academy	274,284	-	24,462	9,062,458	363,898
Trinity	84,676	-	9,121	2,643,445	108,057
Village Green	(5,363)	1,073	4,923	2,580,652	67,250
Charter Schools Subtotal	\$ 2,530,332	\$ 35,016	\$ 575,429	\$ 138,323,012	\$13,913,338
Davies Career and Tech.	(14,040)	2,808	4,304	14,779,131	262,274
Met School	185,227	-	23,443	9,813,606	471,600
Urban Collaborative	63,831	-	7,463	1,701,439	71,082
YouthBuild Academy	30,830	-	-	1,727,458	1,727,458
Total	\$ 2,796,180	\$ 37,824	\$ 610,639	\$ 166,344,646	\$16,445,752

Growth due to adding grades is all paid in the year of growth.

**Includes a state schools stabilization payment of \$5.8 million to Davies and \$1.1 million to Met.

Table 2: Calculation of Funding Formula for FY 2023

A. Consistent with legislation enacted by the 2022 Assembly, FY 2023 student counts are shown in column **A** based on the resident average daily membership in March 2020, 2021 or 2022, whichever was greater, adjusted for new and expanding charter schools. Average daily membership calculates an average of the number of days all students are formally members of a district and/or a school per year.

B. Column **B** includes the percent of students that are in poverty status. Consistent with legislation enacted by the 2022 Assembly, the calculation uses the percentage of students in poverty, in either March 2020, 2021 or 2022, whichever was greater.

C. Column **C** includes the number of students in prekindergarten through 12th grade that are in “poverty status,” which is defined as a child whose family income is at or below 185.0 percent of federal poverty guidelines. Based on legislation passed by the 2022 Assembly, this is column **A** multiplied by column **B**, adjusted for new and expanding charter schools.

D. Column **D** is the core instruction funding, which is the student count in column **A** times the core instruction per pupil amount of \$11,050. Current law requires the core instruction per pupil amount to be updated annually.

E. Column **E** includes the student success factor funding, which is a single poverty weight as a proxy for student supports and is 40.0 percent times the number of students in prekindergarten through 12th grade that are in poverty status in column **C** times the core instruction amount.

F. The total foundation amount in column **F** is the sum of the core instruction amount in column **D** plus the student success factor funding in column **E**.

G. Column **G** is the state share ratio; the calculation is described in Table 4.

H. Column **H** includes the state foundation aid under the funding formula. It is the total foundation amount in column **F** times the state share ratio in column **G**.

I. Column **I** is the FY 2022 enacted formula aid.

J. Column **J** is the difference between the 12th year of funding under the formula shown in column **H** and the FY 2022 enacted amount of formula aid in column **I**.

Table 2: Calculation of Funding Formula for FY 2023

<i>District</i>	<i>A FY 2023 PK-12 RADM</i>	<i>B % Poverty Status</i>	<i>C FY 2023 Poverty Status</i>	<i>D Core Instruction Funding</i>	<i>E Student Success Factor Funding</i>
Barrington	3,416	5.5%	189	\$ 37,746,800	\$ 833,312
Burrillville	2,211	35.1%	776	24,431,550	3,427,840
Charlestown	740	21.1%	156	8,177,000	689,520
Coventry	4,502	26.8%	1,207	49,747,100	5,334,940
Cranston	10,129	40.3%	4,085	111,925,450	18,054,831
Cumberland	4,619	19.9%	921	51,039,950	4,072,583
East Greenwich	2,572	6.7%	173	28,420,600	764,660
East Providence	5,036	48.5%	2,443	55,647,800	10,798,060
Foster	227	31.3%	71	2,508,350	314,130
Glocester	556	13.2%	73	6,143,800	324,410
Hopkinton	1,137	22.0%	250	12,563,850	1,105,258
Jamestown	655	5.5%	36	7,237,750	159,535
Johnston	3,285	41.7%	1,371	36,299,250	6,058,707
Lincoln	3,238	26.1%	847	35,779,900	3,741,600
Little Compton	344	14.2%	49	3,801,200	216,580
Middletown	2,175	31.9%	694	24,033,750	3,067,480
Narragansett	1,211	18.2%	220	13,381,550	972,400
Newport	2,088	73.7%	1,539	23,072,400	6,804,321
New Shoreham	148	19.4%	29	1,635,400	126,927
North Kingstown	3,747	21.2%	793	41,404,350	3,505,060
North Providence	3,507	47.2%	1,655	38,752,350	7,312,996
North Smithfield	1,644	18.8%	309	18,166,200	1,365,484
Pawtucket	8,546	73.0%	6,240	94,433,300	27,581,454
Portsmouth	2,295	15.6%	359	25,359,750	1,586,780
Providence	21,141	87.4%	18,467	233,608,050	81,623,566
Richmond	1,141	17.4%	198	12,608,050	875,160
Scituate	1,269	12.2%	155	14,022,450	684,925
Smithfield	2,393	15.4%	368	26,442,650	1,627,924
South Kingstown	2,918	18.7%	546	32,243,900	2,411,974
Tiverton	1,758	23.2%	407	19,425,900	1,798,940
Warwick	8,610	33.7%	2,905	95,140,500	12,842,295
Westerly	2,683	34.9%	937	29,647,150	4,139,413
West Warwick	3,607	53.6%	1,933	39,857,350	8,543,860
Woonsocket	5,843	77.7%	4,542	64,565,150	20,075,811
Bristol-Warren	3,163		940	34,951,150	4,154,800
Chariho	-		-	-	-
Exeter-West Greenwich	1,643	see table below	273	18,155,150	1,206,660
Foster-Glocester	1,150		188	12,707,500	831,750
Central Falls*	2,651	97.2%	2,576	29,293,550	11,384,065
Total	127,998		58,919	\$ 1,414,377,900	\$ 260,420,013
<i>Bristol</i>	<i>1,923</i>	<i>25.2%</i>	<i>485</i>	<i>21,249,150</i>	<i>2,143,700</i>
<i>Warren</i>	<i>1,240</i>	<i>36.7%</i>	<i>455</i>	<i>13,702,000</i>	<i>2,011,100</i>
<i>Exeter</i>	<i>752</i>	<i>18.8%</i>	<i>141</i>	<i>8,309,600</i>	<i>623,220</i>
<i>West Greenwich</i>	<i>891</i>	<i>14.8%</i>	<i>132</i>	<i>9,845,550</i>	<i>583,440</i>
<i>Foster</i>	<i>376</i>	<i>17.9%</i>	<i>67</i>	<i>4,154,800</i>	<i>296,930</i>
<i>Glocester</i>	<i>774</i>	<i>15.6%</i>	<i>121</i>	<i>8,552,700</i>	<i>534,820</i>
<i>Adjusted Chariho</i>	<i>3,018</i>	<i>-</i>	<i>604</i>	<i>33,348,900</i>	<i>2,669,938</i>

*This includes the enacted \$9.1 million stabilization fund payment to Central Falls in FY 2022 and \$10.1 million in FY 2023

Table 2: Calculation of Funding Formula for FY 2023

<i>District</i>	<i>F</i> <i>Total</i> <i>Foundation</i>	<i>G</i> <i>FY 2023</i> <i>State Share</i> <i>Ratio</i>	<i>H</i> <i>FY 2023</i> <i>Enacted</i> <i>Formula Aid</i>	<i>I</i> <i>FY 2022</i> <i>Enacted</i> <i>Formula Aid</i>	<i>J</i> <i>Difference</i> <i>from FY 2022</i>
Barrington	\$ 38,580,112	21.4%	\$ 8,247,712	\$ 7,924,118	\$ 323,593
Burrillville	27,859,390	51.0%	14,202,416	13,780,456	421,959
Charlestown	8,866,520	15.1%	1,341,689	1,291,300	50,389
Coventry	55,082,040	45.3%	24,970,883	24,066,104	904,779
Cranston	129,980,281	54.5%	70,899,984	68,466,242	2,433,742
Cumberland	55,112,533	40.1%	22,111,359	20,401,578	1,709,781
East Greenwich	29,185,260	15.3%	4,454,937	4,305,850	149,087
East Providence	66,445,860	56.4%	37,474,788	36,095,083	1,379,705
Foster	2,822,480	39.5%	1,114,963	1,057,919	57,045
Glocester	6,468,210	39.1%	2,525,892	2,422,153	103,739
Hopkinton	13,669,108	42.6%	5,826,031	5,590,417	235,614
Jamestown	7,397,285	4.1%	303,379	291,969	11,410
Johnston	42,357,957	47.7%	20,222,498	19,488,910	733,587
Lincoln	39,521,500	42.6%	16,848,215	15,940,955	907,260
Little Compton	4,017,780	11.2%	448,878	432,020	16,858
Middletown	27,101,230	31.1%	8,437,018	8,132,606	304,412
Narragansett	14,353,950	15.8%	2,263,400	2,178,394	85,006
Newport	29,876,721	51.8%	15,485,382	14,752,903	732,479
New Shoreham	1,762,327	12.4%	219,323	211,086	8,237
North Kingstown	44,909,410	25.6%	11,488,078	11,216,037	272,041
North Providence	46,065,346	59.5%	27,396,781	26,608,402	788,380
North Smithfield	19,531,684	32.8%	6,400,092	6,204,807	195,285
Pawtucket	122,014,754	80.6%	98,315,617	95,037,522	3,278,095
Portsmouth	26,946,530	11.8%	3,182,030	3,062,524	119,506
Providence	315,231,616	86.8%	273,476,553	272,225,830	1,250,723
Richmond	13,483,210	40.2%	5,414,352	5,149,642	264,710
Scituate	14,707,375	16.6%	2,447,265	2,358,211	89,053
Smithfield	28,070,574	25.4%	7,128,434	6,817,709	310,724
South Kingstown	34,655,874	13.7%	4,756,321	4,559,972	196,349
Tiverton	21,224,840	33.1%	7,026,480	6,774,565	251,915
Warwick	107,982,795	37.9%	40,874,590	39,214,692	1,659,899
Westerly	33,786,563	24.6%	8,313,966	7,937,325	376,642
West Warwick	48,401,210	66.2%	32,061,920	30,857,785	1,204,135
Woonsocket	84,640,961	85.2%	72,118,992	69,995,691	2,123,300
Bristol-Warren	39,105,950		11,768,674	11,345,723	422,951
Chariho	-		-	-	-
Exeter-West Greenwich	19,361,810	see table below	4,392,458	4,242,989	149,470
Foster-Glocester	13,539,250		5,307,321	5,104,253	203,067
Central Falls*	40,677,615	95.4%	48,961,338	47,702,746	1,258,592
Total	\$ 1,674,797,913		\$ 928,230,009	\$ 903,246,488	\$ 24,983,521
<i>Bristol</i>	<i>23,392,850</i>	<i>21.5%</i>	<i>5,030,850</i>	<i>4,852,340</i>	<i>178,510</i>
<i>Warren</i>	<i>15,713,100</i>	<i>42.9%</i>	<i>6,737,824</i>	<i>6,493,383</i>	<i>244,441</i>
<i>Exeter</i>	<i>8,932,820</i>	<i>22.0%</i>	<i>1,962,884</i>	<i>1,898,454</i>	<i>64,430</i>
<i>West Greenwich</i>	<i>10,428,990</i>	<i>23.3%</i>	<i>2,429,574</i>	<i>2,344,535</i>	<i>85,040</i>
<i>Foster</i>	<i>4,451,730</i>	<i>39.5%</i>	<i>1,758,566</i>	<i>1,682,786</i>	<i>75,780</i>
<i>Glocester</i>	<i>9,087,520</i>	<i>39.1%</i>	<i>3,548,755</i>	<i>3,421,468</i>	<i>127,287</i>
<i>Adjusted Chariho</i>	<i>36,018,838</i>		<i>12,582,073</i>	<i>12,031,359</i>	<i>550,714</i>

*This includes the enacted \$9.1 million stabilization fund payment to Central Falls in FY 2022 and \$10.1 million in FY 2023

Table 3: Group Home Aid for FY 2023

The distribution of group home aid includes \$17,000 per bed with the exception of \$26,000 per bed for the group home beds associated with Bradley Hospital's residential CRAFT program. The districts total enrollment is then reduced by the number of group home beds. The total amount of funding is reduced by the value of that districts' state share of core instruction and student success factor amounts times the number of group home beds. The impact is shown as a reduction to group home aid.

A. Column **A** is the number of beds eligible for group home aid. The Department of Children, Youth and Families identified 238 beds eligible for aid as of December 31, 2021.

B. Column **B** is the total cost of beds identified in column **A**. It reflects \$17,000 per bed with the exception of \$26,000 per CRAFT bed.

C. Column **C** shows the cost of beds in column **B** reduced by the value of districts' state share of core instruction and student success factor amounts times the number of group home beds.

D. Column **D** shows the enacted FY 2023 group home aid, which is consistent with the Governor's recommendation.

E. The final FY 2022 group home aid is consistent with the enacted budget, shown in column **E**.

F. Column **F** shows the difference in group home aid from the FY 2023 enacted appropriation in column **D** and the final FY 2022 aid shown in column **E**.

Table 3: Group Home Aid for FY 2023

<i>District</i>	<i>A</i> <i>Beds as of</i> <i>Dec. 31, 2021</i>	<i>B</i> <i>Total</i> <i>Cost of Beds</i>	<i>C</i> <i>Funding</i> <i>Formula</i> <i>Reduction</i>	<i>D</i> <i>FY 2023</i> <i>Enacted</i>	<i>E</i> <i>FY 2022</i> <i>Final</i>	<i>F</i> <i>Change to</i> <i>FY 2022</i>
Barrington	-	\$ -	\$ -	\$ -	\$ -	\$ -
Burrillville	-	-	-	-	75,207	(75,207)
Charlestown	-	-	-	-	-	-
Coventry	8	136,000	(56,371)	79,629	81,928	(2,299)
Cranston	-	-	-	-	-	-
Cumberland	-	-	-	-	-	-
East Greenwich	-	-	-	-	-	-
East Providence	34	740,000	(276,671)	463,329	497,179	(33,850)
Foster	-	-	-	-	-	-
Glocester	-	-	-	-	-	-
Hopkinton	-	-	-	-	-	-
Jamestown	-	-	-	-	-	-
Johnston	-	-	-	-	-	-
Lincoln	8	136,000	(50,056)	85,944	85,147	797
Little Compton	-	-	-	-	-	-
Middletown	-	-	-	-	-	-
Narragansett	-	-	-	-	-	-
Newport	14	238,000	(104,292)	133,708	129,961	3,747
New Shoreham	-	-	-	-	-	-
North Kingstown	-	-	-	-	-	-
North Providence	16	272,000	(144,187)	127,813	130,183	(2,370)
North Smithfield	-	-	-	-	96,893	(96,893)
Pawtucket	20	340,000	(247,039)	92,961	110,064	(17,103)
Portsmouth	30	510,000	(36,427)	473,573	609,672	(136,099)
Providence	57	969,000	(751,337)	217,663	371,569	(153,906)
Richmond	-	-	-	-	-	-
Scituate	-	-	-	-	-	-
Smithfield	-	-	-	-	105,752	(105,752)
South Kingstown	8	136,000	(14,177)	121,823	119,650	2,173
Tiverton	-	-	-	-	-	-
Warwick	24	408,000	(136,768)	271,232	272,738	(1,506)
Westerly	-	-	-	-	-	-
West Warwick	-	-	-	-	-	-
Woonsocket	-	-	-	-	34,510	(34,510)
Bristol-Warren	10	170,000	(63,972)	106,028	106,071	(43)
Chariho	-	-	-	-	-	-
Exeter-West Greenwich	9	153,000	(39,696)	113,304	123,410	(10,106)
Foster-Glocester	-	-	-	-	-	-
Central Falls	-	-	-	-	-	-
Total	238	\$ 4,208,000	\$ (1,920,993)	\$ 2,287,007	\$ 2,949,934	\$ (662,927)

Table 4: Calculation of State Share Ratio

The following table shows the calculation of each community's state share ratio for the purpose of the new education funding formula. The share ratio formula considers the district's ability to generate revenues and its poverty concentration. For FY 2023, pandemic-related issues also depressed data used to calculate the share ratio, including total June student enrollment and the number of students in poverty. This caused the state share ratios for wealthier communities grow, but for other communities, it fell. To avoid the impact of additional data issues, the 2022 Assembly enacted legislation in Article 10 of 2022-H 7123, Substitute A, as amended, to maintain the state share ratio calculation from FY 2022 for FY 2023.

A. The assessed value of real and tangible personal property for each city and town as of December 31 of the third preceding calendar year in accordance with Rhode Island General Law, Section 16-7-21, except for FY 2023, which uses data as of December 31, 2017. This is shown in column **A**. Property value is certified annually by the Department of Revenue's Division of Municipal Finance, based on local sales data and appraisals.

B. The adjusted equalized weighted assessed property valuations for the third preceding calendar year per current law as reported by the Department of Revenue's Division of Municipal Finance, except for FY 2023 which uses data as of December 31, 2017. This is shown in column **B**. The total assessed local property value of a community is adjusted for differences in local assessment rates to allow the reporting of figures comparable on a statewide basis, resulting in the equalized weighted assessed valuation (EWAV). The valuations are then adjusted by the ratio that the community's median family income bears to the statewide median family income, as reported in the most recent federal census data. Use of both the property value and the median family income is an attempt to compensate for districts that have significant disparity between median family income and the full value of property. Once community wealth is determined, it is divided by pupil counts to calculate the per pupil wealth for each community compared to the per pupil wealth for the state as a whole.

C. The FY 2022 student counts are shown in column **C** based on the resident average daily membership as of June 30, 2020. Average daily membership calculates an average of the number of days all students are formally members of a district and/or a school per year.

D. The resulting relative per pupil community wealth is then multiplied by 0.475 and subtracted from 1.0, yielding the district's share ratio. The result is multiplied by 100 to convert this share ratio to a percentage, which is shown in Column **D**.

E. Column **E** includes the percentage of students in poverty status in prekindergarten through 6th grade as of June 30, 2020. Poverty status is defined as being at 185.0 percent of federal poverty guidelines.

F. The calculation in column **F** is the square root of the sum of the state share ratio for the community calculation in column **D** squared plus the district's percentage of students in poverty status in grades pre-kindergarten through sixth in column **E** squared, divided by two.

$$\text{State Share Ratio (SSR)} = \sqrt{\frac{\text{SSRC}^2 + \%PK6FRPL^2}{2}}$$

G. Column **G** shows the state share ratio used in the Governor's FY 2023 recommendation. It uses property valuations as of December 31, 2018 and student counts as of June 30, 2021.

H. Column **H** shows the difference between the share ratio for FY 2023 and the Governor's recommendation.

Table 4: Calculation of State Share Ratio

	<i>A</i>	<i>B</i>	<i>C</i>	<i>D</i>
<i>District</i>	<i>Assessed Value 12/31/17</i>	<i>Adjusted EWAV 12/31/17</i>	<i>June 2020 Student Count*</i>	<i>Adjusted EWAV</i>
Barrington	\$ 3,227,096,216	\$ 4,523,301,662	3,421	29.8%
Bristol	2,895,459,081	2,914,703,112	1,932	19.9%
Burrillville	1,720,322,547	1,738,275,286	2,350	60.7%
Charlestown	2,548,180,073	2,436,022,138	779	0.0%
Coventry	3,572,963,461	3,740,614,179	4,566	56.5%
Cranston	8,264,054,794	7,299,617,396	10,611	63.5%
Cumberland	4,197,481,097	4,649,213,500	5,142	52.0%
East Greenwich	2,521,638,683	3,915,902,103	2,591	19.8%
East Providence	4,416,995,173	3,620,710,547	5,299	63.7%
Exeter	893,720,173	1,133,082,650	789	23.7%
Foster [°]	579,062,424	583,260,584	600	48.4%
Gloicester [°]	1,151,902,409	1,164,342,471	1,330	53.5%
Hopkinton	948,402,281	952,006,477	1,162	56.5%
Jamestown	2,316,057,701	2,944,436,671	662	0.0%
Johnston	2,853,745,711	3,041,454,618	3,388	52.3%
Lincoln	2,922,971,590	3,012,255,872	3,447	53.6%
Little Compton	2,055,890,018	2,201,882,284	343	0.0%
Middletown	3,290,488,612	2,896,986,992	2,188	29.7%
Narragansett	5,167,986,472	6,880,133,869	1,231	0.0%
Newport	6,891,004,444	7,247,897,993	2,112	0.0%
New Shoreham	1,701,667,343	1,231,959,664	133	0.0%
North Kingstown	4,302,407,554	5,367,137,940	3,893	26.8%
North Providence	2,727,078,979	2,266,714,324	3,767	68.0%
North Smithfield	1,655,640,717	1,862,763,536	1,718	42.4%
Pawtucket	4,410,471,041	2,540,210,459	10,785	87.5%
Portsmouth	3,455,892,035	4,681,091,479	2,305	0.0%
Providence	11,689,197,771	7,529,353,585	28,337	85.9%
Richmond	932,749,343	1,000,449,789	1,166	54.4%
Scituate	1,588,669,586	1,874,931,985	1,244	20.0%
Smithfield	2,820,154,495	3,058,224,032	2,397	32.3%
South Kingstown	4,784,010,542	5,652,553,310	3,018	0.6%
Tiverton	2,329,992,538	2,044,412,433	1,773	38.8%
Warren	1,265,865,035	1,187,781,576	1,232	48.8%
Warwick	9,506,636,388	9,908,172,958	8,724	39.7%
West Greenwich	997,706,935	1,206,510,587	900	28.8%
Westerly	6,033,272,107	6,176,690,374	2,739	0.0%
West Warwick	2,183,929,865	1,735,064,769	3,647	74.7%
Woonsocket	2,290,592,862	1,188,491,113	6,420	90.2%
Central Falls	513,453,633	216,197,413	4,524	97.5%
Total	\$ 127,624,811,729	\$ 127,624,811,729	142,665	

*Includes charter and state school students.

[°]Beginning in FY 2021, Foster-Gloicester is shown by town, consistent with other regional school districts.

Table 4: Calculation of State Share Ratio

<i>District</i>	<i>E</i> <i>FY 2020 %</i> <i>Students in</i> <i>Poverty</i>	<i>F</i> <i>FY 2023 Enacted</i> <i>State Share Ratio</i>	<i>G</i> <i>FY 2023 Governor</i> <i>State Share Ratio</i>	<i>H</i> <i>Change to</i> <i>Governor</i>
Barrington	5.1%	21.4%	25.8%	-4.4%
Bristol	23.0%	21.5%	19.3%	2.2%
Burrillville	38.9%	51.0%	47.4%	3.6%
Charlestown	21.4%	15.1%	13.7%	1.4%
Coventry	30.3%	45.3%	45.5%	-0.2%
Cranston	43.8%	54.5%	51.6%	2.9%
Cumberland	22.7%	40.1%	38.9%	1.2%
East Greenwich	8.6%	15.3%	18.1%	-2.8%
East Providence	48.0%	56.4%	52.6%	3.8%
Exeter	20.1%	22.0%	28.5%	-6.5%
Foster [∞]	27.9%	39.5%	39.5%	0.0%
Gloicester [∞]	13.7%	39.1%	37.4%	1.7%
Hopkinton	21.0%	42.6%	41.3%	1.3%
Jamestown	5.8%	4.1%	3.0%	1.1%
Johnston	42.7%	47.7%	45.1%	2.6%
Lincoln	27.6%	42.6%	40.4%	2.2%
Little Compton	15.8%	11.2%	9.1%	2.1%
Middletown	32.5%	31.1%	26.6%	4.5%
Narragansett	22.3%	15.8%	10.1%	5.6%
Newport	73.3%	51.8%	48.2%	3.6%
New Shoreham	17.6%	12.4%	4.2%	8.2%
North Kingstown	24.3%	25.6%	22.7%	2.9%
North Providence	49.5%	59.5%	58.3%	1.2%
North Smithfield	18.7%	32.8%	34.7%	-1.9%
Pawtucket	73.0%	80.6%	79.8%	0.7%
Portsmouth	16.7%	11.8%	7.8%	4.1%
Providence	87.6%	86.8%	85.2%	1.6%
Richmond	16.3%	40.2%	40.2%	0.0%
Scituate	12.4%	16.6%	17.0%	-0.4%
Smithfield	15.7%	25.4%	27.3%	-2.0%
South Kingstown	19.4%	13.7%	11.5%	2.3%
Tiverton	26.2%	33.1%	29.9%	3.2%
Warren	36.0%	42.9%	41.4%	1.5%
Warwick	35.8%	37.8%	36.8%	1.0%
West Greenwich	16.0%	23.3%	18.4%	4.9%
Westerly	34.8%	24.6%	21.3%	3.3%
West Warwick	56.4%	66.2%	64.7%	1.5%
Woonsocket	79.9%	85.2%	83.8%	1.4%
Central Falls	93.3%	95.4%	95.0%	0.4%
Total				

[∞]Beginning in FY 2021, Foster-Gloicester is shown by town, consistent with other regional school districts.

Table 5: FY 2023 Estimated Charter and State School Enrollment by Sending District

<i>Sending District</i>	<i>Achievement</i>		<i>Blackstone</i>			
	<i>First</i>	<i>Beacon</i>	<i>Academy</i>	<i>Charette</i>	<i>Compass</i>	<i>Excel</i>
Barrington	-	2	-	-	-	-
Burrillville	-	40	-	-	-	-
Charlestown	-	-	-	-	19	-
Coventry	-	1	-	-	-	-
Cranston	214	8	-	-	3	-
Cumberland	-	30	-	-	-	-
East Greenwich	-	-	-	-	3	-
East Providence	-	4	-	-	-	-
Foster	-	-	-	-	-	-
Glocester	-	-	-	-	-	-
Hopkinton	-	-	-	-	9	-
Jamestown	-	-	-	-	3	-
Johnston	-	4	-	-	-	-
Lincoln	-	8	-	-	-	-
Little Compton	-	-	-	-	-	-
Middletown	-	-	-	-	1	-
Narragansett	-	-	-	-	10	-
Newport	-	-	-	-	-	-
New Shoreham	-	-	-	-	-	-
North Kingstown	2	-	-	-	51	-
North Providence	104	12	-	-	2	12
North Smithfield	-	13	-	-	-	-
Pawtucket	4	16	156	-	1	-
Portsmouth	-	-	-	-	-	-
Providence	2,193	14	68	168	5	96
Richmond	-	-	-	-	8	-
Scituate	-	-	-	-	-	-
Smithfield	-	3	-	-	-	-
South Kingstown	-	-	-	-	45	-
Tiverton	-	-	-	-	-	-
Warwick	40	5	-	-	2	-
Westerly	-	-	-	-	37	-
West Warwick	-	5	-	-	-	-
Woonsocket	-	227	-	-	-	-
Bristol-Warren	-	1	-	-	-	-
Exeter-West Greenwich	-	-	-	-	17	-
Foster-Glocester	-	2	-	-	-	-
Central Falls	-	4	126	-	-	12
Total	2,557	399	350	168	216	120
<i>Adjusted Chariho</i>	-	-	-	-	36	-

Table 5: FY 2023 Estimated Charter and State School Enrollment by Sending District

<i>Sending District</i>	<i>Greene School</i>	<i>Highlander</i>	<i>Hope Academy</i>	<i>International</i>	<i>Kingston Hill</i>	<i>Learning Community</i>
Barrington	-	-	-	3	-	-
Burrillville	2	-	-	-	-	-
Charlestown	3	-	-	-	10	-
Coventry	40	-	-	1	12	-
Cranston	23	56	-	22	8	4
Cumberland	2	3	-	7	-	-
East Greenwich	5	-	-	-	2	-
East Providence	-	19	-	39	2	-
Foster	-	-	-	-	-	-
Glocester	-	-	-	-	-	-
Hopkinton	4	-	-	-	9	-
Jamestown	-	-	-	-	-	-
Johnston	5	6	-	6	4	1
Lincoln	-	4	-	7	1	-
Little Compton	-	-	-	-	-	-
Middletown	-	-	-	-	1	-
Narragansett	2	-	-	1	2	-
Newport	-	-	-	-	-	-
New Shoreham	-	-	-	-	-	-
North Kingstown	2	-	-	1	73	-
North Providence	-	9	16	14	1	-
North Smithfield	1	-	-	-	-	2
Pawtucket	18	65	-	149	-	129
Portsmouth	-	2	-	-	3	-
Providence	20	442	308	104	6	117
Richmond	2	-	-	-	11	-
Scituate	-	-	-	-	-	-
Smithfield	-	2	-	1	1	-
South Kingstown	3	-	-	-	46	-
Tiverton	-	1	-	-	-	-
Warwick	14	7	-	3	32	1
Westerly	8	-	-	-	6	-
West Warwick	14	-	-	4	13	-
Woonsocket	-	1	-	1	-	-
Bristol-Warren	1	4	-	-	-	-
Exeter-West Greenwich	6	-	-	-	17	-
Foster-Glocester	-	1	-	-	-	-
Central Falls	32	10	-	21	-	331
Total	207	632	324	384	260	585
<i>Adjusted Chariho</i>	9	-	-	-	30	-

Table 5: FY 2023 Estimated Charter and State School Enrollment by Sending District

<i>Sending District</i>	<i>New England Laborers</i>	<i>Nowell Academy</i>	<i>Nuestro Mundo</i>	<i>Nurses Institute</i>	<i>Paul Cuffee</i>	<i>Providence Prepartory</i>
Barrington	-	-	-	-	-	-
Burrillville	1	-	-	-	-	-
Charlestown	-	-	-	-	-	-
Coventry	-	-	-	2	-	-
Cranston	97	3	-	22	-	-
Cumberland	-	1	-	1	-	-
East Greenwich	-	1	-	-	-	-
East Providence	1	7	-	3	-	-
Foster	-	-	-	-	-	-
Glocester	-	-	-	-	-	-
Hopkinton	-	-	-	-	-	-
Jamestown	-	-	-	-	-	-
Johnston	8	5	-	5	-	-
Lincoln	-	2	-	-	-	-
Little Compton	-	-	-	-	-	-
Middletown	-	1	-	-	-	-
Narragansett	-	-	-	-	-	-
Newport	-	-	-	-	-	-
New Shoreham	-	-	-	-	-	-
North Kingstown	-	-	-	-	-	-
North Providence	3	6	-	9	-	-
North Smithfield	-	-	-	-	-	-
Pawtucket	5	32	-	63	-	-
Portsmouth	1	-	-	1	-	-
Providence	31	83	230	250	813	189
Richmond	-	-	-	-	-	-
Scituate	-	-	-	-	-	-
Smithfield	-	-	-	1	-	-
South Kingstown	-	-	-	-	-	-
Tiverton	-	-	-	-	-	-
Warwick	8	-	-	1	-	-
Westerly	-	-	-	-	-	-
West Warwick	7	2	-	1	-	-
Woonsocket	-	5	-	16	-	-
Bristol-Warren	-	-	-	2	-	-
Exeter-West Greenwich	-	-	-	-	-	-
Foster-Glocester	-	-	-	-	-	-
Central Falls	9	12	-	22	-	-
Total	171	160	230	399	813	189
<i>Adjusted Chariho</i>	-	-	-	-	-	-

Table 5: FY 2023 Estimated Charter and State School Enrollment by Sending District

<i>Sending District</i>	<i>RI Mayoral Academies Blackstone Valley Prep</i>	<i>RISE Mayoral Academy</i>	<i>Segue Institute</i>	<i>Southside Elementary</i>	<i>Times2</i>	<i>Trinity</i>
Barrington	2	-	-	-	-	-
Burrillville	1	73	-	-	-	-
Charlestown	-	-	-	-	-	-
Coventry	-	-	-	-	-	-
Cranston	-	-	-	-	-	-
Cumberland	448	-	-	-	-	-
East Greenwich	-	-	-	-	-	-
East Providence	6	-	2	-	-	-
Foster	-	-	-	-	-	-
Glocester	-	-	-	-	-	-
Hopkinton	-	-	-	-	-	-
Jamestown	-	-	-	-	-	-
Johnston	-	1	-	-	-	-
Lincoln	177	-	-	-	-	-
Little Compton	-	-	-	-	-	-
Middletown	-	-	-	-	-	-
Narragansett	-	-	-	-	-	-
Newport	-	-	-	-	-	-
New Shoreham	-	-	-	-	-	-
North Kingstown	-	-	-	-	-	-
North Providence	5	1	-	-	-	-
North Smithfield	-	55	-	-	-	-
Pawtucket	919	-	-	-	-	-
Portsmouth	-	-	-	-	-	-
Providence	6	-	4	143	726	204
Richmond	-	-	-	-	-	-
Scituate	-	-	-	-	-	-
Smithfield	1	-	-	-	-	-
South Kingstown	-	-	-	-	-	-
Tiverton	-	-	-	-	-	-
Warwick	-	-	-	-	-	-
Westerly	-	-	-	-	-	-
West Warwick	1	-	-	-	-	-
Woonsocket	1	320	-	-	-	-
Bristol-Warren	-	-	-	-	-	-
Exeter-West Greenwich	-	-	-	-	-	-
Foster-Glocester	-	-	-	-	-	-
Central Falls	652	-	314	-	-	-
Total	2,219	450	320	143	726	204
<i>Adjusted Chariho</i>	-	-	-	-	-	-

Table 5: FY 2023 Estimated Charter and State School Enrollment by Sending District

<i>Sending District</i>	<i>Davies</i>				
	<i>Village Green</i>	<i>Career & Tech. Center</i>	<i>Metropolitan Career & Tech. Center</i>	<i>Urban Collaborative</i>	<i>YouthBuild Academy</i>
Barrington	-	-	4	-	-
Burrillville	-	5	-	-	-
Charlestown	-	-	1	-	-
Coventry	-	-	6	-	-
Cranston	17	11	35	2	-
Cumberland	2	23	4	1	-
East Greenwich	-	-	3	-	-
East Providence	6	10	16	-	-
Foster	-	-	-	-	-
Glocester	-	-	-	-	-
Hopkinton	-	-	3	-	-
Jamestown	-	-	6	-	-
Johnston	7	17	13	-	-
Lincoln	1	45	3	-	-
Little Compton	-	-	1	-	-
Middletown	-	-	23	-	-
Narragansett	-	-	1	-	-
Newport	-	-	18	-	-
New Shoreham	-	-	-	-	-
North Kingstown	-	-	11	-	-
North Providence	1	41	10	-	-
North Smithfield	6	2	1	-	-
Pawtucket	17	510	67	-	-
Portsmouth	-	-	8	-	-
Providence	150	57	453	125	135
Richmond	-	-	1	-	-
Scituate	-	-	1	-	-
Smithfield	-	19	1	-	-
South Kingstown	-	-	8	-	-
Tiverton	-	-	8	-	-
Warwick	9	-	21	-	-
Westerly	-	-	-	-	-
West Warwick	3	1	6	-	-
Woonsocket	2	17	13	-	-
Bristol-Warren	1	2	11	-	-
Exeter-West Greenwich	1	-	4	-	-
Foster-Glocester	-	-	1	-	-
Central Falls	1	133	53	5	-
Total	224	893	815	133	135
<i>Adjusted Chariho</i>	-	-	5	-	-

Table 6: Formula Funding to Charter and State Schools by Sending District

<i>Sending District</i>	<i>Achievement</i>		<i>Blackstone</i>				
	<i>First</i>	<i>Beacon</i>	<i>Academy</i>	<i>Charette</i>	<i>Compass</i>	<i>Excel</i>	
Barrington	\$ -	\$ 4,725	\$ -	\$ -	\$ -	\$ -	
Burrillville	-	247,859	-	-	-	-	
Charlestown	-	-	-	-	31,770	-	
Coventry	-	5,009	-	-	-	-	
Cranston	1,499,620	48,219	-	-	20,493	-	
Cumberland	-	143,639	-	-	-	-	
East Greenwich	-	-	-	-	5,060	-	
East Providence	-	27,421	-	-	-	-	
Foster	-	-	-	-	-	-	
Glocester	-	-	-	-	-	-	
Hopkinton	-	-	-	-	49,923	-	
Jamestown	-	-	-	-	1,360	-	
Johnston	-	21,102	-	-	-	-	
Lincoln	-	43,338	-	-	-	-	
Little Compton	-	-	-	-	-	-	
Middletown	-	-	-	-	3,440	-	
Narragansett	-	-	-	-	18,121	-	
Newport	-	-	-	-	-	-	
New Shoreham	-	-	-	-	-	-	
North Kingstown	5,653	-	-	-	150,943	-	
North Providence	783,364	97,263	-	-	15,772	92,006	
North Smithfield	-	48,519	-	-	-	-	
Pawtucket	42,738	174,513	1,802,117	-	8,904	-	
Portsmouth	-	-	-	-	-	-	
Providence	25,294,504	172,554	847,432	2,181,850	59,435	1,207,878	
Richmond	-	-	-	-	40,823	-	
Scituate	-	-	-	-	-	-	
Smithfield	-	9,541	-	-	-	-	
South Kingstown	-	-	-	-	70,065	-	
Tiverton	-	-	-	-	-	-	
Warwick	180,694	22,587	-	-	11,712	-	
Westerly	-	-	-	-	103,870	-	
West Warwick	-	42,454	-	-	-	-	
Woonsocket	-	2,656,980	-	-	-	-	
Bristol-Warren	-	2,376	-	-	-	-	
Exeter-West Greenwich	-	-	-	-	43,659	-	
Foster-Glocester	-	8,680	-	-	-	-	
Central Falls	-	50,612	1,758,782	-	-	168,708	
Total	\$ 27,806,574	\$ 3,827,394	\$ 4,408,330	\$ 2,181,850	\$ 635,349	\$ 1,468,592	

Table 6: Formula Funding to Charter and State Schools by Sending District

<i>Sending District</i>	<i>Greene School</i>	<i>Highlander</i>	<i>Hope Academy</i>	<i>International</i>	<i>Kingston Hill</i>	<i>Learning Community</i>
Barrington	\$ -	\$ -	\$ -	\$ 7,087	\$ -	\$ -
Burrillville	13,520	-	-	-	-	-
Charlestown	5,016	-	-	-	18,059	-
Coventry	216,406	-	-	5,009	62,117	-
Cranston	169,973	467,727	-	154,302	48,219	24,110
Cumberland	8,867	15,073	-	32,806	-	-
East Greenwich	8,434	-	-	-	3,373	-
East Providence	-	158,295	-	290,415	14,957	-
Foster	-	-	-	-	-	-
Glocester	-	-	-	-	-	-
Hopkinton	18,839	-	-	-	44,271	-
Jamestown	-	-	-	-	-	-
Johnston	32,708	42,204	-	37,983	21,102	5,275
Lincoln	-	26,380	-	36,743	4,711	-
Little Compton	-	-	-	-	-	-
Middletown	-	-	-	-	4,816	-
Narragansett	3,485	-	-	1,742	3,485	-
Newport	-	-	-	-	-	-
New Shoreham	-	-	-	-	-	-
North Kingstown	5,653	-	-	2,827	219,914	-
North Providence	-	80,177	107,778	110,407	6,572	-
North Smithfield	3,621	-	-	-	-	7,242
Pawtucket	185,198	788,871	-	1,714,860	-	1,518,978
Portsmouth	-	2,610	-	-	5,480	-
Providence	233,907	5,786,312	3,738,671	1,338,252	65,187	1,485,882
Richmond	10,649	-	-	-	52,360	-
Scituate	-	-	-	-	-	-
Smithfield	-	7,857	-	2,806	2,806	-
South Kingstown	4,550	-	-	-	72,794	-
Tiverton	-	5,121	-	-	-	-
Warwick	61,905	40,991	-	14,221	138,867	4,183
Westerly	22,841	-	-	-	17,402	-
West Warwick	125,900	-	-	35,135	103,940	-
Woonsocket	-	13,181	-	13,181	-	-
Bristol-Warren	2,376	19,921	-	-	-	-
Exeter-West Greenwich	16,124	-	-	-	44,097	-
Foster-Glocester	-	6,041	-	-	-	-
Central Falls	388,029	147,620	-	305,783	-	4,725,935
Total	\$ 1,537,999	\$ 7,608,381	\$ 3,846,449	\$ 4,103,562	\$ 954,530	\$ 7,771,604

Table 6: Formula Funding to Charter and State Schools by Sending District

<i>Sending District</i>	<i>New England Laborers</i>	<i>Nowell Academy</i>	<i>Nuestro Mundo</i>	<i>Nurses Institute</i>	<i>Paul Cuffee</i>	<i>Providence Prep</i>
Barrington	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Burrillville	5,633	-	-	-	-	-
Charlestown	-	-	-	-	-	-
Coventry	-	-	-	14,026	-	-
Cranston	707,618	25,315	-	178,411	-	-
Cumberland	-	6,207	-	6,207	-	-
East Greenwich	-	2,361	-	-	-	-
East Providence	6,232	61,074	-	18,696	-	-
Foster	-	-	-	-	-	-
Glocester	-	-	-	-	-	-
Hopkinton	-	-	-	-	-	-
Jamestown	-	-	-	-	-	-
Johnston	54,865	36,928	-	34,818	-	-
Lincoln	-	13,190	-	-	-	-
Little Compton	-	-	-	-	-	-
Middletown	-	4,816	-	-	-	-
Narragansett	-	-	-	-	-	-
Newport	-	-	-	-	-	-
New Shoreham	-	-	-	-	-	-
North Kingstown	-	-	-	-	-	-
North Providence	22,344	55,204	-	74,919	-	-
North Smithfield	-	-	-	-	-	-
Pawtucket	55,203	398,888	-	749,695	-	-
Portsmouth	1,305	-	-	1,827	-	-
Providence	377,702	1,102,429	2,607,483	3,228,678	10,232,454	2,429,177
Richmond	-	-	-	-	-	-
Scituate	-	-	-	-	-	-
Smithfield	-	-	-	2,806	-	-
South Kingstown	-	-	-	-	-	-
Tiverton	-	-	-	-	-	-
Warwick	38,481	-	-	4,183	-	-
Westerly	-	-	-	-	-	-
West Warwick	68,806	20,495	-	10,248	-	-
Woonsocket	-	65,907	-	199,603	-	-
Bristol-Warren	-	-	-	7,114	-	-
Exeter-West Greenwich	-	-	-	-	-	-
Foster-Glocester	-	-	-	-	-	-
Central Falls	120,204	172,926	-	303,675	-	-
Total	\$ 1,458,394	\$ 1,965,739	\$ 2,607,483	\$ 4,834,906	\$ 10,232,454	\$ 2,429,177

Table 6: Formula Funding to Charter and State Schools by Sending District

<i>Sending District</i>	<i>RI Mayoral Academies Blackstone Valley Prep</i>	<i>RISE Mayoral Academy</i>	<i>Segue Institute</i>	<i>Southside Elementary</i>	<i>Times2</i>	<i>Trinity</i>
Barrington	\$ 4,725	\$ -	\$ -	\$ -	\$ -	\$ -
Burrillville	5,633	467,553	-	-	-	-
Charlestown	-	-	-	-	-	-
Coventry	-	-	-	-	-	-
Cranston	6,027	-	-	-	-	-
Cumberland	2,342,557	-	-	-	-	-
East Greenwich	-	-	-	-	-	-
East Providence	37,393	-	12,464	-	-	-
Foster	-	-	-	-	-	-
Glocester	-	-	-	-	-	-
Hopkinton	-	-	-	-	-	-
Jamestown	-	-	-	-	-	-
Johnston	-	5,275	-	-	-	-
Lincoln	969,456	-	-	-	-	-
Little Compton	-	-	-	-	-	-
Middletown	-	-	-	-	-	-
Narragansett	-	-	-	-	-	-
Newport	-	-	-	-	-	-
New Shoreham	-	-	-	-	-	-
North Kingstown	-	-	-	-	-	-
North Providence	32,859	6,572	-	-	-	-
North Smithfield	-	219,423	-	-	-	-
Pawtucket	10,479,701	-	-	-	-	-
Portsmouth	-	-	-	-	-	-
Providence	72,856	-	46,014	1,834,825	9,037,997	2,634,325
Richmond	-	-	-	-	-	-
Scituate	-	-	-	-	-	-
Smithfield	2,806	-	-	-	-	-
South Kingstown	-	-	-	-	-	-
Tiverton	-	-	-	-	-	-
Warwick	-	-	-	-	-	-
Westerly	-	-	-	-	-	-
West Warwick	7,320	-	-	-	-	-
Woonsocket	-	3,694,540	-	-	-	-
Bristol-Warren	-	-	-	-	-	-
Exeter-West Greenwich	-	-	-	-	-	-
Foster-Glocester	-	-	-	-	-	-
Central Falls	9,080,711	-	4,458,110	-	-	-
Total	\$ 23,042,044	\$ 4,393,363	\$ 4,516,589	\$ 1,834,825	\$ 9,037,997	\$ 2,634,325

Table 6: Formula Funding to Charter and State Schools by Sending District

<i>Sending District</i>	<i>Village Green</i>	<i>Davies Career and Technical Center</i>	<i>Metropolitan Career and Technical Center</i>	<i>Urban Collaborative</i>	<i>YouthBuild Academy</i>
Barrington	\$ -	\$ -	\$ 10,394	\$ -	\$ -
Burrillville	-	28,166	-	-	-
Charlestown	-	-	1,672	-	-
Coventry	-	-	32,060	-	-
Cranston	136,220	83,178	268,823	16,877	-
Cumberland	8,867	112,606	24,826	6,207	-
East Greenwich	-	-	5,735	-	-
East Providence	49,857	74,785	114,670	-	-
Foster	-	-	-	-	-
Glocester	-	-	-	-	-
Hopkinton	-	-	17,897	-	-
Jamestown	-	-	3,082	-	-
Johnston	51,700	93,904	89,683	-	-
Lincoln	6,595	228,939	17,901	-	-
Little Compton	-	-	1,728	-	-
Middletown	-	-	84,625	-	-
Narragansett	-	-	2,439	-	-
Newport	-	-	128,292	-	-
New Shoreham	-	-	-	-	-
North Kingstown	-	-	35,616	-	-
North Providence	14,458	306,248	76,233	-	-
North Smithfield	21,725	7,242	3,621	-	-
Pawtucket	204,786	5,324,436	785,310	-	-
Portsmouth	-	-	13,049	-	-
Providence	1,959,447	665,292	5,803,567	1,597,083	1,727,458
Richmond	-	-	4,437	-	-
Scituate	-	-	2,574	-	-
Smithfield	-	57,806	2,806	-	-
South Kingstown	-	-	14,559	-	-
Tiverton	-	-	32,191	-	-
Warwick	42,664	-	109,588	-	-
Westerly	-	-	-	-	-
West Warwick	30,743	7,320	55,630	-	-
Woonsocket	22,597	182,656	152,527	-	-
Bristol-Warren	6,634	11,372	49,800	-	-
Exeter-West Greenwich	3,604	-	9,712	-	-
Foster-Glocester	-	-	4,365	-	-
Central Falls	14,762	1,744,020	748,642	73,810	-
Total	\$ 2,574,656	\$ 8,927,968	\$ 8,708,055	\$ 1,693,977	\$ 1,727,458

Table 7: Categorical Aid for FY 2023

<i>Sending District</i>	<i>High Cost Special Education</i>	<i>ELL</i>	<i>Non-Public Transportation</i>	<i>Regional Transportation</i>	<i>Density Aid</i>	<i>Total</i>
Barrington	\$ 90,554	\$ 4,139	\$ 184,032	\$ -	\$ -	\$ 278,725
Burrillville	169,227	691	37,784	-	-	207,702
Charlestown	-	-	-	-	-	-
Coventry	22,841	3,768	21,777	-	-	48,386
Cranston	286,687	159,080	809,197	-	-	1,254,964
Cumberland	13,174	16,261	116,775	-	6,000	152,210
East Greenwich	98,980	1,763	137,717	-	-	238,460
East Providence	166,380	41,977	2,911	-	-	211,268
Foster	22,387	-	-	-	-	22,387
Glocester	25,901	-	-	-	-	25,901
Hopkinton	-	603	-	-	-	603
Jamestown	88,284	-	-	-	-	88,284
Johnston	282,703	35,744	179,181	-	-	497,628
Lincoln	110,853	7,676	-	-	2,500	121,029
Little Compton	-	-	-	-	-	-
Middletown	26,284	13,085	-	-	-	39,369
Narragansett	7,829	49	-	-	-	7,878
Newport	14,019	65,843	-	-	-	79,862
New Shoreham	21,221	248	-	-	-	21,469
North Kingstown	53,679	6,076	-	-	-	59,755
North Providence	452,064	55,274	177,416	-	14,500	699,254
North Smithfield	80,429	3,038	19,790	-	-	103,257
Pawtucket	26,853	473,999	216,277	-	19,500	736,629
Portsmouth	98,526	229	17,886	-	-	116,641
Providence	665,207	2,685,036	465,403	-	413,500	4,229,146
Richmond	-	782	-	-	-	782
Scituate	105,256	-	51,356	-	-	156,612
Smithfield	11,593	2,259	63,775	-	-	77,627
South Kingstown	123,652	1,338	137,189	-	-	262,179
Tiverton	209,562	727	-	-	-	210,289
Warwick	676,070	19,717	31,668	-	-	727,455
Westerly	60,496	5,075	-	-	-	65,571
West Warwick	-	24,569	36,597	-	-	61,166
Woonsocket	91,913	257,329	37,083	-	23,500	409,825
Bristol-Warren	93,510	6,417	395,152	1,638,537	-	2,133,616
Chariho	8,094	-	269,625	2,127,908	-	2,405,627
Exeter-West Greenwich	179,859	546	-	1,421,151	-	1,601,556
Foster-Glocester	47,977	364	-	605,521	-	653,862
Central Falls	50,744	512,851	67,485	-	41,000	672,080
Subtotal	\$ 4,482,808	\$ 4,406,553	\$ 3,476,076	\$ 5,793,117	\$ 520,500	\$ 18,679,054
Charters & State Schools	17,192	593,447	-	-	-	610,639
Total	\$ 4,500,000	\$ 5,000,000	\$ 3,476,076	\$ 5,793,117	\$ 520,500	\$ 19,289,693

Table 8: Education Aid for FY 2017-FY 2021

<i>District</i>	<i>FY 2017</i>	<i>FY 2018</i>	<i>FY 2019</i>	<i>FY 2020*</i>	<i>FY 2021</i>
Barrington	\$ 5,551,766	\$ 5,347,807	\$ 5,481,235	\$ 5,872,943	\$ 6,148,515
Burrillville	13,111,036	13,185,862	12,467,771	13,164,631	14,352,095
Charlestown	1,683,295	1,667,742	1,602,569	1,543,508	1,310,422
Coventry	23,602,823	23,202,975	22,790,523	24,463,006	23,564,535
Cranston	56,028,985	59,005,591	61,904,926	65,623,892	69,762,285
Cumberland	17,980,588	19,188,663	20,796,258	21,686,834	20,799,151
East Greenwich	2,810,467	2,739,941	3,167,385	2,724,747	3,490,910
East Providence	33,101,436	35,519,125	35,710,484	36,282,710	36,377,563
Foster	1,199,424	1,207,049	1,164,308	1,214,958	1,065,648
Glocester	2,546,748	2,407,384	2,323,354	2,272,359	2,218,174
Hopkinton	5,386,069	5,273,139	5,223,049	5,170,111	5,488,786
Jamestown	473,875	473,751	522,234	465,975	405,580
Johnston	16,142,240	18,638,808	18,398,579	18,288,991	19,127,284
Lincoln	11,192,952	12,510,493	12,325,264	14,418,820	15,198,685
Little Compton	413,267	397,113	355,525	403,595	397,665
Middletown	8,621,818	8,262,827	7,979,347	7,592,462	7,894,209
Narragansett	2,150,151	2,139,471	2,313,574	2,255,835	2,261,373
Newport	10,938,355	11,589,919	12,433,123	12,580,979	14,034,125
New Shoreham	131,168	142,068	156,926	132,830	178,491
North Kingstown	10,897,112	10,749,543	10,127,666	10,492,830	11,867,847
North Providence	20,168,707	22,019,145	23,428,292	23,382,239	25,275,682
North Smithfield	6,177,521	6,025,062	6,219,135	5,884,223	6,206,522
Pawtucket	83,927,607	89,154,022	88,331,184	91,306,394	92,823,636
Portsmouth	4,787,381	4,476,100	4,178,680	4,048,900	3,935,800
Providence	235,212,373	248,790,857	253,712,258	263,818,881	272,314,070
Richmond	4,840,982	4,676,150	4,596,526	4,640,811	4,694,206
Scituate	3,794,601	3,612,503	3,369,504	2,824,310	2,727,973
Smithfield	5,961,894	6,341,204	7,854,975	6,457,531	6,227,713
South Kingstown	7,485,517	6,955,455	6,293,429	5,433,317	4,853,437
Tiverton	6,284,270	6,531,284	6,779,518	7,239,775	7,475,571
Warwick	38,252,322	39,146,338	37,379,213	38,761,116	38,441,937
Westerly	8,904,660	8,851,953	8,766,881	8,656,589	8,255,191
West Warwick	23,082,050	24,376,898	26,186,038	27,094,132	29,535,239
Woonsocket	56,340,793	59,646,576	62,454,134	63,980,831	68,991,503
Bristol-Warren	16,003,657	15,727,351	14,912,237	14,855,717	14,514,094
Exeter-West Greenwich	1,810,108	2,010,375	2,126,257	6,419,481	2,135,033
Chariho	6,384,057	6,190,095	6,071,142	2,147,804	5,696,331
Foster-Glocester	5,130,308	5,030,941	5,199,951	5,268,060	5,207,657
Central Falls	39,687,299	40,320,646	41,173,119	42,498,528	45,680,069
<i>District Subtotal</i>	\$ 798,199,682	\$ 833,532,225	\$ 846,276,575	\$ 871,370,654	\$ 900,945,013
Charter Schools	75,055,934	82,958,017	90,617,343	101,538,276	109,288,557
State Schools	23,047,390	24,261,167	24,423,782	24,595,802	24,644,122
Total	\$ 896,303,006	\$ 940,751,409	\$ 961,317,699	\$ 997,504,731	\$ 997,504,731

*Excludes Coronavirus Relief funds

Table 9: Education Federal Stimulus Funds

<i>District</i>	<i>ESSER CAA 21</i>	<i>ESSER ARP</i>	<i>Total</i>
Barrington	\$ 288,735	\$ 648,458	\$ 937,193
Burrillville	1,548,747	3,478,266	5,027,013
Charlestown	-	-	-
Coventry	2,419,802	5,434,532	7,854,334
Cranston	9,038,195	20,298,503	29,336,698
Cumberland	2,252,791	5,059,448	7,312,239
East Greenwich	241,108	541,494	782,602
East Providence	5,270,561	11,836,931	17,107,492
Foster	180,788	406,023	586,811
Glocester	581,253	1,305,412	1,886,665
Hopkinton	-	-	-
Jamestown	342,190	768,511	1,110,701
Johnston	2,591,365	5,819,839	8,411,204
Lincoln	1,931,628	4,338,162	6,269,790
Little Compton	64,348	144,517	208,865
Middletown	953,185	2,140,718	3,093,903
Narragansett	672,411	1,510,139	2,182,550
Newport	3,079,969	6,917,172	9,997,141
New Shoreham	-	-	-
North Kingstown	1,775,065	3,986,543	5,761,608
North Providence	2,825,301	6,345,224	9,170,525
North Smithfield	682,368	1,532,502	2,214,870
Pawtucket	14,193,947	31,877,588	46,071,535
Portsmouth	894,792	2,009,575	2,904,367
Providence	57,702,326	129,591,234	187,293,560
Richmond	-	-	-
Scituate	775,558	1,741,794	2,517,352
Smithfield	794,344	1,783,984	2,578,328
South Kingstown	1,344,338	3,019,191	4,363,529
Tiverton	763,284	1,714,228	2,477,512
Warwick	5,470,524	12,286,019	17,756,543
Westerly	2,020,394	4,537,517	6,557,911
West Warwick	3,705,668	8,322,405	12,028,073
Woonsocket	12,975,705	29,141,589	42,117,294
Bristol-Warren	1,904,207	4,276,577	6,180,784
Chariho	1,183,347	2,657,629	3,840,976
Exeter-West Greenwich	521,496	1,171,205	1,692,701
Foster-Glocester	535,272	1,202,144	1,737,416
Central Falls	6,790,598	15,250,718	22,041,316
Subtotal	\$148,315,610	\$333,095,791	\$481,411,401
Charter & State Schools	17,882,661	40,161,919	58,044,580
Total	\$166,198,271	\$373,257,710	\$539,455,981
<i>Adjusted Chariho</i>	<i>1,183,347</i>	<i>2,657,629</i>	<i>3,840,976</i>

Revenues Changes

The Governor recommended \$6.0 million and \$167.2 million more general revenues than estimated at the November 2021 Revenue Estimating Conference for FY 2022 and FY 2023, respectively. The May 2022 Revenue Estimating Conference increased the FY 2022 estimates by \$354.0 million for a total of \$5,071.0 million and included \$4,776.2 million for FY 2023. The Budget includes total FY 2022 revenues of \$5,070.9 million and \$4,901.5 million for FY 2023. The items are explained in the pages that follow.

Taxes

- ***Military Pensions.*** The Governor proposed phasing out the taxation of military service pensions over the next five years, with a 20.0 percent reduction for tax year 2023. His recommended budget reduces FY 2023 revenues by \$0.7 million to account for the first year's impact with lost revenues growing incrementally to \$5.8 million when fully phased in. The proposal also provides that the new exemption is combined with the existing retirement income exemption up to the greater of \$15,000 or the full value of the military pension. The Assembly eliminated the taxation of military service pensions completely, beginning with tax year 2023 and concurred with the proposed interaction with other retirement exemptions. The Budget includes a reduction of \$3.1 million for half a fiscal year impact; this would annualize to \$6.3 million for FY 2024.
- ***Retirement Exemption to \$20,000.*** The Budget increases the existing retirement income exemption from certain pension plans and annuities from \$15,000 to \$20,000. This is provided that the taxpayer has reached the age used for calculating full or unreduced Social Security retirement benefits and has federal adjusted gross income in tax year 2021 of no more than \$87,200 for individual filers or \$109,050 for joint filers. Lost revenues for FY 2023 are estimated to be \$1.6 million, annualizing to \$3.2 million for FY 2024.
- ***Child Tax Credit.*** The Budget provides a one-time child tax credit rebate of \$250 per child for up to three children for Rhode Island residents making up to \$100,000 for an individual and \$200,000 for a joint filer. Most checks will be issued in October as long as taxpayers file their 2021 returns before September 1. Late filers have until October 31 to qualify. A child is defined as a dependent that was under the age of 18 in calendar year 2021. This is estimated to cost \$43.8 million.
- ***Property Tax Circuit Breaker.*** The Budget increases the income threshold for property tax credits or "circuit breaker" program eligibility from \$30,000 to \$35,000 and increases the credit to \$600 beginning with tax year 2022. Both will grow by inflation beginning in tax year 2024. The program provides relief through a system of tax credits and refunds to elderly and/or disabled Rhode Island residents who own or rent their homes. To be eligible, the homeowner or renter must not exceed the household income threshold and be at least 65 years old or disabled, and receive a Social Security disability benefit. The FY 2022 final budget includes a revenue reduction of \$1.8 million; the FY 2023 enacted budget includes a reduction of \$3.7 million.
- ***Corporate Minimum Tax.*** The Budget does not include the Governor's proposal to reduce the minimum corporate tax from \$400 to \$375 per year, effective January 1, 2023. The fiscal impact for this reduction would have been a revenue loss of \$0.8 million for FY 2023; the loss annualizes to \$1.6 million for FY 2024. The minimum tax has been at \$400 since 2017; it had been as high as \$500 in 2015; the Assembly adopted legislation twice to reduce it by \$50 in two consecutive years.
- ***Medicaid Spending Proposals.*** The Budget contains several proposals that increase Medicaid expenditures delivered through managed care plans by \$49.2 million. The expenditure increases are estimated to produce additional revenue of \$1.0 million because those entities pay a 2.0 percent provider tax on gross revenues.

- ***Nursing Home Rates.*** The Budget adds \$3.2 million for nursing homes to reflect an increase from the 1.9 percent rate scheduled for October 1, 2022 to 3.0 percent. This change results in an increase of \$0.1 million in revenue from the 5.5 percent assessment paid by the nursing homes on the additional revenue.
- ***Adult Use Marijuana.*** The Governor's recommendation established a 21 and older adult use marijuana program. His proposal assumed an effective tax rate of 20.0 percent and that all revenue would be collected into a trust fund with an allocation of 25.0 percent to state regulatory costs, 15.0 percent to municipalities, and 60.0 percent to the general fund after subtracting certain onetime costs.

The Assembly adopted a different proposal that the Governor signed into law on May 25 which instead allocates the revenues from a combined 20.0 percent tax rate as follows: the 7.0 percent state sales tax goes to general revenues; a 10.0 percent new state excise tax goes to restricted receipts to fund the operations of the Cannabis Office; a 3.0 percent new excise tax will be passed through to municipalities; and all fees will be restricted to a new Social Equity Assistance Fund. The Budget assumes new general revenues of \$2.9 million from the sales tax. This is offset by a \$0.4 million reduction in expected surplus revenue transfers from the medical program from the elimination of plant tag and registration fees.

- ***Trade-In Value of Motorcycles.*** The Budget includes the Governor's proposal to exempt the trade-in value of motorcycles from the sales tax. The Budget assumes a revenue reduction of \$0.1 million for FY 2023, which is based on an October 1, 2022 effective date. The revenue loss would annualize to \$0.2 million for FY 2024. Currently, both Massachusetts and Connecticut deduct the trade-in value when calculating sales tax on a new motorcycle purchase.
- ***Breast Pumps.*** The Budget exempts breast pump products from the sales tax, effective October 1, and includes a reduction of \$58,328. This would annualize to \$77,770 for FY 2024.
- ***Funeral Items.*** The Budget expands the current sales tax exemption on specific funeral items to include burial containers, urn liners, urn vaults, grave liners, grave vaults, burial tent setups, and prayer cards effective October 1. The Budget includes a reduction of \$115,734; it would annualize to \$154,312 for FY 2024.

Departmental Revenues

- ***Hospital Licensing Fee.*** The Budget revises the FY 2022 license fee downward from 5.725 percent to 5.656 percent, using the two-tiered fee, for total revenue of \$172.0 million, which is \$1.7 million more than enacted. A recent upward correction to 2020 patient revenues resulted in higher revenues, allowing for the rate reduction. The Assembly also included a 5.42 percent license fee for FY 2023, using the same two-tiered system, which would generate \$179.1 million in revenues.
- ***Cottage License Fee.*** The Budget includes the Governor's proposal to establish a Cottage Food Manufacturer program, allowing individuals to use home kitchens to make baked and other goods, effective November 1, 2022. Retail sales are capped at \$50,000; in the event sales are higher, the legislation requires the registrant to obtain a food processor license or cease operations. The Budget assumes revenues of \$12,610 from a new \$65 licensing fee, assuming 194 individuals obtain the license. It also adds \$0.1 million from general revenues to support staff in the Department of Health to oversee the program.
- ***Interest Rate for Delinquent Tax Payments.*** The Budget includes the Governor's proposal to reduce the interest rate associated with certain delinquent tax payments, such as from income and corporate taxes, from 18.0 percent to 12.0 percent beginning tax year 2023. The fiscal impact is \$2.5 million less for FY 2023; it annualizes to \$6.3 million in FY 2024 and grows further as a greater share of delinquent taxes are subject to the lower rate.

- ***Marijuana Conviction Expungement Fees.*** The Assembly passed 2022-H 7593, Substitute A, as amended, authorizing adult use of marijuana, including a provision for automatic expungement for prior marijuana-related possession offenses. The Budget assumes a revenue loss of \$362,048, of which about 60 percent reflects a reduction to annual fees and 40 percent represents current unpaid balances forgiven as part of the expungement.
- ***Court Cost Waiver.*** The Budget reduces general revenues by \$0.3 million in anticipation of renewed emphasis from the Judiciary to assess a defendant's ability to pay when a financial penalty is assessed, consistent with current law. The Assembly also passed legislation establishing a more prescriptive procedure for the courts to follow.
- ***License Plate Reissuance Fee Exemption.*** The Budget exempts currently registered vehicles from the \$8 fee for the license plate reissuance, scheduled to begin on July 1, 2022 under current law. Exempting the fee reduces general revenues by \$6.1 million, including \$2.9 million for FY 2023.
- ***DEM Regulatory Fees.*** The Budget includes the Governor's proposal to include \$0.6 million in additional revenues from new or increased Department of Environmental Management regulatory fees. This represents 13 distinct adjustments relating to air, ground, and water quality as shown in the following table. The Budget also adds \$0.5 million and 6.0 new full-time equivalent positions for the Bureau of Environmental Protection to enhance customer service, support businesses, and manage the increase in recent permitting activity.

DEM Fees	Amount
Site Remediation	\$ 27,000
Leaking Underground Storage Tank	20,000
Air Minor Source Permit	39,328
Air General Permit	70,053
General RI Pollutant Discharge Elimination System	7,000
Freshwater Wetlands Preliminary Determination	15,470
Water Quality Certification	672
Onsite Wastewater Treatment System Building	42,770
Onsite Wastewater Treatment System Variance	1,008
Onsite Wastewater Treatment System Repairs	48,615
Underground Injection Control	2,296
Resubmission	50,000
Annual Compliance Inspections	250,000
Total	\$ 574,212

Site Remediation. The Budget includes \$27,000 in new revenue from a new \$500 site remediation fee.

Leaking Underground Storage Tank. The Budget includes a new \$500 leaking underground storage tank fee that the Budget assumes will generate \$20,000 in new revenues.

Air Minor Source Permit. The Budget increases the air minor source permit fee by \$1,229 from \$1,271 to \$2,500 to generate \$39,328 in additional revenue.

Air General Permit. The Budget increases the air general permit fee by \$1,229 from \$1,271 to \$2,500 to generate \$70,053 in additional revenue.

General RI Pollutant Discharge Elimination System. The Budget assumes \$7,000 in additional revenue from a \$200 increase to the Rhode Island Pollutant Discharge Elimination System fee from \$400 to \$600.

Freshwater Wetlands Preliminary Determination. The Budget assumes \$15,470 in additional revenue from increasing the freshwater wetlands preliminary determination fee from \$1,000 to \$1,070.

Water Quality Certification. The Budget increases the water quality certification fee by \$28 from \$400 to \$428 and assumes \$672 in additional revenue from this change.

Onsite Wastewater Treatment System Building. The Budget includes \$42,770 in new revenues from a \$70 increase in the onsite wastewater treatment system new building fee from \$1,000 to \$1,070.

Onsite Wastewater Treatment System Variance. The Budget increases the onsite wastewater treatment system variance fee from \$300 to \$321, which is estimated to generate \$1,008 in additional revenue.

Onsite Wastewater Treatment System Repairs. The Budget increases the onsite wastewater treatment system repairs fee from \$500 to \$535, which is estimated to generate \$48,615 in new revenue.

Underground Injection Control. The Budget assumes an additional \$2,296 in revenue from increasing the underground injection control fee from \$400 to \$428.

Resubmission. The Budget includes a new \$1,000 resubmission fee that the Budget assumes will generate \$50,000. The fee is intended to cover the cost of administration and incentivize applicants to reduce the multiple, subsequent deficiencies in permit applications.

Annual Compliance Inspection. The Budget includes a new \$500 annual compliance fee that the Budget assumes will generate \$250,000. The Department currently issues initial permits for pollution control equipment. This new fee will allow it to charge for annual inspections of permitted equipment to ensure it is installed and operated in a manner that meets environmental requirements and standards. The fee is modeled after a comparable one in Massachusetts. The revenue is based on 500 annual compliance inspections.

Other Revenues

- ***Bond Refunding Payment.*** The FY 2021 revised budget assumed additional revenues of \$5.9 million in proceeds from the forward refunding of the 2012 Series B general obligation bonds. The state entered into a Bond Purchase Agreement with Morgan Stanley in which Morgan Stanley would refund the 2012 Series B bonds in July 2022, the earliest that the bonds can be called. Morgan Stanley made an up-front payment to the state of \$6.1 million, which is partially offset by \$0.2 million in transaction costs such as bond and disclosure counsel and financial advisor fees. The Office of Accounts and Control subsequently determined that accounting rules require the revenue to be booked in the same fiscal year as the actual refunding activity, which is FY 2022, and excludes this from FY 2021 revenues. The FY 2022 final budget includes the \$5.9 million which was assumed in the May revenue estimate.
- ***Lottery Prize Adjustment.*** The Budget assumes \$0.5 million of new revenues from raising the prize cap for the payment of prize awards to 71.0 percent of revenues, increasing the average payout amount to incentivize more sales.
- ***Medical Marijuana Surplus Revenue Transfer.*** As noted the Assembly adopted a different adult use cannabis proposal that the Governor signed into law on May 25. The legislation eliminated plant tag and registration fees in the medical program among other changes to fee structures. This is estimated to reduce the excess revenues available for annual transfer from that account by \$0.4 million.

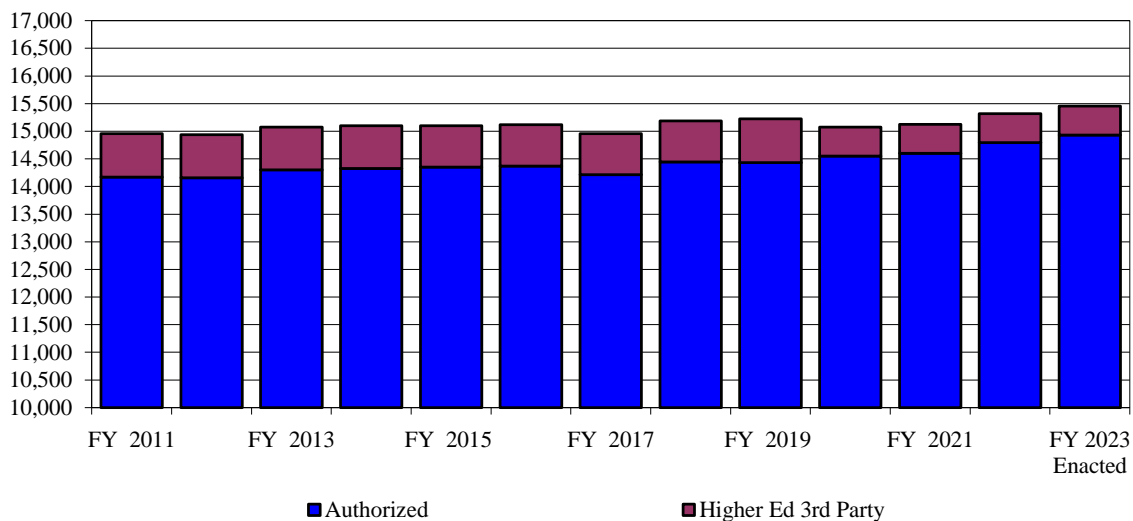
State Government Personnel and Staffing

The Governor recommended \$2,467.5 million for personnel expenditures and 15,416.5 full-time equivalent positions, including 523.8 higher education positions dedicated for research or supported by other third-party funds. The recommendation is \$139.6 million less than the enacted budget, including \$93.3 million more for salaries and benefits and \$232.9 million less for contracted services, primarily one-time COVID-19 related expenses.

His proposed staffing of 15,416.5 full-time equivalent positions, is 103.3 more than enacted. The new positions include: 24.0 relating to the adult use marijuana proposal, 11.0 for a Mental Health Court, 7.0 for the Pandemic Recovery Office, 6.0 to enhance the permitting process in the Department of Environmental Management, and 4.0 for implementation of the Act on Climate. The recommendation also reflects the conversion of eight contracted staff in the Executive Office of Health and Human Services to full-time equivalent positions. The Governor subsequently requested amendments to add six additional positions; two in the Department of Administration for administration of the Capital Projects Fund and four positions in the Executive Office of Health and Human Services for opioid related activities and the Pay for Success program.

The Assembly provided \$2,647.3 million for personnel expenditures and authorized 15,455.5 full-time equivalent positions for FY 2023, including 523.8 higher education positions dedicated for research or supported by other third-party funds. This is \$179.8 million more than the recommendation to include adjustments to planned spending from State Fiscal Recovery funds and settled contracts. The Assembly also authorized 33.0 full-time equivalent positions more than the Governor's amended recommendation, including 20.0 positions in the Department of Human Services and 7.0 positions in the Department of Environmental Management.

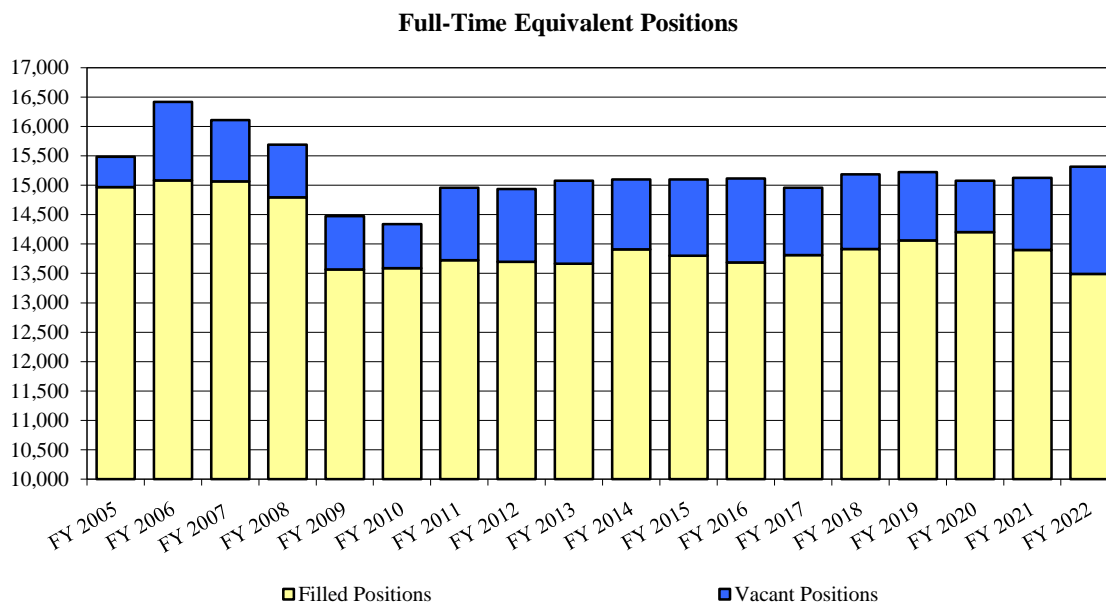
Full-Time Equivalent Positions



For many years, the budget has also limited a certain number of higher education positions to those solely funded by third-party sources in response to requests from the higher education institutions to reduce constraints on their pursuit of outside research funding. The FY 2020 final enacted budget shifted 265.0 third-party full-time equivalent positions at the University of Rhode Island to non-third party positions. This was done to address a problem with the filled position reporting where University staffing was over the authorized level. Auxiliary enterprise positions had been incorrectly reported as third-party

prior to FY 2020. Once they were reported correctly, the University exceeded its non-third-party authorization.

The General Assembly sets personnel limits for each agency and department defined as the maximum allowable number of full-time equivalent positions filled during any pay period. These limits are referred to as authorized levels. The authorized levels do not include temporary or seasonal employees or individuals in training requisite to employment, such as state trooper classes. Generally, agencies do not fill all authorized positions because of various reasons, such as hiring freezes or budgeted turnover savings. Turnover is budgeting less money than needed for full staffing. Turnover savings result from the gap in time from when an employee leaves state service and a new employee is hired, often at a lower cost or from when a department leaves a position vacant to achieve a certain level of savings. The following chart shows average filled and authorized staffing levels from FY 2005 through FY 2022.



Authorized levels peaked in FY 2006. A significant reduction to both authorized and filled positions is apparent in FY 2009, FY 2010 and FY 2011 resulting from a major surge of retirements in 2008 and severe constraints on refilling the vacancies.

During FY 2007, the Governor proposed initiatives including measures to encourage eligible individuals to retire, such as ending statutory status and payment for unused sick leave and revisions to accrued vacation leave, freezing longevity payments, shutting down government operations for two days, and establishing limited service positions. The Assembly did not concur with the proposals; however, it reduced vacant general revenue funded positions, eliminating 419.4 vacant positions. Over the years, the Assembly eliminated several hundred vacancies to better align authorization and filled staffing levels.

In FY 2018, the state averaged 13,913.2 filled positions. During the second half of FY 2018, the administration implemented a voluntary retirement incentive under its own authority. State employees eligible to retire on or before December 31, 2017 were eligible for the incentive. Beginning on January 12, 2018, the number of filled positions declined for ten consecutive pay periods as eligible participants retired. On January 11, 2019, there were 149.3 more positions filled than there were when the program began.

The final budget maintained the FY 2021 enacted staffing level of 15,124.7 full-time equivalent positions. In FY 2021, the state averaged 13,896.5 filled full-time equivalent positions, and an average of 1,228.2

vacancies as staffing levels dropped during the pandemic, partially from a similar voluntary retirement incentive program.

The 2021 Assembly also authorized 15,313.2 full-time equivalent positions for FY 2022, including 523.8 higher education positions dedicated for research or supported by other third-party funds. This is 224.0 full-time equivalent positions more than the Governor's original recommendation. The Assembly did not concur with the Governor's proposal to privatize the state-run system for adults with developmental disabilities. It added 75.0 full-time equivalent positions in the Department of Children, Youth and Families to proceed with the accreditation process, and 15.0 full-time equivalent positions in the Department of Health for administration, financial oversight of Centers for Disease Control and Prevention grants and monitoring vaccination efforts and new outbreaks.

The Governor recommended staffing of 15,416.5 full-time equivalent positions for FY 2023, which is 103.3 more than enacted. His revised budget is 7.3 more positions than enacted.

The Assembly authorized 15,455.5 full-time equivalent positions for FY 2023, 33.0 positions more than the Governor's amended recommendation. This includes 20.0 positions to support redetermination efforts following the end of the public health emergency in the Department of Human Services. It authorized 15,317.9 full-time equivalent positions for FY 2022, 2.6 fewer than the Governor's revised budget. In FY 2022, the state averaged 13,490.8 filled full-time equivalent positions, and an average of 1,827.1 vacancies.

Personnel Costs

Personnel costs include both salaries and benefits and contracted services. Benefits include direct benefits to employees as well as assessed statewide employee benefits. Contracted services are services state government purchases by contract. The Governor's personnel recommendation includes \$1,996.7 million for salaries and benefits and \$470.7 million for contracted services. These expenditures represent a reduction of \$139.6 million or 5.4 percent from the FY 2022 enacted budget with major reductions to pandemic related contracted services offsetting growth in salaries and benefits.

In late 2021, Governor McKee reached agreements with a majority of state employee unions that include cost-of-living adjustments of 2.5 percent annually from FY 2021 through FY 2024, for a total of 10.0 percent. It also includes two \$1,500 bonuses with one payable to current union employees as of the ratification of the contract and the second for those employed on July 1, 2022. The recommendation includes \$1,996.7 million for salaries and benefits, an increase of \$99.3 million, or 4.9 percent from the enacted budget. Some of this change reflects accounting for these agreements and assuming the pay increases also apply to non-union state employees. Exceptions include the unions representing state troopers and correctional officers which were still negotiating at the time the budget was submitted. The Governor also did not assume like funding for non-classified higher education employees whose salaries are under the purview of the respective governing bodies.

Recommended general revenue expenses for salaries and benefits increase \$39.0 million; however, from other sources, federal funds reflect an increase of 12.1 percent and they are 9.1 percent more for positions funded with restricted sources. This variance can be attributed to the fact that personnel expenses where settlements have not yet been reached are primarily funded with general revenues. Also, the budget categorizes general revenues allocated to account for cost-of-living adjustments related to classified higher education employees as operating expenses so those do not show up in personnel expenses described here.

The revised budget reflects an increase of \$56.2 million from the FY 2022 enacted budget. This includes \$73.1 million in FY 2022 for the retroactive payment and the second 2.5 percent cost-of-living adjustment and the first bonus.

FY 2023 Enacted Excluding ISF	General Revenues	Federal Funds	Restricted Receipts	Other Funds	Total
Salaries and Wages	\$ 713,188,760	\$ 201,819,161	\$ 55,349,275	\$ 374,312,414	\$ 1,344,669,610
Benefits	394,006,536	114,013,797	31,143,644	146,779,598	685,943,575
Total Salaries and Benefits	\$ 1,107,195,296	\$ 315,832,958	\$ 86,492,919	\$ 521,092,012	\$ 2,030,613,185
Contracted Services	105,064,620	346,363,907	122,000,457	43,266,505	616,695,489
Total Personnel	\$ 1,212,259,916	\$ 662,196,865	\$ 208,493,376	\$ 564,358,517	\$ 2,647,308,674

These expenditures exclude internal service funds; however, the staffing levels do include them, which skews the actual cost per position. Further information and descriptions of the internal service funds are included in the later part of this report.

The Assembly provided \$2,647.3 million and staffing of 15,455.5 full-time equivalent positions for FY 2023. This is \$179.8 million more than the Governor's recommendation, including \$33.9 million more salaries and benefits. This includes \$9.3 million from general revenues, representing FY 2023 base costs if similar agreements are reached with costs for members of the Rhode Island Brotherhood of Correctional Officers. It also includes \$8.4 million from all sources for the Rhode Island State Troopers Association, based on the Budget Office estimate of the value of the newly finalized contract. Expenditures for contracted services are \$146.0 million more, of which \$101.4 million is from federal funds; approximately a third of these is for COVID-19 expenses in the Department of Health.

There are three divisions of state service: classified, unclassified, and non-classified. Classified service includes competitive and non-competitive positions. Competitive positions require employees to take civil service examinations, as opposed to non-competitive positions which include positions that require licenses, certificates, or registrations. Positions in the unclassified service are established by law and are subject to compliance with standards of the federal government and regulations set forth by the state's Personnel Administrator. Positions in this category generally include the employees of elected officials, courts, boards and commissions, both houses of the General Assembly, department directors, and various positions of a policy making nature. All appointments are made by the appointing authorities or the Governor in accordance with the provisions of the laws governing such appointments and the personnel rules adopted for the unclassified service. Positions within the non-classified service are covered under contract terms for the Board of Education and include positions related to a health system transformation project, as well as faculty.

Employee status refers to an employee's protection during reorganizations or layoffs. When an employee is first hired, he or she may have temporary or probationary status, which provides the least protection. All employees that were hired prior to August 7, 1996, will have statutory status when reaching 20 years of state service. This means that the state is required to find a suitable position for that employee in the case of reorganizations or layoffs. For veterans, statutory status is acquired after 15 years of service. On February 10, 2022, the administration reported that there were 1,717 employees with statutory status, including 69 employees who were eligible through the veterans' provision.

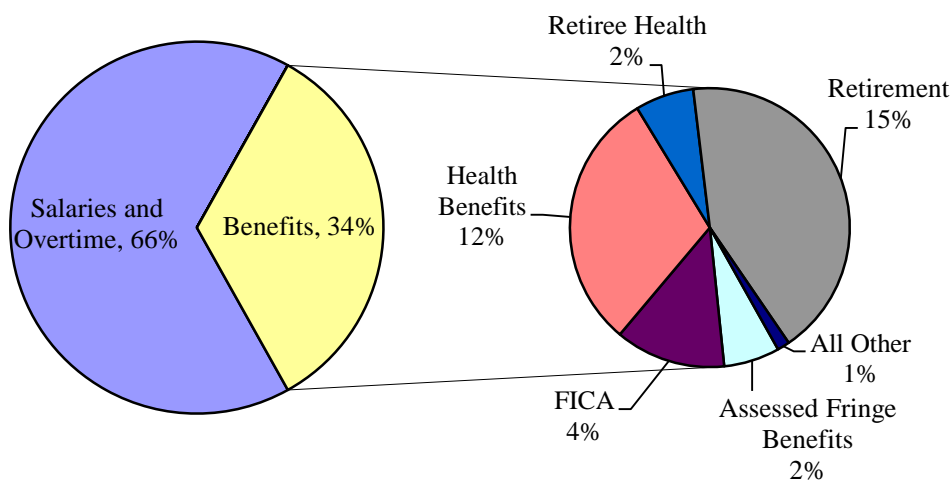
Governor Chafee commissioned an analysis of the state's personnel system to recommend alternatives to the current system. The study was completed in January 2013 and found that the current personnel structure, organization and staffing of the Division of Human Resources was not sufficient to support the state's need as the recruiting process was highly paper-based, job classification structures did not reflect qualifications to deliver the services and the compensation structures were non-competitive. A total of 16 actions were recommended, including: implementing an online application system, eliminating the public hearing process when making changes to the classification structure, and hiring a new chief of human resources to be dedicated to establishing strategic direction and developing policies. The 2013 Assembly provided funding for this position, which was filled in December 2013.

The FY 2016 revised and the FY 2017 recommended budgets included a total of \$1.2 million for a classification and compensation study. The study was completed in the summer of 2017 and through FY 2018, a total of \$0.8 million was spent. The following excerpts summarize the major findings from four comparisons.

1. Salary structure: Overall, the state's salary structure is different from the market in the following ways:
 - Range minimum: 7.6 percent higher than the market average minimum
 - Range midpoint: 2.5 percent lower than the market average midpoint
 - Maximum: 11.8 percent lower than the market average maximum
2. Health care insurance: On average, Rhode Island is 9.7 percent higher than the market median for employer contribution to health care plans
3. Retirement plan: On average, Rhode Island is 1.34 percentage points higher than the market for maximum employer contribution to the primary retirement plan
4. Paid leave for Rhode Island is:
 - Comparable with the market for paid holidays, personal days, and bereavement days
 - Comparable with the market for annual accrual vacation days and sick leave
 - Above the market for carry-over vacation days by 331 percent, and above market for carry-over sick leave by 711 percent

The 2021 Assembly transferred \$50.0 million to the Information Technology Investment Fund to support the Enterprise Resource Planning System to include human resources, information system, payroll, and financial management. The current systems are nearing the end of their useful lives and are susceptible to security risks. The Auditor General had historically reported the inefficiencies with the various systems. The Governor's FY 2023 recommended budget includes \$2.0 million from general revenues to conduct a statewide compensation and job classification study. The administration indicated that the current human resource system contains too many job classifications. It further noted that if job classifications are not updated, it will result in having outdated data being entered into the new human resources module. It appears the study will take multiple years to finish; the Governor also proposed legislation requiring unspent funds from the study be reappropriated to the following fiscal year. The Assembly concurred.

FY 2023 Enacted Salaries and Benefits



Salaries and benefits make up 76.7 percent of total personnel costs. The chart above represents the total cost of salaries and benefits. The larger pie chart divides salaries and wages, including overtime and

benefits. The smaller pie chart breaks out the percentage of each benefit type. Each of the items included in the graphic is described in further detail in the paragraphs that follow.

Salaries. Direct salaries refer to the wages paid to state employees. This amount may increase due to many factors. For many state employees, pay scales are determined by position grade and classification. An employee will have a base salary, and there will be increases along a five-step scale annually after the employee's first six months. Prior to July 1, 2011, after an employee had been in state service for a specified number of years, he or she became eligible for longevity increases. These increases were applied to the base salary. This was authorized by collective bargaining agreements for union employees, with different increases for education agencies contained in statute; it was personnel policy for non-union employees.

For most positions, collective bargaining agreements also determine if an employee will receive a cost-of-living adjustment. This adjustment differs from a longevity increase because it applies to all employees in that pay grade. For example, if all state employees receive a 3.0 percent cost-of-living increase on July 1, then an employee with a pay grade ranging from \$50,000 to \$59,000 will now be in a pay grade of \$51,500 to \$60,770.

In April 2018, Governor Raimondo reached agreements with a majority of state employee unions for wage and benefit changes that include cost-of-living adjustments of 2.0 percent effective December 24, 2017, 2.5 percent effective December 23, 2018, 2.0 percent effective June 23, 2019, and 1.0 percent effective December 22, 2019. Those contracts expired June 30, 2020.

In late 2021, Governor McKee reached agreements with a majority of state employee unions that include cost-of-living adjustments of 2.5 percent annually from FY 2021 through FY 2024, for a total of 10.0 percent. It includes two \$1,500 bonuses with one payable to current union employees as of the ratification of the contract and the second for those employed on July 1, 2022. The agreement amends the sick leave provision to increase the number of days an employee can discharge to care for an immediate family who is ill, provided that medical documentations are furnished. It broadens the family members for whom a death qualifies the discharge of bereavement days. It also adds a new provision for teleworking.

The recommended budgets contain \$203.5 million of which \$126.3 million is from general revenues to account for these agreements over both FY 2022 and FY 2023. Since the administration had not reached agreements with the unions representing state troopers and correctional officers, the Governor's budget does not specifically allocate any resources for such settlement.

Component	General Revenues	All Funds
FY 2021 - Year 1 - Retro Payment	\$ 20,691,740	\$ 29,554,790
FY 2022 - Year 1 Base Adjustment	20,691,740	29,554,790
FY 2022 - Year 2 Increment	17,364,917	32,815,201
First Bonus	7,298,102	12,067,179
State Troopers	3,161,221	3,400,000
FY 2022 Budget	\$ 69,207,720	\$ 107,391,960
FY 2023 - Years 1 & 2 Base Adjustment	\$ 38,056,657	\$ 62,369,991
FY 2023 COLA - Year 3 Increment	16,889,677	27,820,866
Second Bonus	7,360,898	12,168,773
RIBCO Reserve & State Troopers	17,225,609	17,732,966
FY 2023 Budget	\$ 79,532,841	\$ 120,092,596

The Assembly concurred with the Governor's subsequent amendment to add a total of \$2.8 million in FY 2022 and FY 2023 for retention bonuses that were understated in the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals. It also provided \$21.1 million from all sources, including \$11.8 million for the State Trooper contract settlement and \$9.3 million for members of the Rhode Island

Brotherhood of Correctional Officers for base costs if similar agreements to those of other state employees are reached.

The following table shows a recent history.

Cost-of-Living Adjustments		
Fiscal Year	Increase	Notes
2017	-	
2018	2.0%	December 24, 2017
2019	2.5%	December 23, 2018
2020	3.0%	2.0% June 23 & 1% December 22
2021	2.5%	Eff. July 1, 2020 - Retro paid in FY 2022
2022	2.5%	Plus \$1,500 for union members
2023	2.5%	Plus \$1,500 for union members
2024	2.5%	July 1, 2023

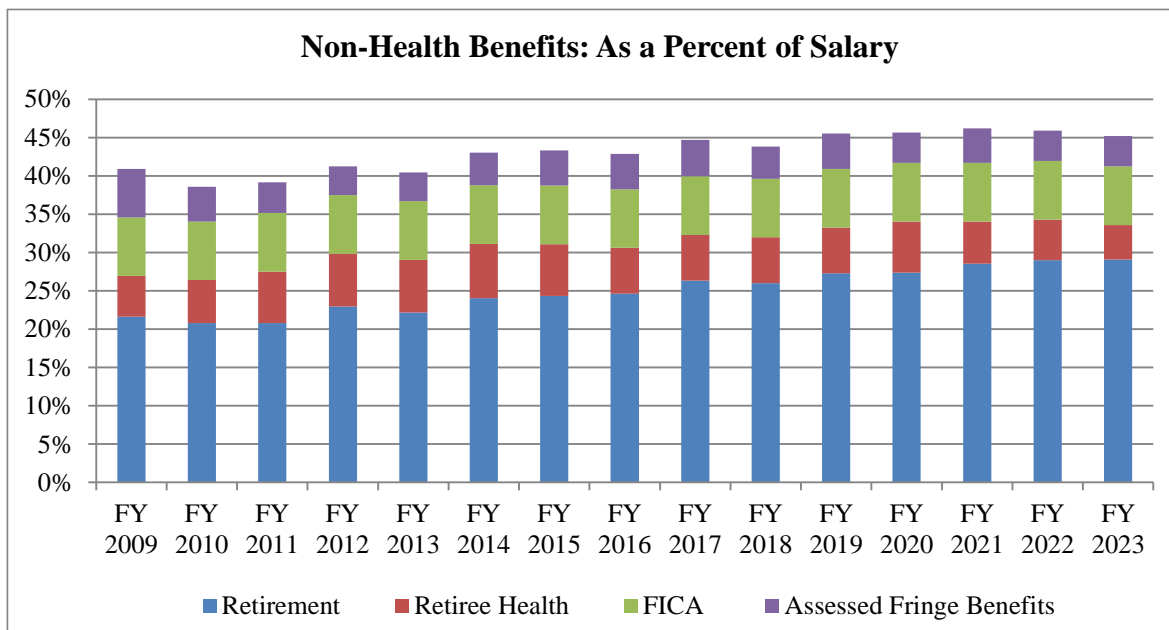
Excludes Troopers, RIBCO and some other smaller unions

Overtime. Overtime accounts for 3.5 percent of total salary and benefit expenses. The majority of overtime expenses occur in the Department of Corrections for correctional officers, followed by the Departments of Public Safety, Behavioral Healthcare, Developmental Disabilities and Hospitals, Children, Youth and Families, Higher Education and Transportation.

Overtime - FY 2023 Enacted	
Corrections	24.0%
BHDDH	17.2%
Public Safety	15.6%
Children, Youth and Families	10.5%
Human Services	7.7%
Transportation	7.3%
Higher Education	7.2%
All Others	10.6%
Total	100%

The Department of Administration announced a new overtime policy in June 2019. It required each agency to develop and submit to the Division of Human Resources and the Office of Management and Budget detailed overtime authorization and approval procedures, which must be submitted by October 15, 2019. Beginning in FY 2020, agencies are also required to submit to the Office of Management and Budget quarterly reports of overtime expenses along with their quarterly financial reports.

Benefits. Benefits include direct benefits to employees such as health, workers' compensation and unemployment as well as unfunded liabilities for retirement and retiree health benefits. The following chart shows non-health benefits as a percent of salary from FY 2009 through FY 2023.



In that 15-year period, the calculation increased from 40.9 percent to 45.2 percent. It is important to note that while FICA is part of the cost of a position, it is a federal requirement over which the state has no control. Each benefit is described in the paragraphs that follow. With the exception of health benefits, these are calculated as a percentage of salary and now represent almost one-half of the total salary of a position.

Retirement. Participation in Rhode Island’s hybrid defined benefit/defined contribution plan is mandatory for most state employees, except for certain higher education employees who participate in a defined contribution plan. The 2011 Assembly adopted changes including participation in a new defined contribution plan for all employees, except judges, state police and correctional officers. The 2015 Assembly enacted changes consistent with the pension settlement agreement reached in the spring of 2015; these changes are described later in the report.

Employees must work until a combination of their years of service and age equal 95. Employees who were not eligible to retire when the 2011 changes became effective have an individualized retirement age based on their years of service, but they must be at least 59 years old to retire.

The salary basis is the five highest consecutive years. Cost-of-living adjustments are only granted when the pension systems’ aggregate funded ratio exceeds 80.0 percent; the formula uses both investment returns and inflation, but no more than 3.5 percent or less than zero. It is only applied to the member’s first \$25,000 of pension income, indexed to grow at the same rate as the cost-of-living adjustment. Prior to full funding, intermittent cost-of-living adjustments are granted every four years and there are different provisions for pre-settlement retirees. There have been many changes to the retirement system over the past several years. These changes are discussed later in the report.

The retirement rates are determined actuarially and under Rhode Island General Laws; they are certified annually by the State of Rhode Island Retirement Board. The Board’s current policy is that the contribution rates determined by an actuarial valuation take effect two years after the valuation date. The Retirement System conducts an experience study every three years to evaluate the appropriateness of assumptions. The actuaries use the system’s own experience where relevant and credible data is available. It uses population or general economic data such as inflation for other assumptions. The assumption changes are incorporated in future annual valuations that determine the rate required to support the defined benefit portion of the pension system. The System’s actuaries conducted an experience study during the spring of 2017. As a

result of that as well as an asset liability review conducted by the State Investment Commission, the Board approved new assumptions, including decreasing the investment return assumption from 7.5 percent to 7.0 percent as well as some other assumptions around inflation, wage growth and mortality. These changes were included in the actuarial valuation, effective for FY 2021 and beyond.

The rate for FY 2019 was revised upward by 2.1 percent or 0.53 percentage points based upon the retirement incentive program the administration undertook in the fall of 2017, and described later in this report. In 2021, the administration offered the voluntary retirement incentive. The rates for FY 2023 as well as the previous seven years are shown in the table below.

Employer Contribution Rates - Regular Employees								
FY	2016	2017	2018	2019	2020	2021	2022	2023
Rates	23.64%	25.34%	24.87%	26.28%	26.39%	27.54%	28.01%	28.01%

Retiree Health. The state provides health coverage to individuals who are retired from state employment, who have at least 20 years of state service and are at least age 59. Eligible retirees pay a 20.0 percent cost share on the actual cost of the plan. These benefits are less generous than previously provided and are discussed later in the report. The Board of Education has a separate plan for certain higher education employees.

FICA. The Federal Insurance Contributions Act tax is a United States payroll tax imposed by the federal government on both employees and employers to fund Social Security and Medicare. This applies to all employee groups except State Police. This rate is calculated on salaries and overtime; however, the Social Security portion has a salary limit. In calendar year 2022, the salary limit is \$147,000. There is no salary limit for the Medicare portion. The total rate is 7.65 percent, including 6.2 percent for the Social Security portion and 1.45 percent for the Medicare portion.

Assessed Fringe. The assessed fringe benefit internal service fund was established in August 1999 to comply with federal regulations and to eliminate the fluctuations in agency budgets that result from workers' compensation claims, unemployment claims, and unused leave. A biweekly assessment is applied to the amount of salaries and wages paid from all accounts and funds. This fund allows the costs to be spread out over all fund sources, as opposed to only general revenues.

The FY 2018 enacted budget was based on an assessment of 4.2 percent for most employees. Based on projections related to the original voluntary retirement incentive, the Governor's FY 2019 recommended budget increased the assessment to 4.6 percent. This was subsequently revised downward to 4.4 percent based on more updated data.

Assessed Fringe Benefit Rate History								
FY	2016	2017	2018	2019	2020	2021	2022	2023
% of Salary	4.60	4.75	4.20	4.40	3.95	4.52	3.95	3.95

The rate of 4.20 percent previously planned for FY 2020 was reduced to 3.95 percent based on more updated data as well as savings from the plan to outsource the administration of the Workers' Compensation program. The fund ended FY 2020 with a surplus balance of \$4.7 million. The administration implemented a second voluntary retirement incentive program during FY 2021. Based on the number of individuals that opted-in to the voluntary retirement incentive, the Budget Office increased the rate to 5.60 percent for the last nine pay periods of FY 2021 to generate an additional \$2.2 million to pay the incentive. This resulted in an effective rate of 4.52 percent for FY 2021. The FY 2023 budget includes the FY 2022 enacted rate of 3.95 percent.

The current rate for certain public safety personnel is 1.90 percent because these employees receive injured on duty benefits as opposed to workers' compensation. The rate for higher education faculty is 3.30 percent because they do not receive severance payments.

Health Benefits. All full-time state employees and certain part-time employees are eligible for health benefits, including medical, dental and vision through Blue Cross Blue Shield, effective January 1, 2020, and Delta Dental.

Gross Cost	Individual Plans	Family Plans
<i>Medical</i>		
Anchor Choice	\$ 8,138	\$ 22,812
Anchor	\$ 8,196	\$ 22,978
Anchor Plus	\$ 8,770	\$ 24,585
<i>Dental</i>		
Anchor Choice	\$ 421	\$ 1,088
Anchor	\$ 421	\$ 1,088
Anchor Plus	\$ 421	\$ 1,008
<i>Vision</i>		
Anchor Vision	\$ 65	\$ 179
Anchor Vision Plus	\$ 65	\$ 179
<i>Average cost for FY 2023</i>		

Employees began contributing to the cost of this health care in 2005. At that time, some employees paid a percentage of salary, depending on salary range, and some employees paid 5.0 percent of the cost of the health plans. Currently, an employee's contribution is a percent of plan cost depending on his or her salary and the type of plan chosen.

The state started offering three medical plans, called Anchor Choice, Anchor and Anchor Plus, three dental plans and two vision plans, effective on January 1, 2019. Previously, only one plan was offered. In the 2018 settlement with the Raimondo Administration, among the other provisions of the contract were increased co-pays for office visits and prescription drugs, and increased deductibles. The deductibles are based on plan selections and are now \$500 to \$1,500 for an individual, and \$1,000 to \$3,000 for a family. They were previously \$250 and \$500 for individuals and families, respectively. The recently negotiated agreement with the McKee Administration maintains the same deductibles.

FY 2023 Per Employee	Below \$57,611		\$57,611 - \$110,747		Over \$110,747	
	Individual	Family	Individual	Family	Individual	Family
Total Cost of Benefits ¹	\$ 9,256	\$ 25,772	\$ 9,256	\$ 25,772	\$ 25,772	\$ 22,980
% of Premium: State	80.0%	85.0%	80.0%	80.0%	75.0%	75.0%
Annual Cost to State	\$ 7,405	\$ 21,906	\$ 7,405	\$ 20,618	\$ 19,329	\$ 17,235
% of Premium: Employee	20.0%	15.0%	20.0%	20.0%	25.0%	25.0%
Annual Cost to Employee	\$ 1,851	\$ 3,866	\$ 1,851	\$ 5,154	\$ 6,443	\$ 5,745

¹ Based on Anchor Plus Plans

The previous table shows the cost of health benefits and the employee co-shares for FY 2023 for both individual and family plans. For budget planning purposes, a weighted average is used to calculate the cost of medical benefits for vacant positions. The following table shows the weighted average cost per benefit type.

Weighted Average	FY 2022 Recommended/ Enacted	FY 2022 Rev. Planning	FY 2022 Gov. Rev./ Final	FY 2023 Planning	FY 2023 Recommended/ Enacted
Medical	\$ 18,497	\$ 18,384	\$ 18,294	\$ 19,487	\$ 18,208
Dental	929	929	871	984	861
Vision	144	144	138	152	140
Total	\$ 19,570	\$ 19,457	\$ 19,303	\$ 20,623	\$ 19,209

Subsequent to issuing the planning values, the administration retained a consultant to review the medical rates and they were revised downward, reflecting claims experience. The FY 2022 revised budget uses \$19,303, which is \$154 or 0.8 percent less than the planning amount. For FY 2023, the budget uses \$19,209, which is \$1,414 less than the planning values and \$94 or 0.5 percent less than the rates used in the revised budget. This resulted in general revenue savings of \$2.7 million and \$5.8 million in FY 2022 and FY 2023, respectively.

In June 1997, before employees were contributing to the cost of health benefits, the state began offering employees the option of choosing a medical benefit waiver as opposed to enrolling in a state health plan. The waiver had been \$2,002 through FY 2011; it was then reduced by half to \$1,001. More recent contracts eliminated the waiver option for two state employee spouses who were hired on or after June 29, 2014.

Total Costs. The total cost examples for two employees who have salaries of \$50,000 and \$100,000, respectively, and a family health plan in FY 2023 is displayed in the following table.

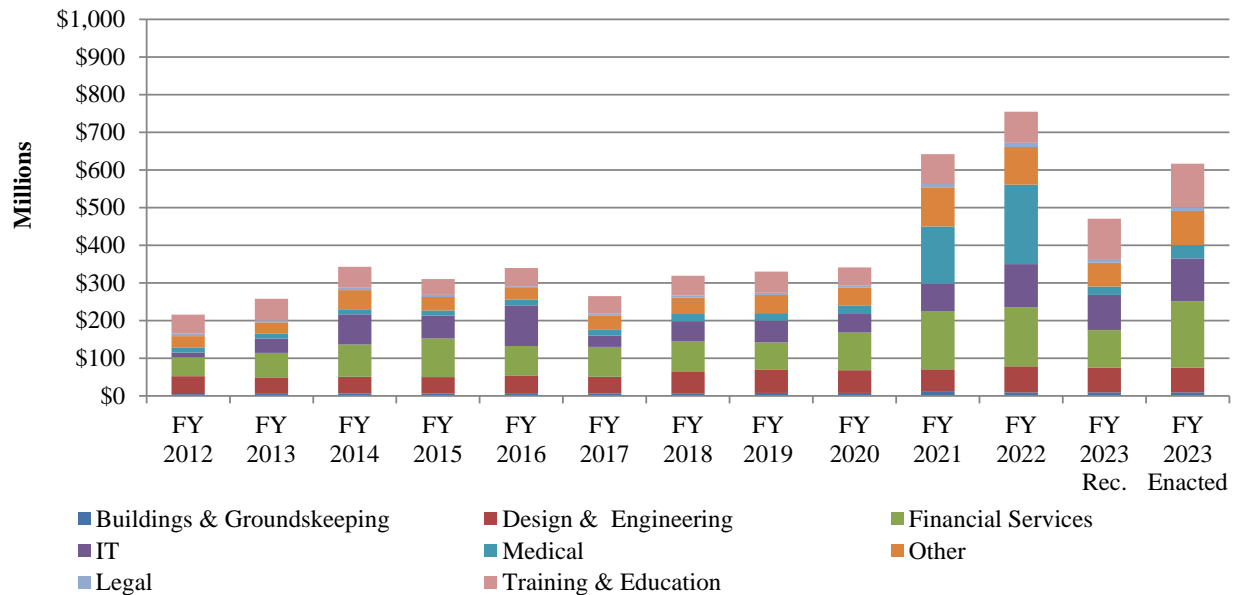
Cost of a Position - FY 2023 Enacted					
	Expense	% of Salary	Expense	% of Salary	
Salary	\$ 50,000		\$ 100,000		
FICA	\$ 3,825	7.65%	\$ 7,650	7.65%	
Assessed Fringe	1,975	3.95%	3,950	3.95%	
Retiree Health	2,240	4.48%	4,480	4.48%	
Retirement	14,505	29.01%	29,010	29.01%	
Subtotal	\$ 22,545	45.09%	\$ 45,090	45.09%	
Health Benefits*	\$ 25,772	Family Plan	\$ 25,772	Family Plan	
Total Co-Share*	(5,154)	20.00%	(6,443)	25.00%	
Subtotal Benefits	\$ 43,163	86.33%	\$ 64,419	64.4%	
Total Cost	\$ 93,163		\$ 164,419		

**Based on Anchor Plus Plans*

Contracted Services. Contracted services make up the remaining 23.3 percent of personnel costs. The recommended budget includes \$470.7 million for expenditures the state classifies as contracted services, often referred to as consultants. These expenditures reflect the compensation paid for the services of non-employee individuals or firms and include payments to professional practitioners and other independent contractors who sell their services. These exclude expenses through internal service funds of \$14.1 million and \$14.5 million in FY 2022 and FY 2023, respectively.

The following graph shows the types of services provided by outside contractors from FY 2012 to the FY 2023 recommended budget. The majority of the reported expenditures were previously for information technology and financial services; as the Unified Health Infrastructure Project was being implemented. They have recently been medical services, and others such as contact tracing during the pandemic. The smallest areas of spending are legal services and buildings and groundskeeping services.

Contracted Services



The increase in FY 2013 is mostly a result of Race to the Top funds in the Department of Elementary and Secondary Education's budget. The Department was awarded \$75.0 million to spend over four years. The FY 2013 and FY 2014 budgets include over \$50 million from federal funds for the implementation of the Affordable Care Act. Major increases from FY 2017 to FY 2018 and FY 2019 relate to expenses for the Unified Health Infrastructure Project. The majority of the increase from FY 2020 through the FY 2022 revised budget are for laboratory testing, contact tracing and other services related to the COVID-19 pandemic.

The Assembly provided \$616.7 million for FY 2023 or \$146.0 million more than the Governor's recommendation, including \$51.4 million from federal funds, reflecting use of direct federal stimulus grant funds available for COVID-19 related expenses, and \$57.0 million based on the approved April 2022 spending plan submitted to the Centers for Medicare and Medicaid Services by the Executive Office of Health and Human Services to expand home and community based support using the additional resources included in the American Rescue Plan Act. This reflects the Governor's requested amendment.

For the past decade, the Assembly has required state agencies to be held more accountable for contracted services they purchase. These requirements have not been well executed. The Assembly concurred with most of Governor Chafee's FY 2015 budget proposal to repeal or consolidate them to improve compliance. The paragraphs that follow identify these reporting requirements as well as any significant revisions and current compliance.

RIGL 42-90-1. This statute, first adopted in Chapter 161 of the Public Laws of 1985, requires all departments, commissions, boards, councils and other agencies to submit to the Secretary of State the name of any person who performs legal, medical, accounting, engineering or any other professional services, and the amount of the compensation received by the consultant during the previous quarter. It further requires the Secretary of State to compile, publish and make a report available to the public.

The 2006 Assembly amended this legislation in 2006-H 6779, Substitute A, to establish a \$100,000 threshold for which services obtained are substantially similar to work performed by regular employees of the department, commission, board, council or agency. The legislation further required state agencies to list all privatization contracts as part of the budget requests, which must contain the name of the contractor, duration of the contract and costs of previous, current and upcoming years. Agencies must also include a

summary of contracted private employees for each contract, reflected as full-time equivalent positions and their hourly wage rate. It appeared that only a few agencies were complying with this requirement.

The 2007 Assembly adopted legislation in Public Law 2007, Chapter 73 requiring an extensive cost comparison analysis as well as an appeals process prior to privatization of any state facility, function or property. It required that bids for such services substantially beat the current in-house costs and meet or exceed current service quality and performance. The comparisons must consider monitoring and conversion costs. The 2008 Assembly further amended the legislation by modifying the requirements.

Governor Chafee included legislation in Article 17 of his recommended FY 2015 budget that increased the threshold from \$100,000 to \$150,000 and required that the reporting be annually submitted to the Budget Office electronically. The legislation requires that the Budget Office electronically post all contracts and reports online using the state's transparency portal or an equivalent website no later than December 1 of each year. The Assembly concurred and included the legislation in Section 4 of Article 9 of 2014-H 7133, Substitute A, as amended. Despite the change, the administration was not in compliance with this requirement. At the Personnel Issues Hearing on April 4, 2018, the Director of Administration pledged to be in compliance with this reporting requirement. Since then, reports for FY 2015 through FY 2021 have been posted on the state's transparency portal.

RIGL 37-2.3-1. The 2006 Assembly adopted legislation requiring agencies to list all privatization contracts as part of the budget request when obtaining services that are substantially similar to work performed by regular employees of the department, commission, board, council or agency starting in FY 2009. The list must contain the name of the contractor, duration of the contract and costs of previous, current and upcoming years. Agencies must also include a summary of contracted private employees for each contract, reflected as full-time equivalent positions and their hourly wage rate.

Governor Chafee submitted legislation to alter the requirements so that agencies provide actual information for the prior fiscal year and projected costs for the current and subsequent fiscal years. The listings must be published annually online using the state's transparency portal or an equivalent website no later than December 1 of each year. Subsequently, he requested an amendment to restore language that had previously removed subcontractor from the definition of privatization contractor and clarify what agencies must include in reports for prior, current and upcoming fiscal years and which positions must be reflected as full-time equivalent positions. The Assembly concurred.

This reporting requirement has not been met since it was adopted by the 2014 Assembly. The staff from the Budget Office previously indicated that it had been in discussions with Council 94 to format the template for reporting. It does not appear that anything came of that.

RIGL 42-149-1. This statute, adopted in Public Law 2007, Chapter 525, requires all state departments to submit quarterly reports of all non-state employee expenditures for legal services, financial services, temporary work and other non-state employee personnel costs. The report must contain efforts made to identify qualified individuals or services within state government, factors used in choosing a non-state employee or firm, results of requests for proposals for services or bids for services, and the actual cost and the budgeted cost for the expenditure. Governor Chafee included legislation in Article 17 of 2014-H 7133 to repeal this, in conjunction with modifying a similar requirement. The Assembly concurred.

RIGL 42-149-3.1. This legislation, adopted in Public Law 2011, Chapter 409, requires an assessment of 5.5 percent on contractual costs to be paid to the retirement system on a quarterly basis when a department, commission, board, council, agency or a public corporation agrees to obtain contractual services that are substantially similar to and in lieu of services provided by regular employees. During the FY 2013 budget process, the administration indicated that it developed a mechanism within the state's accounting system to calculate this charge and \$0.4 million was collected each year from FY 2013 through FY 2018, \$0.5 million

in FY 2019 and \$0.3 million was collected in FY 2020, and \$196,270 in FY 2021. The budgets include \$326,045 for FY 2022 and \$279,252 for FY 2023. Governor Chafee included legislation in Article 17 of 2014-H 7133 to repeal the 5.5 percent assessment. The Assembly did not concur.

P.L. 2007, Chapter 073. The 2007 Assembly adopted legislation to correct a situation concerning contract employees that were doing the same work as state employees, under state employee supervisors. Departments and agencies would be allowed to convert those positions to state employee positions within available funding. The law also required that an agency or department may not employ contracted employees or employee services where the contracted employees would work under state employee supervisors after October 1, 2007, without determination of need by the Director of Administration acting upon the positive recommendations of the Budget Officer and the Personnel Administrator and 15 days after a public hearing. This language was included in budgets until FY 2016. It was restored in the FY 2020 enacted budget and the FY 2021 enacted budget. The Governor's FY 2021 revised recommendation retains the provision; however, excludes it for FY 2022. The Assembly restored the provision in the FY 2022 enacted budget.

FY 2023 Proposed Personnel Initiatives

- ***Statewide Cost-of-Living Adjustments.*** In late 2021, Governor McKee reached agreements with a majority of state employee unions that include cost-of-living adjustments of 2.5 percent annually from FY 2021 through FY 2024, for a total of 10.0 percent. It also includes two \$1,500 bonuses with one payable to current union employees as of the ratification of the contract and the second for those employed on July 1, 2022. His budget includes \$102.6 million in FY 2022 and \$203.5 million in FY 2023 to account for these agreements and assuming the pay increases also apply to non-union state employees. It does not account for potential costs where settlements have not yet been reached. The general revenue share is \$65.0 million in FY 2022 and \$126.3 million in FY 2023. The value of the bonus payments alone is \$21.4 million over the two-year period with \$12.6 million from general revenues; it is applicable only to union employees.

The Assembly concurred with the Governor's subsequent amendment to add a total of \$2.8 million in FY 2022 and FY 2023 for retention bonuses that were understated in the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals. It also provided \$21.1 million from all sources, including \$11.8 million for the State Trooper contract settlement and \$9.3 million for members of the Rhode Island Brotherhood of Correctional Officers for base costs if similar agreements to those of other state employees are reached.

- ***Deferred Pension Liability.*** In 1991 and 1992, the state deferred payments into the retirement system as one of the many measures taken to address the financial crisis at the time. That deferral is part of the unfunded liability being paid down in annual pension contributions and is calculated separately in each actuarial valuation. As of the most recent valuation, setting the retirement rates for FY 2024, the value of this liability is \$61.8 million. This includes \$26.9 million related to state employees and \$34.9 million related to teachers. It represents approximately \$6 million of the state's combined annual payments of \$541.7 million into both systems. The Governor recommended making a \$61.8 million appropriation in FY 2022 to the retirement system to specifically pay off this debt. His out-year forecast assumes annual savings to the state begin in FY 2025, when those rates are set with this liability removed. The Assembly concurred.

Recent Compensation and Benefit Revisions

Recent budgets have included initiatives affecting personnel costs including savings from reducing retirement benefits, compensation and implementing pay reductions for state employees. These are described in the paragraphs that follow, along with the Assembly's action on those items.

- **Retirement Benefits.** As part of a special session, the 2011 Assembly enacted legislation that suspended new cost-of-living adjustments to retirees' benefits until the system is better funded but provided for an intermittent cost-of-living adjustment every five years until the system in the aggregate is 80.0 percent funded. It moved all but public safety employees into a hybrid pension plan that includes a defined contribution plan. It increased the minimum retirement age for most employees not already eligible to retire and changed the benefit accruals to 1.0 percent per year of service beginning July 1, 2012. It reduced the vesting requirement from ten years to five years and preserved accrued benefits earned through June 30, 2012. It increased the minimum retirement age for teachers and state employees to Social Security Normal Retirement Age, not to exceed 67, applied proportionally to employees based on current years of service, but no less than 59.

Public labor unions challenged the constitutionality of the law subsequent to its enactment. To avoid what could have been a lengthy and costly trial, state and labor unions were ordered into federal mediation. In February 2014, a proposed settlement was announced, which maintained most of the pension changes; however, the retirement age was reduced from 67 to 65 and allowed employees who have worked at least 20 years to keep their defined-benefit pensions. Retirees would receive a one-time 2.0 percent cost-of-living increase upon the enactment of the agreement and intermittent cost-of-living increases would be given every four years instead of every five years. Additionally, the settlement needed the approval of retirees, state employees, as well as the General Assembly. If more than half of any one group were to vote against the settlement, the litigation would continue. Though most employees and retirees voted in support of the settlement, a majority of police officers voted against it; thereby rejecting the settlement in whole. The trial was originally scheduled for September 2014, and later rescheduled for April 2015.

In March 2015, a proposed settlement was announced. The Assembly enacted Article 21 of 2015-H 5900, Substitute A, as amended, to codify the pension settlement agreement signed by all the parties (except all municipal police and Cranston fire) in April 2015 and determined by the Court to be fair, adequate and reasonable in May 2015. The legislation does not exclude any parties. It preserves over 90 percent of the 2011 pension reform savings. The changes include providing a cost-of-living increase every four years instead of every five as well as two, one-time \$500 payments to all current retirees. It changes the formula for calculating the cost-of-living increase to use both investment returns and the consumer price index with a maximum of 3.5 percent; currently it is only based on investment returns with a 4.0 percent maximum. It also increases the base used for cost-of-living calculations from \$25,000 to \$30,000 for current retirees.

It returned state employees, teachers and Municipal Employees Retirement System (MERS) general employees with at least 20 years of service as of June 30, 2012 to a defined benefit plan with a 2.0 percent annual accrual and higher employee contribution rate. It increased the state's contribution to the defined contribution plan for those with between 10 and 20 years of service as of June 30, 2012. It increased accrual rates for correctional officers and municipal public safety employees. The legislation also included adjustments to the retirement age for all groups and allowed local municipalities to re-amortize the unfunded liability four additional years to 25 years for MERS plans and the local employer portion of teacher contributions.

- **Retiree Health Benefits.** The 2008 Assembly enacted legislation to change its provision of retiree health benefits from a pay-as-you-go system along with significant benefit reductions to future retirees effective October 1, 2008. Based on a recommendation in the Governor's FY 2009 revised budget, the 2009 Assembly enacted legislation to delay the move to a trust fund for two years. The trust fund was set up in FY 2011 and the state is now funding on an actuarial basis.

The 2012 Assembly adopted legislation establishing a Medicare exchange for eligible retirees that offers a wider array of health benefit choices at a lower cost through competition. The state sets up a Health Reimbursement Arrangement for each retiree and deposits the state subsidy into the account each month. It is the same percent subsidy that the retiree previously received. The maximum state contribution is set

equal to the lowest cost plan, adjusted for age that is comparable to the highest former plan. A retiree can choose a lower cost plan and use the balance of funds for any approved expense including: purchasing a plan for a spouse, dental or vision plan, and payment of Medicare Part B premiums and Part D coverage.

As part of her FY 2016 recommended budget, Governor Raimondo proposed changing the requirements for what benefits must be included in early retiree health benefit plans. The Assembly did not concur.

It should be noted that the federal “Cadillac” tax was scheduled to take effect in 2018 for plans deemed high cost. The tax would be 40.0 percent of the cost above federally established thresholds. While final regulations had not been issued, it was widely assumed that the threshold would be \$10,200 for an individual plan and \$27,500 for a family plan. The current pre-65 rate plan costs \$11,300 for an individual plan and \$31,500 for a family plan. In January 2018, Congress delayed the start of the tax to 2022. In December 2019, Congress repealed the tax.

- **Longevity.** The 2011 Assembly ended new longevity payments for all state employees effective July 1, 2011, or upon the expiration of any current collectively bargained contract. Employees continue to receive the same longevity percentage they have already earned; however, no new longevity will be granted. Provisions for these payments are generally a matter of collective bargaining agreements for union employees or personnel policy for non-union staff. Non-classified employees of the former Board of Governors, Board of Regents and Public Telecommunications Authority received longevity payments of five percent after 10 years and ten percent after 20 years, pursuant to three different sections of the General Laws. Out-year estimates had projected \$4.0 million in annual costs from this provision.

Governor Raimondo proposed in her FY 2016 budget to freeze longevity payments currently expressed as a percent of salaries, at the amount earned by an employee as of June 2015, or the last pay period prior to the expiration of applicable collective bargaining agreements, whichever occurs later. It also excluded longevity from an employee’s base rate salary, which means longevity will not grow with other raises. She subsequently requested an amendment to rescind this proposal. The Assembly retained current law.

- **Voluntary Retirement Incentive.** In 2017, the Raimondo Administration implemented a voluntary retirement incentive under its own authority as part of an effort to achieve the \$25.0 million of undistributed savings in the FY 2018 enacted budget. State employees eligible to retire on or before December 31, 2017, were eligible for the incentive, which was two times the employee’s longevity capped at \$40,000. The administration indicated that there were 941 eligible state employees and it assumed savings of \$6.5 million based on the assumption that 45 percent of eligible employees would retire by January 31 for five months of savings. Payouts would be made from the assessed fringe benefit fund, which is generated from all fund sources. The savings also assumed that only 60 percent of those vacated positions are filled for one month in FY 2018 and at 70 percent of the incumbent’s cost in the first year.

The incentive program was implemented in stages based on the amount of longevity to allow the Retirement System time to process the applications. The most senior employees had until February 15 and the least senior had until April 15. The Governor’s revised budget included savings of \$4.6 million from vacancies, but no comprehensive information was provided on how much savings was assumed to offset added costs. Much of the vacancy savings assumed in FY 2018 did not appear to repeat in FY 2019. Based on updated program participation data, the Assembly assumed additional savings in both FY 2018 and FY 2019. It appears that 364 employees received the payment. The total impact was unclear as a high level of the vacated positions appear to have been refilled.

The administration again offered this incentive during FY 2021; it was implemented in stages. Employees with longevity of 20.0 percent must have retired 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 have retired by no later than June 15, 2021. Eligible employees were allowed to obtain an

extension, which must be approved by the State Personnel Administrator and must leave state service by September 30, 2021.

The administration indicated that there were 900 eligible state employees and the recommended budget includes \$8.2 million of undistributed savings. Based on the impact to the assessed fringe benefit fund, being used to pay the incentive, the Governor's FY 2021 revised budget added \$2.2 million from general revenues in associated benefit rate increases. 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. A total of 372 individuals opted to receive the payment. The 2021 Assembly distributed the recommended savings to all agencies with participating employees.

- **Workshare.** The Department of Administration instituted a program to allow non-essential state employees to participate in a program, whereby they work 60 percent of their regular weekly hours from June 14, 2020 through September 5, 2020 and claim federal WorkShare benefits for the remaining time. Benefits for such programs are fully paid with federal funds. Because of the extra \$600 weekly payment that accompanied all unemployment claims through the end of July, participants earning less than \$69,500 were not adversely impacted and likely experienced increased compensation. Statewide, this program produced savings of \$7.7 million in FY 2020 and \$9.0 million in FY 2021, including \$4.6 million from general revenues; more than 1,300 employees opted to participate in the program.

- **COVID Related Personnel Expenses.** 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, including responding directly to the emergency. 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. Revised federal guidance issued in September 2020 further clarified and broadened eligible costs. In total, the state realized savings of approximately \$120 million for FY 2020. The FY 2021 final budget includes \$227.0 million of general revenues savings; the savings were \$230 million.

Distribution of Positions

The number of full-time equivalent positions authorized for each agency and department is contained in Article 1 of the annual appropriations act. The departments and agencies may not exceed the number of full-time equivalent positions authorized in any pay period. Full-time equivalent positions do not include seasonal or intermittent positions for which scheduled periods of employment do not exceed 26 consecutive weeks or for which scheduled hours do not exceed 925, excluding overtime, in a one-year period. Nor do they include individuals engaged in training, the completion of which is a prerequisite of employment.

For many years, the budget has also limited state employees whose funding is from non-state funds that are time limited to receive appointments limited to the availability of the non-state funding source.

- **Transfer of State Employees.** The practice of cost allocation may skew the distribution of positions by function. In this case, cost allocation refers to the practice of charging an agency for a portion of the costs for a position that is working in a different agency. There are also cases in which the entire cost of a position is being charged to one agency while the authorization for that position is in another agency.

The 2017 Assembly adopted legislation in Section 6 of Article 5 of 2017-H 5175, Substitute A, as amended, requiring that the Personnel Administrator or any director of a department file a written report with the Speaker of the House, the President of the Senate and the chairpersons of the House and Senate Finance Committees when transferring or extending the duration of a transferred employee. This report must be filed within seven days of making or extending the transfer. Since the adoption of this requirement, six

reports identifying a total of seven transfers have been received. The 2019 Assembly adopted legislation in Section 11 of Article 4 of 2019-H 5151, Substitute A, as amended, to clarify that reports be made on the transfer of all state employees, including those who are members of labor unions.

The following is a brief summary of the distribution of positions by function. A description of the position changes from the FY 2022 enacted budget follows. Most of the positions in state government are in the education and human services functions, which together account for 54.9 percent of all positions.

Changes to Enacted	Gen. Gov't.	Human Services	Education	Public Safety	Natural Res.	Transp.	Total
<i>FY 2022 Enacted</i>	<i>2,454.4</i>	<i>3,682.6</i>	<i>4,746.2</i>	<i>3,244.0</i>	<i>431.0</i>	<i>755.0</i>	<i>15,313.2</i>
New Positions	41.0	53.0	1.0	31.6	18.0	-	144.6
Program Reduction	-	(1.0)	-	-	-	-	(1.0)
Vacancy Reduction	(1.0)	(0.3)	-	-	-	-	(1.3)
<i>Total Change to Enacted</i>	<i>40.0</i>	<i>51.7</i>	<i>1.0</i>	<i>31.6</i>	<i>18.0</i>	<i>-</i>	<i>142.3</i>
FY 2023 Enacted	2,494.4	3,734.3	4,747.2	3,275.6	449.0	755.0	15,455.5
Percent by Function	16.1%	24.2%	30.7%	21.2%	2.9%	4.9%	100%

The Budget includes 2,494.4 full-time equivalent positions for general government agencies, 16.1 percent of the distributed positions. This is 40.0 positions more than enacted for FY 2022 to include staffing for various initiatives, including housing, adult use cannabis, and the Pandemic Recovery Office.

The Budget provides 3,734.3 full-time equivalent positions for human services, or 24.2 percent of all positions. This is 51.7 more than enacted, including hospital monitoring conversion, and administration for the psychiatric hospital and capital operations relating to the Eleanor Slater long-term care facility at the Zambarano Campus. It also includes 20.0 positions to support redetermination efforts following the end of the public health emergency.

The Budget includes 4,747.2 full-time equivalent positions for education, 30.7 percent of all positions.

There are 3,275.6 full-time equivalent positions for public safety agencies, 21.2 percent of all positions.

The Budget includes 449.0 full-time equivalent positions for natural resources agencies, 2.9 percent of all positions.

The Budget includes the enacted level of 755.0 full-time equivalent positions for transportation.

Program Changes to FY 2022 Enacted Staffing Levels

Administration. The Governor recommended FY 2023 staffing of 660.7 full-time equivalent positions, 10.0 more than enacted. This includes 7.0 positions for the proposed Pandemic Recovery Office and 3.0 positions for the Office of Energy Resources to implement the 2021 Act on Climate. The 2021 Assembly included legislation in Article 1 requiring that 421.5 of the authorized amount would be for positions that support internal service fund programs; the Governor's recommendation increases this amount to 429.5 positions in FY 2023. This is 8.0 more than enacted, 4.0 more each for facilities management and information technology. The positions would be financed through agency charges. The Governor subsequently requested an amendment to add 2.0 additional positions for the administration of the Capital Projects Fund. The Assembly concurred with the amended recommendation and authorized 662.7 full-time equivalent positions.

Business Regulation. The Governor recommended 176.0 full-time equivalent positions for FY 2023, 14.0 positions more than authorized. This includes one new position for the Division of Building, Design and

Fire Professionals and 13.0 new positions for the Office of Cannabis Regulation related to the new Adult Use Marijuana proposal. The Assembly concurred and added 5.0 positions to reflect the needs of the new Cannabis Control Commission created under the Rhode Island Cannabis Act.

Executive Office of Commerce. The Governor recommended 21.0 full-time equivalent positions for FY 2023, 5.0 positions more than authorized for the Office of Housing and Community Development. The new positions are intended to manage increased resources for housing related programs and include 2.0 community and homelessness support positions, 1.0 research analyst position, 1.0 project manager position, and 1.0 communications position. The Assembly authorized 4.0 of the new positions, 1.0 less than recommended.

Labor and Training. The Governor recommended 461.7 full-time equivalent positions for FY 2022 and FY 2023, or 1.0 full-time equivalent position fewer than the authorized level to exclude a current vacancy. The Assembly concurred.

Revenue. The Governor recommended 575.5 full-time equivalent positions for FY 2023, 5.0 full-time equivalent positions more than authorized, all of which are within the Division of Taxation. The recommendation includes four positions for taxation of adult use of marijuana, and one taxpayer steward position, consistent with proposed legislation contained in Article 8 of 2022-H 7123. The Assembly passed separate legislation authorizing the adult use of marijuana, and it provided for a taxpayer steward, but without additional legislation.

Office of the General Treasurer. The Governor recommended 90.0 full-time equivalent positions for FY 2023, which is 1.0 more than enacted to reflect a new counselor position for the Retirement System to support the transfer of Central Falls and West Warwick town pension plans into the state system. The Assembly did not add the new position; at the time of the budget enactment, the Office had 5.0 vacancies.

Commission for Human Rights. The Governor recommended the enacted level of 14.0 full-time equivalent positions. The Assembly added a compliance officer for total of 15.0 positions.

Executive Office of Health and Human Services. The Governor recommended 200.0 full-time equivalent positions for FY 2023, 10.0 more than enacted. This includes the transfer of one position from the Department of Health related to the recommended transfer of authority for implementation of the Opioid Stewardship Act. The recommendation also converts 8.0 contracted staff to full-time equivalent positions and adds 1.0 position to manage the process to purchase and implement a new Medicaid Enterprise System. The Governor requested an amendment to add three positions to provide management and oversight of the opioid settlement funds and staff the Opioid Settlement Advisory Committee and added 1.0 position for the Pay for Success program. He also adjusted the plan to convert the contracted staff and included three positions to support the data analytics team instead of the managed care program. The Assembly concurred and included 204.0 positions. The Assembly also repurposed a vacant position to support the new federal model for the Certified Community Behavioral Health Clinics.

Health. The Governor recommended FY 2022 staffing of 530.4 full-time equivalent positions, 0.2 less than enacted, to reconcile the authorization for actual filled positions. For FY 2023, he recommended 535.4 full-time equivalent positions, 5.0 more than the revised budget. This includes the transfer of one position to the Executive Office of Health and Human Services and 6.0 new positions; two each for adult use marijuana, implementing the cottage food manufacturers program, and monitoring of hospital conversions. The Assembly concurred.

Human Services. The Governor recommended 1,047.0 full-time equivalent positions for FY 2022 and FY 2023, which is 0.1 less than enacted, to reconcile the authorization to the staffing roster. The Assembly provided an additional 20.0 new full-time equivalent positions to support redetermination efforts following

the end of the public health emergency. It also enacted legislation in Article 1 of 2023-H 7123, Substitute A, as amended, requiring the Department to report on its progress recruiting and retaining customer serving staff as the Department had over 100 vacancies at the time of passage. The first report is due August 1, 2022, with subsequent reports due every 60 days.

Behavioral Healthcare, Developmental Disabilities and Hospitals. The Governor recommended 1,201.4 full-time equivalent positions for FY 2023, 11.0 more than enacted. This includes 5.0 new administrative positions for the Benton facility, which will be a stand-alone psychiatric facility separate from the rest of Eleanor Slater Hospital. He also included 4.0 full-time equivalent positions to support the administrative, capital and projects needs of the new long-term care facility proposed for the Zambarano campus. There are also 2.0 new positions for the adult use marijuana proposal. The Assembly included 1,200.4 positions, one fewer than recommended for adult use marijuana.

Office of the Mental Health Advocate. The Governor recommended 6.0 full-time equivalent positions, 2.0 more than enacted, for the new Mental Health Treatment Court initiative. The Assembly concurred.

Governor's Commission on Disabilities. The Governor recommended the authorized level of 4.0 full-time equivalent positions for the Commission. The Assembly added a new Americans with Disabilities Act coordinator position to assist with accessibility issues and to ensure timely project completion, for total staffing of 5.0 full-time equivalent positions.

Elementary and Secondary Education. The Governor recommended staffing of 328.1 full-time equivalent positions for FY 2023, 2.0 more than enacted for the Department's administration. This includes a transformation specialist and a multilingual learner specialist. The Assembly included the enacted level of 326.1 full-time equivalent positions.

Public Higher Education. The Governor recommended 4,390.3 full-time equivalent positions for FY 2023, 4.0 more than enacted. This includes 3.0 for the Office of Postsecondary Commissioner for the implementation of the Higher Education Academies initiative and 1.0 for the Northern Rhode Island Higher Education Center, slated to open spring 2022. The Assembly authorized 4,387.3 full-time equivalent positions for FY 2023, 3.0 positions less than recommended, reflecting the exclusion of the positions for the Higher Education Academies initiative.

Office of the Attorney General. The Governor recommended 249.1 full-time equivalent positions for FY 2023, 2.0 more than enacted, for the Mental Health Treatment Court initiative. The Assembly concurred.

Corrections. The Governor recommended 1,427.0 full-time equivalent positions for FY 2023, which is 3.0 more positions than authorized for an initiative to reduce off-site medical visits through the expansion of the Department's in-house medical capabilities. The Assembly concurred.

Judiciary. The Governor recommended 733.3 full-time equivalent positions for FY 2023, 7.0 full-time equivalent positions more than authorized to support a District Court Mental Health Treatment Court initiative. The Assembly concurred and provided six additional positions to expand the Court's child support enforcement activities, for a total of 739.3 full-time equivalent positions.

Military Staff. The Governor recommended 93.0 full-time equivalent positions for FY 2023, 1.0 more than enacted to represent a federally funded project manager position previously filled by a federal contractor. The Assembly concurred.

Emergency Management Agency. The Governor recommended 33.0 positions for FY 2023, consistent with the enacted authorization. The Assembly added two new emergency response positions for staffing of 35.0 full-time equivalent positions.

Public Safety. The Governor recommended FY 2022 revised staffing of 631.2 full-time equivalent positions, 8.6 more than authorized. This includes 2.6 positions to implement the body-worn camera program and 6.0 positions for the statutorily mandated Emergency Medical Dispatch system. The recommendation for FY 2023 is 4.0 more than the revised budget, including 1.0 new position for the State Police Forensic Services Unit and 3.0 detective state troopers for adult use marijuana, for staffing of 635.2 positions. The Assembly provided 628.6 full-time equivalent positions for FY 2022, excluding the positions for the body-worn camera program, reflecting a delay in implementation. For FY 2023, it provided 632.2 positions, excluding the 3.0 positions relating to the adult use marijuana provision of the Governor’s budget.

Public Defender. The Governor recommended the enacted level of 99.0 full-time equivalent positions for FY 2023. The Assembly added an attorney for total of 100.0 positions.

Environmental Management. The Governor recommended 410.0 full-time equivalent positions for FY 2023, 9.0 positions more than authorized. This includes 6.0 positions for the Bureau of Environmental Protection to enhance customer service, support businesses, and manage the increase in recent permitting activity, 1.0 position in the Director’s Office to work on climate change policy, and 2.0 for the Bureau of Natural Resources to support commercial and recreational fishing and hunting in Wildlife Management Areas. The Assembly concurred and also added authorization for 7.0 new unidentified positions to be funded from existing federal and other non-general revenue sources.

Coastal Resources Management Council. The Governor recommended 31.0 full-time equivalent positions for FY 2023, which is 1.0 more than authorized for a new coastal policy analyst position. The Assembly concurred and also added a new hearing officer position for a total of 32.0 positions.

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 authorizing internal service funds for centralized services including information technology, facilities management, and human resources. It also requires that the Department of Administration report on a quarterly basis, starting with October 15, 2017, the fund activities, including a 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. As shown in the following table, the reports are often submitted late.

Fiscal Year	1st 10/15	2nd 1/15	3rd 4/15	4th 7/15
2022	10/27			
2021	10/30	2/22	5/14	
2020	10/31	1/17	5/20	8/24
2019		2/19	5/21	9/13
2018	10/13	2/21		11/24

Previous personnel costs discussed exclude internal service funds expenses; however, the staffing levels do include them, which skews the actual cost per position.

FY 2023 Enacted Including ISF	General Revenues	Federal Funds	Restricted Receipts	Other Funds	Total
Salaries and Wages	\$ 713,188,760	\$ 201,819,161	\$ 55,349,275	\$ 415,972,462	\$ 1,386,329,658
Benefits	394,006,536	114,013,797	31,143,644	171,241,503	710,405,480
Total Salaries and Benefits	\$ 1,107,195,296	\$ 315,832,958	\$ 86,492,919	\$ 587,213,965	\$ 2,096,735,138
Contracted Services	96,573,773	245,000,540	85,903,145	57,795,713	485,273,171
Total Personnel	\$ 1,203,769,069	\$ 560,833,498	\$ 172,396,064	\$ 645,009,678	\$ 2,582,008,309

The associated staffing costs of \$66.2 million support 476.7 full-time equivalent positions statewide, including 429.5 positions in the Department of Administration. Section 11 of Article 1 of the enacted budget stipulates that no more than 421.5 of the authorized level would be for positions that support internal service fund programs. There are also 13.0 positions in the Department of Public Safety, 4.2 positions in the Secretary of State and 30.0 positions in the Department of Corrections.

The following table shows the budgets for the most recent internal service funds created; they have the largest staffing costs. The bottom part of the table shows resources that are budgeted in agencies to support them.

ISF Budgets	FY 2021 Reported	FY 2022 Enacted	FY 2022 Revised	FY 2022 Final	FY 2023 Recommended	FY 2023 Enacted
Human Resources	\$ 12,418,898	\$ 13,962,865	\$ 15,229,140	\$ 15,229,140	\$ 15,991,654	\$ 15,991,654
Facilities Management	40,959,434	43,562,371	45,371,486	45,371,486	47,011,910	47,011,910
Information Technology	38,604,926	48,951,700	48,780,353	48,780,353	50,789,409	50,789,409
Total	\$ 91,983,258	\$ 106,476,936	\$ 109,380,979	\$ 109,380,979	\$ 113,792,973	\$ 113,792,973
Agency Budgets						
Human Resources	\$ 11,475,005	\$ 13,550,919	\$ 13,275,288	\$ 13,104,289	\$ 14,551,373	\$ 14,725,373
Facilities Management	42,799,525	46,132,436	44,594,623	44,994,623	43,341,075	43,341,075
Information Technology	35,852,231	41,531,924	41,377,039	41,674,778	45,750,777	46,299,602
Total	\$ 90,126,761	\$ 101,215,279	\$ 99,246,950	\$ 99,773,690	\$ 103,643,225	\$ 104,366,050
Difference	\$ 1,856,497	\$ 5,261,657	\$ 10,134,029	\$ 9,607,289	\$ 10,149,748	\$ 9,426,923

The recommended budget for information technology services, facilities management and human resources support total \$113.8 million for FY 2023; however, the amount of resources assumed in agency budgets to support these operations total \$103.6 million, a difference of \$10.1 million. It is likely that charges to agencies will increase to support the level of services that are assumed. The Department of Administration indicated that the rates for FY 2022 have been revised, and are preliminary for FY 2023.

Through the first quarter of FY 2022, the aforementioned program expenses totaled \$21.7 million and it appears that agencies were billed \$25.7 million, \$3.9 million more than expenditures. These resources and prior surplus balances, primarily resulted in agency charges being unchanged in the FY 2022 revised budget.

The Assembly included \$99.8 million for FY 2022 and \$104.4 million for FY 2023 in agency budgets for information technology services, facilities management and human resources support.

Information Technology. The Division of Information Technology provides centralized information technology services to state agencies. 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. At the end of FY 2021, the fund had a balance of \$1.7 million.

The revised request includes expenditures of \$46.9 million for FY 2022, which is \$2.1 million less than enacted. This includes the removal of \$4.9 million for the federal grants management system, which will be funded with restricted receipt billings to agencies. The request also includes \$1.4 million more for information technology support and \$0.5 million more for computer supplies and various software maintenance agreements. The request includes \$27.0 million to support 179.0 full-time equivalent positions, \$0.4 million more than enacted and 1.0 fewer position than authorized. It restores \$0.2 million from the enacted turnover savings of \$0.9 million. The revised turnover savings is equivalent to seven vacancies; as of December 4, the Division had 17 vacancies. The revised request is \$8.7 million more than FY 2021 expenses. Through the first quarter of FY 2022, expenses total \$9.6 million, while the Department billed \$11.0 million for services.

The request includes \$48.7 million for FY 2023, which is \$0.3 million less than enacted. These expenses are \$1.8 million more than the revised request, all but \$0.3 million is software maintenance agreements and information technology support. Though the request is \$0.3 million less than enacted, the amount in agency budgets to support them is \$7.4 million less. It appears to include approximately \$4 million for various licensing fees for software purchased; it appears that Coronavirus Relief funds were used to purchase these software. The software maintenance costs are potential expenses to agencies if another source such as the Information Technology Investment Fund for these expenditures is not identified.

The Governor recommended \$50.8 million, \$1.8 million more than enacted and \$2.1 million more than requested. This includes \$2.7 million for salaries and benefits to primarily include the impact of the cost-of-living increases, and including \$0.7 million to fund four information technology project manager positions within the Department of Administration's existing staffing authorization. Operating expenses are \$0.6 million less, including \$0.5 million less for information technology support.

The Governor also recommended transferring \$50.0 million from one-time general revenues to the Information Technology Investment Fund for new information technology projects and allocated \$41.8 million for two projects. The administration indicated that the remaining \$8.2 million will be used to fund multiple information technology projects that were requested, subject to a review process. The Assembly transferred a total of \$75.0 million to the Information Technology Investment Fund. A portion of the additional \$25.0 million will be used to support projects for which the Governor had recommended State Fiscal Recovery funds in various agency budgets.

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. 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. At the end of FY 2020, the fund had an accumulated deficit of \$1.9 million. In FY 2021, a total of \$43.5 million for services were billed to agencies and expenditures were \$41.0 million, resulting in a surplus balance of \$2.5 million. This eliminated the prior deficit and ended FY 2021 with a surplus balance of \$0.6 million.

The FY 2022 revised request includes expenditures of \$44.7 million, which is \$1.2 million more than enacted. This includes \$450,000 to purchase a new generator for the State Office Building, which is occupied by the Department of Transportation; \$0.6 million is for additional maintenance expenses relating to Eleanor Slater Hospital. The Department indicated that these repairs are needed to remedy deficiencies identified by the Fire Marshal, for the accreditation, which occurred in September. The request adds \$0.2 million for operating expenses relating to the Central Power Plant at the Pastore Center. This contract with NORESO has two components; the direct labor paid, which is a fixed amount and consumables, which depends on repair costs.

The request includes staffing of \$12.8 million for salaries and benefits for 112.0 full-time equivalent positions. This is \$0.1 million less and 7.5 full-time equivalent positions more than enacted. The request adds \$0.7 million for 6.0 new positions; two each: senior planners, project managers, and implementation aides to improve administrative support to the division. Consistent with the enacted budget, the request does not assume any turnover savings; however, at the time of the budget submission, there were 21 vacancies and as of the pay period ending on December 4, there were 20 vacancies. The revised request is \$3.8 million more than FY 2021 expenses. Through the first quarter of FY 2022, \$11.4 million was billed for services and expenditures were \$8.8 million; resulting in excess receipts of \$2.6 million.

The request for FY 2023 includes \$47.7 million, which is \$4.1 million more than enacted and \$3.0 million more than the revised request. This includes an additional \$0.9 million for salaries and benefits to fund an additional 6.0 positions, including two wastewater treatment monitors at the Zambarano Campus and two new financial administrators. It includes \$2.2 million, or \$1.2 million more than enacted for snow removal at the Pastore Center; the Department indicated that this expense is overstated by \$0.6 million. The Department of Corrections has been responsible for plowing and clearing the walkway at the Center; however, beginning in FY 2023, the Division of Capital Asset Management and Maintenance will be responsible for snow removal at the complex. The request also includes \$1.5 million for security services, of which \$230,000 is to fund the division's Emergency Preparedness project, which it indicated will be used to improve safety and security of state facilities. Consistent with FY 2021 expenses, the request includes an additional \$270,000 for insurance, for total expenses of \$691,316.

The Governor recommended FY 2023 expenditures of \$47.0 million, which is \$3.4 million more than enacted and \$0.6 million less than requested, to correct for overstated snow removal costs. The recommendation includes \$1.0 million for salaries and benefits, for the impact of the cost-of-living increases and \$0.6 million to fund four of the requested 6.0 full-time equivalent positions. The Governor recommended \$1.2 million less for security services; the recommendation includes the requested \$270,000 for the preparedness plan. The Assembly concurred.

Human Resources. The division provides human resources services to nearly all state departments. Services include employee benefits, payroll, and labor relations. Agencies are billed based on a cost of per filled positions. At the end of FY 2021, the fund balance was \$1.8 million.

The FY 2022 revised request includes expenditures of \$14.4 million, or \$0.5 million more than enacted. This includes \$0.1 million more for salary and benefit expenses and \$0.4 million for the division's share of information technology charges. The enacted budget assumes staffing of 97.0 full-time equivalent positions, this includes a new position to support agencies and efficiencies at the Veterans' Home and transfers 6.0 positions for payroll processing from Accounts and Control for salary and benefit costs to the human resources internal service fund. It appears that the transfer was not made prior to the budget submission and the request assumes these positions in the Office of Accounts and Control. The revised request includes 91.0 full-time equivalent positions, 6.0 fewer positions than enacted. As a result, the request understates the number of positions for internal service fund programs. Section 11 of Article 1 of the FY 2022 enacted budget stipulated that no more than 421.5 of the authorized level would be for positions that support internal service fund programs.

Through the first quarter of FY 2022, \$3.2 million was billed for services and expenditures were \$3.3 million, or \$33,892 more.

The Governor recommended FY 2023 expenditures of \$16.0 million, \$2.0 million more than enacted and \$1.4 million more than requested. This includes \$0.8 million for salaries and benefits to account for statewide adjustments consistent with his recent labor agreements and assuming the pay increases also apply to non-union staff. It also includes \$0.6 million for the division's share of information technology services. It should be noted that the recommended budget added \$0.2 million from general revenues to

fund an information technology project manager to support the implementation of the Enterprise Resource Planning System. 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. At the end of FY 2021, the fund had a balance of \$2.4 million.

The Department projected FY 2022 revised expenditures of \$31.0 million, \$6.7 million less than enacted. The request omits the enacted amount of \$6.5 million for severance pay, in error. Through January 7, the Department incurred \$3.9 million for severance expenses. Salary and benefit expenses are \$0.2 million less, based on the Department's request to fill approximately seven positions, two less than authorized. However, as of the pay period ending on December 4, there were 8.0 positions filled.

The Department's FY 2023 request is essentially consistent with the FY 2022 revised request. The Governor recommended \$6.6 million and \$6.4 million more in FY 2022 and FY 2023, respectively primarily to restore expenses for severance pay that were omitted in the request. The Assembly concurred.

Central Mailroom. Central mail services provides for inter-agency mail delivery and processing of mail for most state agencies. Agencies are billed based on mail processed on their behalf. The FY 2022 revised request assumes expenditures of \$7.0 million and staffing of 10.0 full-time equivalent positions. This is \$304,311 and 1.0 position more than enacted. As of December 4, there were nine positions filled. This includes \$82,811 more for staffing, of which \$88,000 is for overtime expenses, based on FY 2021 spent. The revised request also includes an additional \$250,000 for postage and metering; these expenses are \$244,215 more than FY 2021 expenditures of \$5.0 million.

For FY 2023, the Department projected expenditures of \$7.3 million, which are \$523,045 more than enacted and \$218,734 more than the revised request, of which \$210,000 is for postage and metering.

The Governor recommended \$7.3 million for FY 2023, which is \$0.6 million more than enacted and \$44,081 more than requested, including \$99,400 for salaries and benefits to account for statewide adjustments consistent with the Governor's recent labor agreements and assuming the pay increases also apply to non-union staff. This is partially offset by \$55,319 for the division's share of internal service funds based on anticipated billing. 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 revised and the FY 2023 requests assume staffing of 7.0 full-time equivalent positions, one more than authorized reflecting actual filled positions. Consistent with the revised request, the Department projected expenditures of \$12.8 million, or \$0.1 million more than enacted; however, it is \$0.5 million more than FY 2021 expenditures. This includes \$0.2 million more for insurance and \$0.3 million more for fuel. Agencies are billed based on fuel used, maintenance services provided, insurance costs, and the number of vehicles owned.

The Governor recommended \$12.9 million for FY 2023, \$0.2 million more than enacted and \$55,974 more than requested to primarily reflect the impact of the cost-of-living adjustments. 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 revised request includes expenditures of \$3.8 million or \$0.7 million more than enacted to primarily restore unachieved savings from upgrading telephone lines. The enacted budget had assumed an implementation date in October 2021. The Department indicated that the project has experienced a delay; though some savings can be assumed, it does not want to provide an estimate noting that the estimate would likely be revised.

Consistent with the authorized level, the Department included staffing of 8.0 full-time equivalent positions in both years. As of December 4, there were 7.0 filled positions. The revised request includes \$1.0 million for salary and benefit expenses, \$22,036 less than enacted, reflecting turnover savings and updated medical benefits. The request is \$2,391 less than the revised request based on FY 2023 planning values.

The Governor recommended FY 2023 expenditures of \$3.5 million, which is \$0.4 million more than enacted and \$6,851 more than requested. This includes \$73,298 to account for statewide adjustments consistent with the Governor's recent labor agreements and assuming the pay increases also apply to non-union staff. This is partially offset by \$66,447 for the division's share of internal service funds based on anticipated billings. The Assembly concurred.

Medicaid

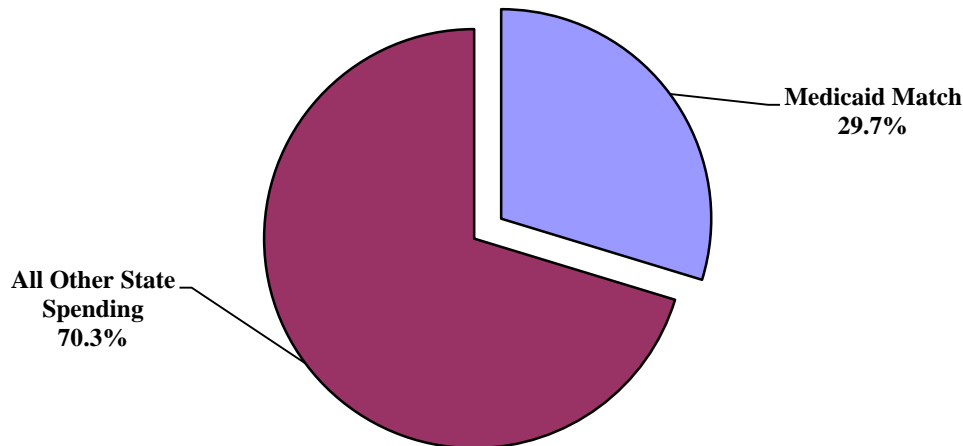
Medicaid is a health insurance program jointly funded by the federal government and the states to provide services to low-income children, pregnant women, parents of dependent children, elderly, and people with disabilities. The federal government's share of expenditures for most Medicaid services is called the federal medical assistance percentage (FMAP). The remainder is referred to as the nonfederal or state share. With passage of the Patient Protection and Affordable Care Act of 2010, states have the option of expanding coverage to include certain low-income adults with the federal government paying all program costs for the first three years and eventually paying 90 percent of the total cost.

Rhode Island provides medical assistance, residential care, community-based services and case management activities to individuals who meet the eligibility criteria established for the various assistance programs operated by the Executive Office of Health and Human Services and the four departments under its umbrella: the Departments of Human Services, Behavioral Healthcare, Developmental Disabilities and Hospitals, Children, Youth and Families, and Health. The following table shows Medicaid spending by department, including administrative costs and direct benefits, and by percent of the total Medicaid budget.

FY 2023 Enacted	General Revenues	All Funds	% of Medicaid
EOHHS	\$ 1,187,452,873	\$ 3,397,111,395	85.0%
BHDDH	260,112,118	498,612,048	12.5%
Children, Youth and Families	32,353,862	76,086,257	1.9%
Human Services	15,722,676	21,809,249	0.5%
Health	2,564,967	5,144,863	0.1%
Total	\$ 1,498,206,496	\$ 3,998,763,812	100%

Medicaid as a Percent of the State Budget. Programs supported by Medicaid are 31.1 percent of total spending in the FY 2023 recommended budget and 29.7 percent of spending from general revenues. The programs and recipients receiving Medicaid funded services are discussed separately in the pages that follow, including the state's mandated coverage for these populations, the number of individuals receiving services and the costs, as well as other optional services provided through the health and human service agencies.

**FY 2023 State Medicaid Match vs
All General Revenue Spending**

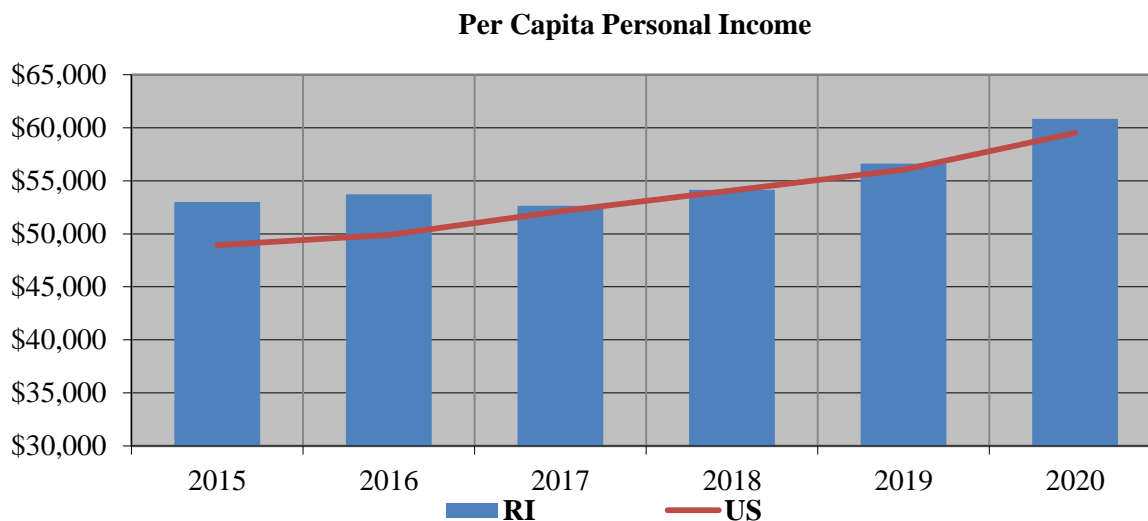


The 2012 Assembly concurred with the Governor's FY 2013 budget recommendation to shift Medicaid benefits to the Executive Office of Health and Human Services from the Department of Human Services. The 2014 Assembly transferred Medicaid funded behavioral health services from the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals to the Executive Office. The Executive Office's budget also includes medical benefit expenses for children and youth in the care of the Department of Children, Youth and Families.

It should be noted that for the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals, a significant portion of the costs at Eleanor Slater Hospital, which prior to FY 2020 were matched by Medicaid for the entire hospital population, are paid for using general revenues. The Department acknowledged that it had compliance and billing issues that needed to be addressed in order to claim Medicaid for its eligible hospital population. The Centers for Medicare and Medicaid Services notified the state that it cannot claim Medicaid for its forensic population. This results in lower expenses paid through Medicaid, increasing the percent of state spending in programs with Medicaid expenses.

The FY 2023 enacted budget separates the forensic population at the Benton facility to create a stand-alone psychiatric hospital codified in Article 11 of 2022-H 7123, Substitute A, as amended. The remaining medical and civil psychiatric patients are counted in the Eleanor Slater Hospital patient mix, providing a better opportunity to meet the requirements to claim Medicaid funds. The enacted budget assumes that the hospital is back in compliance for billings to resume in January 2023. The budget also includes additional Medicaid funds in FY 2022 and FY 2023 by claiming higher costs associated with the population than the state can claim Medicaid for, those age 19 to under 65, regardless of whether or not the state is out of compliance with the population mix.

Medicaid Rate. The federal medical assistance percentage (FMAP), also known as the federal Medicaid matching rate, is a calculation with significant impact on state health and human services spending. Each state has a Medicaid rate. The formula that determines an individual state's Medicaid rate is based on that state's three-year average per capita income relative to national per capita income and represents the portion of medical services delivered under the Medicaid program that the federal government will contribute. States with a higher per capita income level are reimbursed a smaller share of their costs.



By law, the standard Medicaid rate cannot be lower than 50 percent or higher than 83 percent. The federal contribution to any state's administrative costs for Medicaid services is set at 50 percent. The chart above shows the state's per capita income for the previous six calendar years compared to the national average. The FY 2023 rate is based on 2018 through 2020 data. The per capita income data is released by the federal

Bureau of Economic Analysis and is used by the federal government to calculate each state's Medicaid reimbursement rate.

The following table shows the Rhode Island Medicaid rates used from FY 2019 through FY 2023. Since the Medicaid rate is published for the federal fiscal year that starts on October 1, the state uses a blended rate for its fiscal year. For example, Rhode Island's FY 2023 rate is based on one quarter of the federal fiscal year 2022 rate and three quarters of the federal fiscal year 2023 rate, resulting in the different rate for budgetary purposes. The following table shows the regular federal fiscal year rate, the regular state fiscal year rate, and the enhanced rates, further discussed below, for FY 2020 through the first quarter of FY 2023.

Medicaid Rates	FFY		SFY	
	Regular	Enhanced	Regular	Enhanced
2023	53.96%	60.16%	54.19%	60.39%
2022	54.88%	61.08%	54.68%	60.88%
2021	54.09%	60.29%	53.81%	60.01%
2020	52.95%	59.15%	52.86%	59.06%
2019	52.57%	N/A	52.29%	N/A

Families First Coronavirus Response Act - Enhanced Medicaid Rate. On March 18, 2020, President Trump signed into law the Families First Coronavirus Response Act, which 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. In exchange, states may not terminate enrollment for those who no longer qualify for benefits. Rhode Island's Medicaid match rate was increased to 59.15 percent from 52.95 percent for FY 2020, which resulted in savings of \$71.3 million across the health and human service agencies. When the FY 2021 budget was enacted, the public health emergency was set to expire on January 20, 2021 and was then extended twice to July 20, 2021, covering all four quarters of FY 2021. The FY 2021 final budget included general revenue savings of \$135.9 million.

The FY 2022 enacted budget assumed the enhanced rate would be in effect for the first quarter but it was extended on July 20, 2021 and again on October 18, 2021. The November caseload estimate and Governor's FY 2022 revised budget include the enhanced rate for three quarters in the current year, reflecting the October extension. The public health emergency was further extended on January 16, 2022 and April 13, 2022 to July 15, 2022. The April extension allows the state to receive the enhanced rate for all of FY 2022 and the first quarter of FY 2023. Savings from the continued public health emergency are partially offset by the state having to maintain enrollment of individuals who may no longer be eligible.

The following table shows the state savings for FY 2020 through the FY 2023 enacted budget which totals \$414.1 million.

State Savings	
FY 2023 Enacted	\$ (46.4)
FY 2022 Final	(154.0)
FY 2021 Final	(135.9)
FY 2020 Final	(77.8)
Total	\$ (414.1)

\$ in millions

Medicaid - CHIP Enhanced Rate. The federal medical assistance percentage rate not only determines the state and federal share of Medicaid, the state's largest health and human services program, but also applies to adoption assistance, foster care, and child care. The Medicaid rate is the basis for calculating the enhanced federal medical assistance percentage rate, the federal matching rate for the Children's Health Insurance Program (CHIP). The enhanced Medicaid rate reduces the state share by 30 percent. For

example, if a state's Medicaid rate is 52 percent, its state share is 48 percent. That is lowered to 33.6 percent under the enhanced rate of 66.7 percent. As noted previously, a state's Medicaid rate may increase or decrease depending on the adjustment to a state's per capita income, as does the enhanced Medicaid rate.

The Affordable Care Act increased the already enhanced rate by another 23 percentage points until FFY 2020 when it was lowered 11.5 extra points to 78.57 percent. The regular enhanced rate returned in FFY 2021 at a rate of 67.28 percent and it is projected that the rate for FY 2023 will be 67.77 percent.

CHIP Rates	FFY	SFY
2023	67.77%	67.93%
2022	68.42%	68.28%
2021	67.28%	70.10%
2020	78.57%	81.38%
2019	89.80%	89.61%

The Patient Protection and Affordable Care Act of 2010. On March 23, 2010, President Obama signed the Patient Protection and Affordable Care Act of 2010, commonly referred to as the Affordable Care Act, which provided for national health care reform. That was immediately followed by him signing a package of amendments called the Health Care and Education Reconciliation Act of 2010.

The act required most citizens and legal residents to have health insurance by January 1, 2014, or pay a tax penalty, and expanded Medicaid coverage to individuals and families up to 138 percent of the federal poverty level; the threshold is 133 percent, but the act includes a 5 percent disregard, essentially making the Medicaid eligibility threshold 138 percent. The Tax Cuts and Jobs Act of 2017 repealed the individual mandate to purchase health insurance, but did not make any changes to the expansion program.

The Affordable Care Act also provides for premium credits and cost-sharing subsidies for individuals and families between 139 percent and 400 percent of poverty; this also remains unchanged in the Tax Cuts and Jobs Act. The act requires most employers to offer medical coverage, includes small business tax credits for employers with no more than 25 employees, and provides for a temporary reinsurance program for employers providing health insurance coverage to individuals over 55 years of age but who are not eligible for Medicare. This provision remains in current law.

The Affordable Care Act allows young adults to remain on a parent's or guardian's health plan until age 26; this provision became effective September 23, 2010. Regulations state that young adults are eligible for this coverage regardless of any of the following factors: financial dependency, residency with parent, student status, employment or marital status. The law does not require that a plan or issuer offer dependent coverage, but that if coverage is offered, it must be extended to young adults up to age 26. Rhode Island requires insurance plans that cover dependent children to cover unmarried dependent children until age 19, or until age 25 if a student. If the dependent child is mentally or physically impaired, the plan must continue coverage after the specified age. This provision remains in current law.

Medicaid Expansion. Title II of the act expands eligibility for Medicaid to lower income persons and assumes federal responsibility for much of the cost of this expansion. Beginning on January 1, 2014, all children, parents, and adults without dependent children who are not entitled to Medicare and who have family incomes up to 138 percent of poverty became eligible for Medicaid. The 2013 Assembly expanded coverage to this population.

States were required to maintain the same income eligibility levels through December 31, 2013 for all adults, and this requirement was extended through September 30, 2019, or FY 2020, for children currently on Medicaid. It was extended again until September 30, 2023 with the recent passage of the Healthy Kids Act that extended the Children's Health Insurance Program. For Rhode Island, this requirement applies to

Rite Care eligibility for parents who are at or below 175 percent of poverty and children who are at or below 250 percent. The 2013 Assembly lowered the parent's threshold to 133 percent of poverty and included funding to assist in the transition to coverage through the health benefits exchange. The eligibility threshold for the parent was increased to 138 percent to match the threshold for the expansion program, which is 133 percent of poverty after disregarding five percent of the annual income.

Similar to provisions in the American Recovery and Reinvestment Act of 2009, the Affordable Care Act prohibits states from lowering enrollment or making eligibility stricter. States can reduce provider rates, but must prove that the reduction will not make it harder for Medicaid patients to get needed care; states may eliminate optional benefits.

Between 2014 and 2016, the federal government paid 100 percent of the cost of covering newly-eligible individuals. On January 1, 2017, the Medicaid rate decreased to 95 percent. The rate was 94 percent for calendar year 2018; it dropped to 93 percent in 2019 and 90 percent on January 1, 2020 for all subsequent years, requiring a 10 percent state match.

Final FY 2017 expenses were \$453.9 million, including \$25.4 million from the state match. For FY 2018, those expenses were \$453.9 million, of which \$25.4 million was from general revenues, and FY 2019 totaled \$488.1 million, of which \$30.9 million was from general revenues for the expansion program. The FY 2020 expenses were \$479.6 million, with \$42.9 million of that paid from general revenues. FY 2021 expenses were \$633.1 million, with \$67.7 million from general revenues. The FY 2022 final and FY 2023 enacted budgets along with out-year estimates, including the state match, are shown in the following table. These account for the delay in any redeterminations while the state is receiving the enhanced Medicaid match authorized for the public health emergency. This was also the primary reason for the increase in program expenses when comparing FY 2021 to FY 2020.

Medicaid Expansion		
FY	General Revenues	All Funds
2022	\$ 78.8	\$ 745.0
2023	\$ 89.6	\$ 850.0
2024	\$ 91.5	\$ 871.4
2025	\$ 82.5	\$ 785.7
2026	\$ 84.2	\$ 801.9
2027	\$ 85.9	\$ 818.1

\$ in millions

HealthSource RI. In September 2011, Governor Chafee issued an executive order to establish the Rhode Island Health Benefits Exchange, renamed HealthSource RI, the marketplace for purchasing health insurance, known as the Exchange. The 2015 Assembly enacted Article 18 of 2015-H 5900, Substitute A, as amended, to establish the Health Benefits Exchange into general law as a division within the Department of Administration. It authorized HealthSource RI to operate a state-based exchange to meet the minimum requirements of the federal act. It also authorized an assessment be charged by the Department not to exceed revenues that would be raised through the federally facilitated marketplace upon those insurers offering products on the exchange. The assessment is anticipated to generate \$8.0 million for FY 2022.

The 2019 Assembly included Article 11 of 2019-H 5151, Substitute A, as amended, to address federal changes decreasing the assessment from 3.5 percent to 3.0 percent. The article decouples the state's premium assessment from the rate charged for federally facilitated marketplaces. It establishes a fee of 3.5 percent in statute, effective January 1, 2020. The FY 2023 recommended budget includes \$2.8 million from general revenues to be used in conjunction with these revenues for the operations of HealthSource RI.

HealthSource RI, in addition to offering in-person assistance from professional health benefits navigators, also offers online tools to assist Rhode Island residents and small businesses with shopping for and purchasing health insurance. All plans offered through HealthSource RI meet minimum coverage requirements set by the federal government, including essential health benefits such as preventive care and annual physicals, doctor sick visits, hospitalizations, maternity care, emergency room visits, and prescription coverage.

Tools offered through HealthSource RI can be used by those who do not have coverage either through an individual plan or an employer plan, are under-insured by their individual or employer plan, and are comparison shopping between their current plan and plans offered through the exchange. Small employers with fewer than 50 employees may also use HealthSource RI to offer coverage options to their employees.

The Legislature required religious employers that purchase plans on the exchange to offer their employees a full-choice option. The employers would not be responsible for any additional costs of a plan selected by an employee. It also required that if an employer elects the religious exemption variation, it must provide written notice to enrollees that the plan excludes coverage for abortion services.

HealthSource RI began accepting applications on October 1, 2013. Health plans offered through the marketplace are categorized into tiers based on the level of benefits and cost sharing requirements. Individuals in households with income below 400 percent of poverty who are not Medicaid eligible will receive federal subsidies to reduce the cost of commercial health plans purchased through the Exchange.

The 2013 Assembly lowered the state's threshold criteria for RItE Care parents to 133 percent of poverty and created a premium assistance program to aid in the transition to coverage through the Exchange with the state paying 50 percent of the cost of commercial coverage, after subtracting what the parents are currently paying for RItE Care coverage and any federal tax credits or subsidies that are available.

Reinsurance Program. The 2019 Assembly concurred with Governor Raimondo's proposal to establish a reinsurance program, which was envisioned to provide stability in the individual insurance market, legislation is contained in Article 11 of 2019-H 5151, Substitute A, as amended. It imposed a shared responsibility payment penalty for individuals who do not have health insurance coverage, with certain exemptions, and became effective on January 1, 2020. For federal tax year 2017, the penalty per household was \$695 per adult and \$347.50 per child under 18, or 2.5 percent of the household's income; however, the penalty was capped at the national average premium for bronze level plans. It mirrors the federal penalty, with the exception of capping the penalty at the statewide average premium for bronze level plans offered on the state's health benefits exchange. This currently equates to \$2,388. The collections from tax year 2021 were \$6.7 million.

The penalty is collected by the tax administrator and deposited into a restricted account titled the Health Insurance Market Integrity Fund. The funds are used to provide reinsurance or payments to health insurance carriers as a means of ensuring that premiums do not increase drastically, and 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. The legislation prohibits the use of general revenues for reinsurance payments.

The FY 2023 enacted budget includes \$18.6 million from all sources, including \$12.4 million from federal funds and \$6.2 million in revenue from the Shared Responsibility Payment penalty for individuals who do not have health insurance coverage, with certain exemptions. This includes \$18.0 million to make reinsurance payments to health insurance carriers and \$0.6 million is for program administration.

Health System Transformation Program. The 2015 Assembly enacted Section 10 of Article 5 of 2015-H 5900, Substitute A, as amended, for the hospital and nursing facility incentive programs and authorized

the Secretary of Health and Human Services to seek the federal authority required to implement a hospital and nursing home incentive program. The program provided participating hospitals and nursing facilities the ability to obtain certain payments for achieving performance goals established by the Secretary.

The 2016 Assembly included Section 9 of Article 7 of 2016-H 7545, Substitute A, as amended, to seek federal authority to fund the Rhode Island Health System Transformation Program and the Designated State Health Programs to seek a Medicaid match through a health workforce development partnership with the University of Rhode Island, Rhode Island College and the Community College of Rhode Island.

The state received approval on October 20, 2016 for a five-year grant totaling \$129.7 million for the Health System Transformation Project. The state, along with accompanying changes to its managed care contracts, will develop shared savings agreements between the managed care health plans and the certified affordable entities. The shared savings incentive programs are the Hospital and Nursing Home Incentive Program and the Accountable Entity Incentive Arrangement. The Executive Office spent \$7.0 million in FY 2017 in the Medical Assistance program for incentive payments to nursing facilities.

The second phase expanded opportunities through the Accountable Entities Incentive Arrangement and the FY 2018 final budget included \$9.3 million for administrative expenses. The Executive Office entered into the following financial arrangements: \$2.0 million for its investment in the Healthcare Workforce Transformation initiative in coordination with the three state institutions of higher education, \$1.3 million for contracted evaluation and other oversight services through Conduent, and \$0.8 million for contracted staffing for project management, financial operations, analysis, evaluation and federal compliance.

The Assembly concurred with the Governor's proposal to establish a restricted receipt account in the general fund so that healthcare workforce development activities at the state's public institutions of higher education can receive the federal match that is available to the state's Medicaid program through its Executive Office of Health and Human Services' Designated State Health program. Aggregate expenditures from FY 2017 through the FY 2023 enacted budget total \$217.9 million on programs and administrative expenses.

Unified Health Infrastructure Project. The state received approval from the Centers for Medicare and Medicaid Services in April 2015 to implement a nine-year, \$230.8 million project, including \$162.6 million from federal funds including Medicaid, matched by \$50.6 million from general revenues. The project is a joint venture among the Executive Office of Health and Human Services, Department of Human Services, and HealthSource RI. That initial plan was subsequently increased to \$363.7 million, including \$79.0 million for the state match, and would be a fully integrated system, RI Bridges, instead of two separate systems for its human services eligibility, application, and worker accessibility activities in the affected agencies as originally planned. This was in July 2015 and the system was to be operational one year later. In September 2016, the old system was shut down; the new system became operational.

There had been continuing concerns from the United States Department of Agriculture's Food and Nutrition Service about the system's functionality. To receive federal approval for matching funds, the state was required to submit its project plan quarterly but is now allowed to submit the reports annually.

The state has been approved for a project plan that totals \$792.6 million from all sources, including \$202.6 million from general revenues, through federal fiscal year 2023. This includes \$346.7 million from federal funds and \$66.2 million from general revenues for design, development and implementation that totals \$412.9 million and \$243.4 million from federal funds, and \$136.3 million from general revenues for maintenance and operations that totals \$379.7 million.

The state entered into a new three-year contract with Deloitte on June 28, 2021, effective through June 30, 2024, that will cost a total of \$99.4 million, including \$41.2 million from general revenues. The Assembly

concurred with the Governor's requested amendment to add \$20.9 million, including \$9.8 million from general revenues in the budgets for the Executive Office, Department of Human Services and HealthSource RI for expenses related to the upcoming process to redetermine Medicaid eligibility for over 300,000 beneficiaries once the public health emergency ends. As noted, this process has been suspended since the pandemic began. The following table shows spending from FY 2016 through the FY 2023 enacted budget.

Unified Health Infrastructure Project/Contact Center	General Revenues	Federal Funds	Deloitte Settlement Funds	Other Restricted/IT Fund & HealthSource RI	Total
FY 2016 through FY 2021	\$ 65,048,311	\$ 308,717,137	\$ 49,262,860	\$ 10,408,287	\$ 437,721,068
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 2022 Final					
EOHHS	\$ 10,772,557	\$ 39,996,604	\$ 216,431	\$ -	\$ 50,985,592
DHS	10,972,175	12,629,344	-	1,011,341	24,612,860
HealthSource RI/Contact Center	552,520	-	-	5,019,394	5,571,914
Total	\$ 22,297,252	\$ 52,625,948	\$ 216,431	\$ 6,030,735	\$ 81,170,366
FY 2023 Gov. Rec.					
EOHHS	\$ 11,809,651	\$ 38,100,291	\$ -	\$ -	\$ 49,909,942
DHS	10,726,042	12,817,437	-	-	23,543,479
HealthSource RI/Contact Center	364,100	-	-	5,105,234	5,469,334
Total	\$ 22,899,793	\$ 50,917,728	\$ -	\$ 5,105,234	\$ 78,922,755
FY 2023 Enacted					
EOHHS	\$ 13,918,551	\$ 43,948,498	\$ -	\$ -	\$ 57,867,049
DHS	14,412,005	15,903,542	-	-	30,315,547
HealthSource RI/Contact Center	1,621,654	-	-	5,105,234	6,726,888
Total	\$ 29,952,210	\$ 59,852,040	\$ -	\$ 5,105,234	\$ 94,909,484
FY 2016 through FY 2023 Enacted	\$ 117,297,773	\$ 421,195,125	\$ 49,479,291	\$ 21,544,256	\$ 613,800,918

Rhode Island Consumer Choice Global Compact Waiver. The Rhode Island Consumer Choice Global Compact Waiver, or Medicaid Global Waiver, was approved by the Centers for Medicare and Medicaid Services on January 16, 2009. The Global Waiver establishes a new federal-state agreement that provides Rhode Island with the flexibility to provide services in the least restrictive, most cost effective way to meet the needs of its citizens. It was in effect until December 31, 2013, at which time the state applied for and received an extension until December 31, 2018, renaming it the 1115 Research and Demonstration Waiver. The state received approval to extend the waiver until December 31, 2023. The FY 2023 enacted budget includes \$500,000, including \$250,000 from general revenues, for the Executive Office to work with a consultant to prepare the waiver renewal.

Programs under the waiver include RItE Care, Rhody Health Partners, Rhody Health Options, home and community based services to elderly residents, residential and community support programs to adults with behavioral health and developmental disabilities, and breast and cervical cancer treatments. It also allows the state to leverage Medicaid for services that were previously state only in the Departments of Human Services, Behavioral Healthcare, Developmental Disabilities and Hospitals, and Children, Youth and Families.

Waiver Proposals Approved and Part of the FY 2022 Enacted Budget	
<i>Program</i>	<i>Explanation</i>
Covering Family Home Visiting Program	<ul style="list-style-type: none"> • Able to receive federal matching funds for evidence-based home visiting services for Medicaid eligible pregnant women and children up to age four who are at-risk for adverse health, behavioral, and educational outcomes • Aimed at improving maternal and child health outcomes, encouraging positive parenting, and promoting child development and school readiness

The Medicaid resolution language included in Article 13 of 2018-H 7200, Substitute A, as amended, granted legislative approval to seek extension of the waiver. The previous table lists the new benefits that were included in the extension, approved by the Centers of Medicare and Medicaid Services, and included in the FY 2022 enacted budget.

The two programs under the Family Home Visiting program are Family First Connections to expand resources and services such as preventive health and prenatal care. The second program is Parents as Teachers improves outcomes for families who reside in at-risk communities.

The next table shows proposals that have been approved in the waiver that impact youth and families, but funding is not included in the FY 2022 or FY 2023 budgets.

Waiver Proposals Approved and Not Funded as Part of the Budget	
<i>Programs for Youth and Families</i>	<i>Explanation</i>
Facilitating Medicaid Eligibility for Children with Special Needs	<ul style="list-style-type: none"> • Eligibility category established for children who meet the SSI disability criteria, but whose household income and assets exceed the SSI resource limits, and who need care in a psychiatric residential treatment facility • Allows children who meet the SSI disability criteria and require care in a residential treatment facility to become Medicaid eligible and receive residential care without parents needing to voluntarily relinquish custody to the Department of Children, Youth and Families
Enhancing Peer Support Services for Parents & Youth	<ul style="list-style-type: none"> • Able to receive federal matching funds for peer mentoring services to children, youth, and young adults and their families, who have complex behavioral health needs and are at risk of removal from their home due to child welfare or juvenile justice involvement, or who may need extended residential psychiatric treatment

The next table shows proposals affecting adults that have been approved but are not included in any budgets.

Waiver Proposals Approved and Not Funded as Part of the Budget	
<i>Programs for Adults</i>	<i>Explanation</i>
Supporting Home and Community Based Therapeutic Services for the Adult Population	<ul style="list-style-type: none"> • Expansion of current in-home/community-based skill building and therapeutic/clinical services offered to children and adults • Services may include but are not limited to: home-based specialized treatment; home-based treatment support; individual specific orientation; transitional service; lead therapy; life skills building; specialized treatment consultation by a behavioral health clinician; and treatment coordination
Access to Care for Homebound Individuals	<ul style="list-style-type: none"> • Cover home-based primary care services only for Medicaid eligible individuals who are homebound, have functional limitations that make it difficult to access primary care, or for whom routine office based primary care is not effective because of complex medical, social, and/or behavioral health conditions
Waive the Institutions of Mental Disease (IMD) Exclusion	<ul style="list-style-type: none"> • Waiver of the IMD exclusion to allow Medicaid coverage for residential treatment services in a facility with 16 or more beds for individuals who have substance use disorders • CMS has approved a waiver of the IMD exclusion for substance abuse disorders only, not mental health

One aspect that did change was the process that the state has to adhere to in order to amend the waiver. Previously, the process was dictated by the nature of the change and identified as either a Category I, II or III change. The following table shows each separate category, gives brief explanations and examples, and identifies whether or not Assembly approval is required.

Category	Assembly Approval	Global Waiver Change	Examples Waiver Changes
I	No	Any administrative change that does not affect eligibility, benefits, healthcare delivery, payment methods or cost sharing	General operating procedures, instruments to determine level of care and prior authorization procedures
II	Yes	State plan amendment change that does not change the special terms and conditions of the global waiver or expenditure authority	Benefit packages, payment methods, and cost sharing levels that do not affect eligibility
III	Yes	Requires modifying the current waiver or expenditure authority	All eligibility changes, changes to spend down levels, aggregate changes to cost sharing that exceed current limit

As part of the waiver extension, the Centers for Medicare and Medicaid Services notified the state that the process to approve requested waiver changes would be streamlined and the separate categories eliminated. There is now one process to make formal amendment changes that were previously considered Category III. The Assembly included Section 9 of Article 13 of 2019-H 5151, Substitute A, as amended, to retain the requirement for Assembly approval for previous Category II and III changes which will now be identified as formal amendments and state plan changes, respectively.

Medicaid Expenses - State/National Comparison. The Medicaid report has compared national and state 2019 Medicaid spending using the Medicaid and Children’s Health Insurance Program Payment and Access Commission (MACPAC) MACStats Data Book (December 2021). The updated MACStats Data Book (December 2016 and 2017) includes national and state 2019 spending.

Medicaid Expenses/Cost Per Enrollee				
	All Enrollees		Full Benefit Enrollees	
Population	US	RI	US	RI
Children	\$ 3,336	\$ 3,425	\$ 3,344	\$ 3,425
Adults	4,044	6,378	4,696	6,426
Expansion	6,451	7,004	6,546	6,988
Blind/Disabled	21,368	19,808	23,951	21,017
Aged	17,885	15,436	23,205	17,951
Average	\$ 8,141	\$ 8,591	\$ 8,690	\$ 8,743

Source: MACStats: Medicaid and CHIP Data Book December 2021; Medicaid Benefit Spending for FY 2019

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.

The poverty guidelines are based on the calculations made for the poverty threshold used by the United States Census Bureau mainly for statistical purposes; for instance, preparing the estimates of the number of Americans in poverty for each year’s report.

They are issued each year, generally in the winter, in the Federal Register by the United States Department of Health and Human Services. The guidelines are thresholds used to determine financial eligibility for

certain federal programs. They are adjusted for families of different sizes.

Both the thresholds and the guidelines are updated annually for price changes using the Consumer Price Index for All Urban Consumers (CPI-U). The poverty guidelines are sometimes loosely referred to as the “federal poverty level” or “poverty line.” The 2022 guidelines are shown in the following table.

Percent of Federal Poverty Level based on Annual Income									
Family Size	100%	125%	133%	138%	150%	180%	185%	225%	250%
1	\$ 13,590	\$ 16,988	\$ 18,075	\$ 18,754	\$ 20,385	\$ 24,462	\$ 25,142	\$ 30,578	\$ 33,975
2	18,310	22,888	24,352	25,268	27,465	32,958	33,874	41,198	45,775
3	23,030	28,788	30,630	31,781	34,545	41,454	42,606	51,818	57,575
4	27,750	34,688	36,908	38,295	41,625	49,950	51,338	62,438	69,375
5	32,470	40,588	43,185	44,809	48,705	58,446	60,070	73,058	81,175
6	37,190	46,488	49,463	51,322	55,785	66,942	68,802	83,678	92,975
7	41,910	52,388	55,740	57,836	62,865	75,438	77,534	94,298	104,775
8	46,630	58,288	62,018	64,349	69,945	83,934	86,266	104,918	116,575

For families with more than 8 members, add \$4,720 for each additional member for the 100 percent calculation.

Medicaid Recipients

Citizenship Requirements. To be eligible to receive Medicaid funded services, an individual must generally either be a citizen or legal resident for at least five years. Individuals must also be a resident of the state in which they are applying for benefits.

Coverage for Children Regardless of Immigration Status. The FY 2023 enacted budget extends medical benefits coverage to children whose family income is at or below 250 percent of poverty regardless of immigration status. The state provides medical assistance benefits to children whose family income meet that income threshold and are citizens by birth or have been naturalized for at least five years, consistent with the requirement for federal matching funds. This coverage provides benefits funded solely from state sources to children who are either: not citizens or citizens for less than five years and assumes a start date of October 1, 2022. The legislative change is included in Section 6 of Article 12 of 2022-H 7123, Substitute A, as amended. The FY 2023 budget includes \$1.3 million for direct services and \$0.7 million for system changes.

Pregnant and Post-Partum Women. Medical services are provided to pregnant women whose annual income is at or below 250 percent of the poverty level. States are federally required to provide services to women at or below 133 percent of poverty. Women who are not otherwise eligible for Medicaid lose coverage after 60 days post-partum. Under current law, the state offers a limited Medicaid benefit to post-partum women up to 250 percent of poverty for up to 24 months. Women who do not have qualified immigration status for Medicaid, but whose birth was paid for by Medicaid because the child is covered, can receive state-only extended family planning benefits for 12 months.

The American Rescue Plan Act created a new state Medicaid option to extend full Medicaid coverage for to post-partum women for 12 months. Governor McKee recommended and the Assembly concurred with extending full coverage and included \$3.2 million, of which \$1.4 million is from general revenues, to provide full coverage to approximately 1,000 women.

Governor McKee also recommended and the Assembly concurred with expanding full coverage to the population not eligible for Medicaid because of immigration status and included \$2.0 million entirely from general revenues, assuming about 500 participants. Both changes are included in Section 6 of Article 12 of 2022-H 7123, Substitute A, as amended.

Children and Parents. Medical services are provided to children whose family income is at or below 250 percent of poverty and parents if the income is at or below 133 percent of poverty through the RItE Care and RItE Share programs. Medical services are also provided to children who are placed in foster care or an adoptive placement through the Department of Children, Youth and Families.

Children with Special Health Care Needs. Medical services are provided to children with special health care needs, including children in the Department of Children, Youth and Families' care who are in foster care and adoptive placement.

The following table shows the populations to which a state must provide medical benefits and the eligibility criteria established in Rhode Island. Each is discussed separately in the pages that follow.

Populations	
Mandatory	Optional
Low income Medicare beneficiaries up to 135% of poverty	Low income elderly or adults with disabilities and individuals eligible for home and community care waiver services
Children up to age 1 at or below 185% of poverty; Parents and children age 1 to 19 at or below 133% of poverty	Children to 250% of poverty
Supplemental Security Income or Social Security Disability Insurance recipients	Non-disabled adults, without dependent children, ages 19 through 64 with income at or below 138% of poverty
	Individuals who are medically needy
	Women eligible for breast and cervical cancer treatment services
Children in adoption assistance or who live in foster care under a Title IV-E program	Children under 18 who would otherwise need institutional care

Low Income Elderly. Individuals age 65 and older are eligible for medical benefits based on income and resources. They are eligible for community and/or long term care services if they meet income guidelines and the level of care requirements for the state's programs.

Medicaid Eligible Disabled Non-Elderly Adults. The state provides medical and cash assistance benefits to an adult, under the age of 65, if that individual meets the Social Security Administration definition of disabled. A person is considered disabled if they have a physical or mental disability, expected to last longer than six months and result in their death.

There are two programs that provide a monthly cash assistance benefit to a disabled individual: Social Security Disability Insurance (SSDI) and/or Supplemental Security Income (SSI).

If an individual is determined to be disabled and has a work history of 40 quarters, he or she may first be eligible for Social Security Disability Insurance, which is not considered a public assistance program. This is a federal program where the individual receives a monthly payment.

The second program available to a disabled individual is the Supplemental Security Income program. This is a federal public assistance program for individuals with limited income and resources. Individuals may be eligible for both the Social Security Disability Insurance program and the Supplemental Security Income program if they meet the income eligibility requirements. States can provide a state payment in addition to the federal payment. Rhode Island began to make this supplemental payment in 1987.

Non-Disabled Adults without Dependent Children. The 2013 Assembly expanded Medicaid coverage to non-disabled adults without dependent children between the ages of 19 and 64 at or below 138 percent of federal poverty, consistent with the changes under the Affordable Care Act.

Breast and Cervical Cancer Treatment. The state provides breast and cervical cancer treatment services through the Medicaid global waiver. A woman must first be screened through the Department of Health's women's cancer screening program before she can receive Medicaid covered treatment services and be at or below 250 percent of poverty.

Medicaid - Benefits

States must provide mandatory benefits to certain populations. States can also choose to cover additional populations and provide additional benefits beyond what is mandated by the federal government. If a state chooses to extend coverage to additional populations, it must provide the same mandatory services it gives to its mandatory populations.

The most recently produced Executive Office of Health and Human Services' Rhode Island Annual Medicaid Expenditure Report includes Medicaid spending by population and cost per person for FY 2020 as shown in the following table.

Populations	Persons	% of Population	Costs*	% of Cost	Annual Cost/Person
Children/Parents	155,323	52.1%	\$ 593.1	22.0%	\$ 3,816
Expansion	76,990	25.8%	\$ 497.8	18.4%	\$ 6,468
Elderly	22,624	7.6%	\$ 625.2	23.2%	\$ 27,636
Disabled - Children	12,158	4.1%	\$ 217.6	8.1%	\$ 17,904
Disabled - Adults	31,210	10.5%	\$ 765.3	28.4%	\$ 24,516
Total	298,305	100%	\$ 2,699.0	100%	

**in millions*

The 2019 Assembly passed legislation that requires the Executive Office of Health and Human Services to include this information, as well as administrative expenses. The 2020 annual report includes Medicaid expenditures that total \$3,072.0 million from federal and state funds on both direct benefits and administrative expenses. Of this, medical benefits total \$2,699.0 million, or 88 percent of the expenses are for benefits for covered services for full enrollees. There is another \$185.0 million, or 6.0 percent of expenses, for partial enrollees, uncompensated care payments made to hospitals, payments to local education agencies, Medicare premium payments the state makes on behalf of eligible individuals, and costs not otherwise matchable expenses. The report also includes \$188.0 million, or 6.1 percent of program costs, on administrative expenses. Of the total spent on Medicaid benefits, \$1,523.0 million, or 56.4 percent, was spent on mandatory services for mandatory populations.

FY 2020 Medicaid Annual Report		All Funds	% of Total
Mandatory Populations	Mandatory Services	\$ 1,003	37.2%
	Optional Services	520	19.3%
	Subtotal - Mandatory Populations	\$ 1,523	56.4%
Optional Populations	Mandatory Services	\$ 797	29.5%
	Optional Services	379	14.0%
	Subtotal - Optional Populations	\$ 1,176	43.6%
Total Expenses		\$ 2,699	100%

\$ in millions

The requirements to submit the annual report are contained in Rhode Island General Law, Chapter 42-7.2 (5) and, starting in 2020, the report must include: expenditures, including administrative expenses, outcomes and utilization rates by population and sub-population served (e.g. families with children, persons with disabilities, children in foster care, children receiving adoption assistance, adults ages 19 to 64, and elders); expenditures, outcomes and utilization rates by each state department or other municipal or public entity receiving federal reimbursement under Medicaid; and expenditures, outcomes and utilization rates by type of service and/or service provider.

The report is also required to include expenditures by mandatory populations receiving mandatory services and, reported separately, optional services, as well as optional populations receiving mandatory services and, reported separately, optional services for each state agency receiving Medicaid funds. The Assembly concurred with the Governor's recommendation to move the month the report is due to September. The legislation to do so was in Section 8 of Article 12 of 2021-H 6122, Substitute A, as amended. The following table shows both the mandatory and optional benefits provided through the state's Medicaid program for acute care services. Acute care services are direct medical benefits provided to eligible individuals including doctor visits, hospital services, rehabilitation, and prescription coverage.

Acute Care Benefits	
Mandatory	Optional
Physician services	Prescriptions
Lab and X-ray	Rehabilitation and other therapies
In/outpatient hospital services	Clinical services
Early, Periodic, Screening Diagnostic and Treatment (EPSDT) Services	Dental, dentures, prosthetic devices and eyeglasses
Family planning services and supplies	Case management
Federally qualified health centers and rural health clinic services	Durable medical equipment
Nurse midwife as state law permits	Tuberculosis related services
Certified pediatric and family nurse practitioner services	Medical remedial care provided by other licensed professionals

In addition, the next table includes both the mandatory and optional benefits provided through the state's Medicaid program for long term care and home and community care services.

Long Term Care Benefits	
Mandatory	Optional
Institutional	
Nursing facility services for those 21 or older needing that level of care	Intermediate Care Facility for the Developmentally Disabled (ICF/DD)
	Individuals 65 or older in an institute of mental disease
	Inpatient psychiatric hospital service for those under 21
Home and Community Care Services	
Home health care services for those entitled to nursing home care	Home and community based care/other home health care
	Targeted case management
	Hospice/personal care
	Respiratory care services for ventilator dependent individuals
	PACE Program

Medicaid Programs

The state provides medical benefits, residential, and home and community-based services to qualified individuals. These programs are described in the sections that follow.

Medical Benefits

RIte Care/RIte Share. The state provides medical benefits to children and their parents who meet the eligibility criteria for the RIte Care program. The federal government mandates that states provide Medicaid benefits to children up to age 19 whose family income is at or below 133 percent of poverty, children in foster care and adoptive assistance, and parents whose income is at or below 50 percent of the poverty level.

The federal government allows states to provide medical benefits to individuals beyond the populations it mandates and that coverage is provided through Medicaid waivers. Rhode Island chooses to provide benefits to children whose family income is at or below 250 percent of poverty (for example, a family of four with an income that does not exceed \$66,250) and to parents if the family income is at or below 133 percent of poverty (for that same family of four, an income that is not above \$35,245). If a family's income is at or below 200 percent of poverty, the child (or children) would receive RIte Care benefits, but the parent (or parents) would not because the annual income is too high. The Centers for Medicare and Medicaid Services issued a ruling that requires states to use the new methodology mandated under the Affordable Care Act for verifying income that uses a family's modified adjusted gross income (MAGI) instead of family income with certain disregards.

Under the methodology conversion, states have a higher income threshold for certain populations because the disregards are adjusted using the new calculation with the intent to not make any person ineligible for benefits because of the conversion. For Rhode Island, this conversion changes the income threshold for children, increasing it from 250 percent with the disregards to 261 percent. For Rhode Island, the income threshold for parents was raised to the mandatory level of 138 percent, which is not impacted by the MAGI conversion.

RIte Share participants are eligible for RIte Care but have access to employer sponsored insurance for which the state pays monthly cost sharing requirements and deductibles. The 2019 Assembly added Section 7 of Article 13 of 2019-H 5151, Substitute A, as amended, to require a plan be submitted by October 1, by the Executive Office of Health and Human Services to identify Medicaid eligible individuals who have access to employer sponsored health insurance included in the medical assistance report after that. The objective was to increase enrollment in the lower cost benefit that enrolls Medicaid beneficiaries in employer sponsored insurance to levels that existed prior to the launch of the Unified Health Infrastructure Project which totaled approximately 8,400. The November 2020 and May 2021 caseload testimonies reported enrollment of less than 2,000, roughly half the prior year level. The 2021 Assembly enacted a new reporting requirement for the Executive Office of Health and Human Services to report employer sponsored insurance plans that meet the cost effectiveness criteria for RIte Share, discussed in the next section.

RIte Share Outreach and Reporting. As noted, prior to the September 2016 launch of the Unified Health Infrastructure Project (UHIP), there were 8,400 individuals covered through RIte Share compared to the 2,000 reported in November 2020. In response to a proposal from Governor Raimondo that would have implemented a new fee for large employers whose workers were on Medicaid, public testimony at the House Finance Committee hearing revealed that there were many instances where the employer was not aware that an employee was on RIte Care.

The Assembly adopted Section 7 of Article 13 of 2019-H 5151, Substitute A, as amended, for the Executive Office to submit a plan by October 1, 2019 to revisit the existing RIte Share program to maximize

enrollment and identify who has access to other health insurance. After that, the Executive Office is required to submit the following information in its 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.

It should be noted that under current law, RItE Share enrollment is a condition of eligibility for anyone over age 19, except in limited circumstances. If the state has approved an employer sponsored plan, the family is required to participate in RItE Share. If a family does not sign up for the employer sponsored health insurance, the adults will have their Medicaid eligibility terminated and any children will remain on RItE Care with the full Medicaid benefit.

Governor Raimondo's FY 2021 recommended budget proposed a significant change to the way the RItE Share program currently operates by having employers with at least 50 workers, excluding non-profits, 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 insurance. Any employer who does not comply in a timely manner would be assessed a \$2,500 penalty by the Division of Taxation; one who does not comply at all or an employer who provides false information would be assessed a \$5,000 penalty. The current public health emergency has affected employment and, with it, access to employer sponsored insurance. The Executive Office also noted during the November 2020 caseload conference that the delay in enacting the FY 2021 budget and the current pandemic would delay implementation and any savings from this proposal to FY 2022. The Assembly did not adopt this proposal.

Governor McKee recommended the same proposal for his FY 2022 budget and assumed savings of \$2.7 million, including \$0.7 million from general revenues, representing six months. The Assembly did not concur with these changes but did include Section 5 of Article 12 of H-6122, Substitute A, as amended, to require the Executive Office 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 must include any employers with 300 or more employees meeting the requirement. By January 1, 2022, the report shall include employers with 100 or more employees. The January report was to be submitted 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. That report was submitted mid-January and noted that as of December 31, 2021, of the 379 employers who had an average of 100-299 employees in calendar year 2020, 139 participated in RItE Share. Of the 118 employers who had an average of 300 or more employees in calendar year 2020, 47 are participating. The report does not contain required information on which specific employer sponsored health plans meet the cost effectiveness criteria; it only contains aggregated information.

RItE Share Cost Sharing Requirement. RItE Share recipients with annual incomes above 150 percent of the federal poverty level pay a monthly cost sharing requirement that is no more than five percent of their annual income. The following chart shows the three separate payments based on a family's annual income, approximately three percent.

RItE Share Co-Pays	
Poverty Level	Current Payments
150% up to 185%	\$61
185% up to 200%	\$77
200% up to 250%	\$92

The 2013 Assembly eliminated the monthly cost sharing requirement for families whose children receive coverage through RItE Care so that a family receiving coverage through the Exchange will not have two monthly premiums: one for the child(ren) in RItE Care and the monthly cost for commercial health coverage.

Foster Care. The state provides RIte Care benefits to a child in a foster care placement. The state does not provide benefits to the biological parent or the foster parent. The child is also covered by Medicaid if determined to be eligible for disability through the Supplemental Security Income program.

Adoptive Assistance. The state provides RIte Care benefits to a child in adoptive assistance who is also covered by Medicaid if determined to be eligible for disability through the Supplemental Security Income program.

Children with Special Health Care Needs - Katie Beckett Option. The state chooses to provide home care and other services to children under the age of 18 who would require an institutional level of care. The income eligibility is based on the child's income and not the family's income. States can also choose to provide this service as a waiver, which would include a limited number of placements, or as an option under the Medicaid state plan, which is not limited. Rhode Island provides the services under the state plan option allowing for an unlimited number of program participants. The Assembly included Section 10 of Article 12 of 2022-H 7123 Substitute A, as amended, for the Executive Office to seek federal approval to provide palliative care to those who have aged out of the program.

Early Intervention. The state provides services to children from birth to age three who have presented with a disability through the early intervention program. The services include physical, speech, and occupational therapies.

Rhody Health Partners. For adults who are disabled but not receiving Medicare, the state provides medical benefits through Rhody Health Partners. This is a managed care system with plans through either Neighborhood Health Plan of Rhode Island, UnitedHealthcare, or Tufts.

Rhody Health Options. For adults who are eligible for both Medicare and Medicaid, the state contracts with Neighborhood Health Plan of Rhode Island to manage the acute care and long term care services for these individuals through its Integrity program.

Fee-for-Service System. Individuals who are eligible for both Medicare and Medicaid, known as dual eligibles, receive medical benefits through the traditional fee-for-service system.

Telemedicine Services. The Centers for Medicare and Medicaid Services permits states broad flexibility to cover telehealth services through the Medicaid program, including methods of communication, such as telephonic and video technology commonly available on smart phones and other devices. As a result, a state does not need federal approval to reimburse providers for telehealth services in the same way or pay at the same rate that it pays for face-to-face services.

Governor Raimondo signed an Executive Order that allowed health care providers to be reimbursed by health insurers for telemedicine services during the public health emergency. For services delivered by in-network providers, the rates paid can be no lower than if the services had been delivered through traditional (in-person) methods. This action suspended the prohibition on this activity included in Rhode Island General Law, Section 27-81-4 (b). The Assembly enacted 2021-H 6032, Substitute A, as amended, which was signed by the Governor on July 6, 2021, to require coverage for telemedicine services in certain circumstances for both commercial insurers and the Medicaid program at the same rates as face-to-face visits. The Office of the Health Insurance Commissioner promulgated the necessary rules and regulations.

Biomarker Testing. The Assembly included Section 10 of Article 12 of 2022-H 7123, Substitute A, as amended, for the Executive Office to seek federal approval to perform biomarker testing.

Long Term Care Residential and Community Care Services

Nursing Homes. The state reimburses over 80 nursing homes that provide long term residential care to elderly and disabled individuals who require a nursing home level of care.

Hospice Services. Hospice services are provided to the terminally ill if there is a medical prognosis that life expectancy is six months or less. Services are provided in either the home setting, a nursing home, or other institutional setting.

Assisted Living Facilities. The state provides eligible residents access to assisted living facilities, a less expensive alternative to residing in a nursing home. Individuals can access this option, available through the Medicaid Global Waiver.

Home and Community Care Services. Through the Medicaid Global Waiver, the state provides home care and community care services to allow individuals to remain in their homes instead of moving into a nursing home.

Eleanor Slater Hospital. Eleanor Slater Hospital, the state's only public hospital that provides long-term care services with the support of acute medical services, is licensed by the Department of Health, accredited by the Joint Commission on the Accreditation of Healthcare Organizations, and certified by the Centers for Medicare and Medicaid Services. The two-campus hospital consists of the Pastore campus in Cranston and the Zambarano unit in Burrillville. The state provides long term services to individuals with disabilities, court ordered psychiatric patients, and those with behavioral health issues. As of March 2022, there were an average of 205 patients between both campuses: 137 patients at the Cranston campus, including 52 at the Benton facility, and 68 patients at Zambarano.

It had been determined that the state was not in compliance with billing practices that were required in order to bill Medicaid for services provided at the hospital. There were three separate issues disclosed over several months by the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals and Office of Management and Budget beginning in March 2020.

The first issue was that Rhode Island was not in compliance with the federal rule regarding Medicaid funding for facilities that have more psychiatric patients than medical ones. If a facility has more than 16 beds and provides services to more psychiatric patients than medical ones, it is considered an Institute of Mental Disease and Medicaid does not fund these facilities. Eleanor Slater Hospital falls into this category and must adhere to this patient mix rule. It was revealed in a March 4, 2020 letter from the Office of Management and Budget that the state was not in compliance with this rule from August 2019 through February 2020. During this process, other issues relating to the proper regulatory processes were revealed and rectified.

The second issue was the appropriateness of the state's practice of billing Medicaid for expenses incurred serving its forensic population. This court ordered population includes individuals: not guilty by reason of insanity, incompetent to stand trial, or transferred from the Department of Corrections to receive specialized services. The state sought clarification from the Centers for Medicare and Medicaid Services, which eventually issued guidance that Rhode Island could not bill Medicaid for these patients. This information was reported as part of the May 2020 hearing before the House Finance Committee that included an update on the progress being made concerning billing issues. This means that the expenses for these 52 patients must be paid for with only general revenues.

At the June 2020 House Finance Committee hearing, the Department reported a third billing issue uncovered after a review of the remaining non-forensic patients. The Department reported that it could not bill Medicaid, or Medicare, for an unidentified number of patients because their conditions did not warrant

a hospital level of care. The state had been billing Medicaid an aggregate cost of approximately \$1,500 a day/per patient for hospital expenses, assuming the patient needed that level of care. After the initial review, the Department found that there were patients who could receive necessary services in other placements, such as a nursing home for which reimbursements are considerably lower. It may be the case that the state can bill for some, but not all, of the services patients receive in the hospital before another placement is found. The Executive Office filed a Medicaid state plan amendment to formalize how the state bills Medicaid for patients currently receiving services at the state hospital but are not in need of a hospital level of care. That process started in March 2020 and federal authority was granted late in March 2021.

The Department engaged the consulting firm Alvarez and Marsal in October 2019 for a hospital assessment and reengaged the firm in July 2020 to work on the redesign of the hospital.

Governor Raimondo requested an amendment on October 23, 2020, to provide \$64.9 million, including \$53.6 million from Rhode Island Capital Plan funds, to build a new nursing facility on the Zambarano campus. It also included \$1.3 million for a hospital information system and \$7.9 million to continue renovation work on the Regan building. The Assembly did not include that proposal in the FY 2021 budget.

Governor McKee resubmitted this proposal in his FY 2022 recommended budget and included it in Article 4 of 2021-H 6122. The Assembly did not concur with the new building, pending a future recommendation from the Governor who paused his previous reorganization proposal.

Governor McKee's FY 2022 recommended budget proposed \$38.2 million in general revenue savings from a reorganization of the hospital system, which he reversed on June 6, 2021, and the Assembly concurred. In cooperation with Alvarez and Marsal, the Department had been reviewing its options for the next step as it transitioned to an appropriately licensed facility for its patients at both campuses. A portion of the savings would have been from moving patients to other, more appropriate placements, closing the Adolph Meyer building and adjusting staffing expenses for a smaller hospital setting.

For FY 2021, the enacted budget assumed \$10.0 million from Medicaid would be available to offset general revenue expenses once there was federal approval of the state plan amendment. The Governor's revised recommendation inadvertently added \$1.6 million, for total Medicaid funding of \$11.6 million. On March 25, 2021, the federal government approved the pending Medicaid billing proposal retroactive to April 2020.

The Governor requested several amendments to adjust Medicaid funding at the state hospital while continued billing issues are resolved. The FY 2022 recommended budget assumed the state would remain in compliance, as it was reported to be in December 2020, with the required ratio of medical to psychiatric patients to avoid designation as an Institute for Mental Disease (IMD) and the related disqualification from most Medicaid billing. On April 12, 2021, the Governor requested an amendment that added \$5.3 million from Medicaid funds for FY 2021.

Soon thereafter, 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. During the review, it was also reported that expenses related to patients who are either under age 22 or 65 or older continue to be eligible for Medicaid match even if the state is out of compliance. This exception allowed the state to realize \$2.2 million in federal Medicaid funds. In response to this uncertainty, the Governor requested an amendment on June 6 to lower Medicaid funding to \$2.2 million for FY 2021. For FY 2022, the Governor did not initially include any Medicaid funds and subsequently requested an amendment to recognize \$2.0 million in Medicaid for specific expenses related to these populations. The Assembly concurred and included \$2.2 million for FY 2021 and \$2.0 million for FY 2022.

The FY 2022 final and FY 2023 enacted budgets assume an increase in the amount of Medicaid funds the Department can claim for services for the younger and older eligible populations, while it remains in violation of the patient mix. The next review on December 1, 2022 will determine if the state can increase its Medicaid billings for FY 2023.

The loss of federal Medicaid and related funds impacted the FY 2020, FY 2021 and FY 2022 budgets. Using FY 2019 as a baseline for allowable Medicaid funded expenses, the state has had to use general revenues to replace approximately \$62 million to \$63 million annually over those three years, for a total of approximately \$190 million. There was also a loss of \$15.0 million in Medicaid funds related to prior year billings that were pending resolution because of issues with the Unified Health Infrastructure Project, bringing the cumulative state costs related to this ongoing issue to over \$200 million. This estimate excluded the loss of additional general revenue relief from an opportunity for enhanced Medicaid match that would have been available throughout the public health emergency. The FY 2021 audited closing showed the recapture of some of that prior year match and the Governor's revised budget increases the Medicaid yield for the smaller pool of billable patients as noted above; combined the state has recaptured roughly \$40 million of the general revenue backfill.

For FY 2023, Governor McKee recommended two changes related to the state hospital. First, he included \$108.2 million from Rhode Island Capital Plan funds to construct a new 110-bed long-term care facility on the Zambarano campus to replace the Beazley building and the Assembly concurred. Second, he separated the Benton facility for forensic patients into a stand-alone, entirely general revenue funded, psychiatric facility to address compliance and billing issues with Medicaid, and adds five new administrative positions at the facility. Having the two distinct hospitals allows the state to count only medical and civil psychiatric patients in the patient mix, which allows for a greater opportunity to stay in compliance and not forfeit Medicaid funds. As noted, the Governor assumed fully compliant billing resumes in January of 2023 and is sustained in the out years. The Assembly included Sections 3 through 10 of 2022-H 7123, Substitute A, as amended, for the new stand-alone facility.

Residential Services and Other Programs

Foster Care. The state provides foster care services to children in its custody.

Group Homes. The state provides placement in group home settings to children in its custody.

Bradley Hospital Psychiatric Hospitalization. The state provides short-term treatment and crisis stabilization for children in acute distress, comprehensive evaluations, and long-term treatment. The state pays for psychiatric hospitalization services for Medicaid eligible children and children who are uninsured at the Emma Pendleton Bradley Hospital in East Providence.

Bradley Hospital Group Homes. There are five group homes that are run by Bradley Hospital for children ages 4 to 21, located in East Providence (Rumford House and Swan House), East Greenwich (Greenwich House), North Providence (Hill House), and Warwick (Heritage House).

HIV Treatment Services. The state provides treatment and supportive services to HIV positive individuals who are uninsured and with income up to 400 percent of poverty. As of January 1, 2014, individuals are either eligible for the Medicaid expansion program or benefits through the Exchange. Benefits will still be provided using the Ryan White federal grant and any rebate funding the state receives from drug purchases through that grant.

Mental Health Treatment Services. The state provides mental health treatment services through the Medicaid waiver. For Medicaid funded services, managed care organizations must adhere to the

requirement of the Mental Health Parity and Addiction Equity Act of 2008, which was later amended by the Affordable Care Act.

Substance Abuse Treatment Services. As an option under Medicaid, states can choose to provide substance abuse treatment services to Medicaid eligible individuals. For Medicaid funded services, managed care organizations must adhere to the requirement of the Mental Health Parity and Addiction Equity Act of 2008, which was later amended by the Affordable Care Act.

Certified Community Behavioral Health Clinics. The Assembly included Section 4 of Article 12 of 2022-H 7123, Substitute A, as amended, to authorize the Executive Office of Health and Human Services to submit a state Medicaid plan amendment to establish certified community behavioral health clinics in accordance with the federal model. The Department of Behavioral Healthcare, Developmental Disabilities and Hospitals will define additional criteria for certification and services provided. The FY 2023 budget includes \$30.0 million from State Fiscal Recovery funds to support the infrastructure needed to expand the number of clinics and assist with the rate reimbursement structure tied to the federal model. If approved, the new model will be established for FY 2024.

The article requires that by August 1, 2022, the Executive Office use the appropriate purchasing process for any organizations that want to participate in the program. By October 1, 2022, the organizations will submit cost reports that have been developed by the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals to the Executive Office. The reports include the cost it would take to provide the required services. By December 1, 2022, the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals, in coordination with the Executive Office, will prepare an analysis of the proposals, determine how many organizations can be certified, and the cost for each one. Funding for the clinics will be included in the Governor's FY 2024 recommended budget. Finally, the Executive Office will apply for the federal Certified Community Behavioral Health Clinics Demonstration Program if another round of funding becomes available.

Adults with Developmental Disabilities. States are mandated to provide Medicaid funded medical benefits to developmentally disabled adults who require a nursing home level of care and to those who are Supplemental Security Income recipients. The state operates a state-run system for about 120 adults with developmental disabilities and the remaining 3,800 individuals receive residential and community-based services through private developmental disability organizations. The Governor's FY 2022 recommended budget assumed the closure of the state-run system and transfer of program recipients to the community-based one. The Assembly did not concur.

Services provided under the Medicaid Global Waiver are optional, with mandated medical benefits being paid for through the Executive Office of Health and Human Services' budget. The federal regulations governing the waiver mandate that in order to receive services a person must meet three eligibility criteria: diagnostic, functional, and financial.

Medicaid funded services, provided through the waiver, for this eligible population include residential care, day programming and supportive services. The Assembly adopted Section 7 of 2018-H 7200, Substitute A, as amended, to update the Medicaid waiver to reflect its current practice for services to developmentally disabled adults.

For an individual to meet the *diagnostic* criteria, he or she must have mental retardation, defined as an intelligence quotient that is 70 or less, or another type of developmental disability. States have the ability to define developmental disabilities differently using a more expansive definition and consequently serve different populations. Rhode Island uses an expanded developmental disability definition. Section 40.1-21-4.3 of the Rhode Island General Laws defines a developmentally disabled adult as someone who is 18

years of age or older, not under the jurisdiction of the Department of Children, Youth and Families, and who is either a developmentally disabled adult or is a person with a severe, chronic disability.

Functional eligibility requires an individual to have a substantial functional limitation in three or more of the following life activities: self-care, receptive and expressive language learning, mobility, self-direction, capacity for independent living, and economic self-sufficiency.

Financial eligibility requires a person to be income eligible for services. In most cases, the only source of income for individuals with developmental disabilities is a \$774.92 monthly Supplemental Security Income check, which places them below the 135 percent of the federal poverty level required for the program. The following table shows the tiers and description of options and supports.

DD/ID Needs-Based Service Tier Classifications and Options		
Tier	Service Options	Available Supports
Tier D and E (Highest): <i>Extraordinary Needs</i>	<ul style="list-style-type: none"> • Living with Family/Caregiver • Independent Living • Shared Living • Community Support Residence • Group Home/Specialized Group Home 	<ul style="list-style-type: none"> • Community Residential Support or Access to Overnight Support Services • Integrated Employment Supports • Integrated Community and/or Day Supports • Transportation
Tier C (Highest): <i>Significant Needs</i>	<ul style="list-style-type: none"> • Living with Family/Caregiver • Independent Living • Shared Living • Community Support Residence • Group Home 	<ul style="list-style-type: none"> • Community Residential Support or Access to Overnight Support Services • Integrated Employment Supports • Integrated Community and/or Day Supports • Transportation
Tier B (High): <i>Moderate Needs</i> Tier A (High): <i>Mild Needs</i>	<ul style="list-style-type: none"> • Living with Family/Caregiver • Independent Living • Community Support Residence • **Shared Living • *Group Home 	<ul style="list-style-type: none"> • Access to Overnight Support Services • Integrated Employment Supports • Integrated Community and/or Day Supports • Transportation

*Tier A or B individuals will have access to residential services in a group home if they meet at least one defined exception

**Tier A will have access to shared living services if they meet at least one defined exception

Department of Justice Consent Decree

On January 14, 2014, Rhode Island entered into an interim settlement with the federal government and on April 8, 2014, signed a consent decree to settle United States v. State of Rhode Island and City of Providence, which addressed the statewide day activity service system for individuals with intellectual and developmental disabilities. State agency parties to the agreement are: Department of Behavioral Healthcare, Developmental Disabilities and Hospitals; Department of Human Services; Department of Elementary and Secondary Education; and the Office of the Attorney General. The Department of Justice finding applies to those who meet the state's definition of an individual with a disability pursuant to Rhode Island General Laws.

The populations addressed in the consent decree are individuals with intellectual and developmental disabilities that include: the Rhode Island Youth Transition Target Population that are transition-age youth attending Rhode Island secondary schools; the Rhode Island Exit Target Population that are transition age youth during the 2013-2014, 2014-2015, or 2015-2016 school years; the Rhode Island Sheltered Workshop Target Population that perform sheltered workshop tasks or have received day activity services in the previous year; and the Rhode Island Day Target Population that receive day activity services in facility-based day program settings or have received such services in the previous year.

The consent decree has two fiscal components: a monitor and a trust fund. Charles Moseley from the National Association of State Directors of Developmental Disabilities Services had been assigned as the monitor until he resigned in the fall of 2019. He was replaced by Dr. A. Anthony Antosh who started on December 1, 2019. Payment for the monitor and coordinator are in the Executive Office of Health and Human Services and totals \$400,000 for FY 2022 and FY 2023. The monitor is responsible for approving the training component of the consent decree related to career development and transition plans, and will also approve outreach and education programs. The monitor conducts investigations and verifies data and documentation that is necessary to determine if the state is in compliance with the consent decree.

The state complied with the consent decree by establishing and distributing funds from an \$800,000 Workshop Conversion Trust Fund, which was to be administered by the Paul V. Sherlock Center on Disabilities at Rhode Island College. The fund supported start-up costs for agencies that converted services to supported employment and will be administered by the director of the Department of Human Services and the associate director of the Office of Rehabilitation Services. There were nine agencies that took part in this opportunity.

The state also created an employment first task force that included but is not limited to: the Community Provider Network of Rhode Island, the Paul V. Sherlock Center on Disabilities at Rhode Island College, the Rhode Island Disability Law Center, the Rhode Island Developmental Disabilities Council, the Rhode Island Parent Information Network, individuals with intellectual and developmental disabilities, and parent and family representatives.

The state must ensure available funding for services and reallocate resources expended on the sheltered workshop plans and segregated day programs to fund supported employment and/or integrated day services as individuals transition to supported employment and/or integrated day only placements, in order to have funding “follow the person.”

Starting in February 2020, Judge John J. McConnell issued a series of court orders that included Dr. Antosh conducting a comprehensive review of the current status of the consent decree. The court monitor established five working groups that were assigned specific issues to address. Dr. Antosh filed his report with the court on November 30, 2020, and Judge McConnell issued a court order on January 6, 2021 for the state to develop a three-year budget addressing the issues in the analysis.

Judge McConnell issued a subsequent court order on March 16, clarifying the January 6 court order, instructing the state to continue to develop a negotiated three-year budget strategy that will support the requirements of the consent decree. The plan will include addressing the problem of low compensation and turnover that prevent the ability to maintain a stable and competitive workforce. It should also include transitioning to a community based model, aligning funding and reimbursements to the provider, and aligning with federal standards for Medicaid eligible services. It also includes finding ways to develop individualized plans and budgets to promote access to employment and other integrated activities, providing adequate transportation and funding for technology purchases. The court order also establishes consistent data collection and reporting requirements to facilitate proper forecasting of program costs.

The order indicates that the final budget plan may take a different approach to bring the state into compliance with the consent decree. The state must report the progress being made on April 30, May 31 and June 30, 2021. There was an initial status hearing on April 27, 2021, where it was reported that the state met with providers and discussed a minimum rate reimbursement of \$15 an hour for direct support professionals.

On October 15, 2021, the court accepted the state’s “Action Plan” to address compliance with the consent decree that includes increases in the reimbursement rates for direct support professional to \$18 an hour for FY 2023 and \$20 an hour for FY 2024. It also includes a \$12.0 million transformation fund, of which \$2.0

million is for those individuals who have self-directed services, to be used only for integrated day activities and supported employment services. There would also be \$2.0 million for technology acquisitions for individuals within the system.

The FY 2022 final budget includes \$39.7 million to increase the wages for direct support professionals to \$15.75 and supervisors to \$21.99 to reflect the negotiations between the state and the providers. FY 2023 includes \$34.3 million, including \$15.2 million from general revenues, for the increase to \$18.00 an hour for the direct support professionals to comply with the provisions of the “Action Plan.”

The 2021 Assembly concurred with the Governor’s proposal to add expenses for the community based system for adults with developmental disabilities to the semi-annual medical assistance and public assistance caseload conference. The Assembly included Sections 6 and 8 of Article 3 of 2021-H 6122, Substitute A, as amended, for the change and added 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. The November 2021 Caseload Estimating Conference was the first one that included the Department.

For the transformation fund, the 2022 Assembly includes funding totaling \$12.0 million, of which \$6.6 million is from general revenues, over two-years 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. This includes \$8.0 million for infrastructure improvements and integrated day and employment activities, \$2.0 million for technology, and \$2.0 million for increased support for individuals with self-directed plans. This also includes \$4.0 million in the budget of the Executive Office of Health and Human Services available for enhanced home and community-based services from a provision in the American Rescue Plan Act.

The Assembly concurred with the Governor’s requested amendment to add \$1.7 million, including \$0.8 million from general revenues, in FY 2022 for Health Management Associates to evaluate, recommend, and assist with implementing new rates and payment systems services provided to adults with developmental disabilities through the community based system. It also concurred with the Governor’s requested amendment to add \$1.0 million, including \$0.5 million from general revenues, to support initiatives focused on recruiting, creating pipelines for, and credentialing the workforce. The Assembly also provided technical assistance for technology purchases to individuals with developmental disabilities that is part of the “Action Plan.”

Monthly Report

The 2016 Assembly expanded the information required in the monthly report being submitted by the Department 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 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.

As previously noted, the Governor proposed adding the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals to the semi-annual medical assistance and public assistance caseload conference and includes a reporting requirement for information to be submitted by the Department by the 15th of each month beginning July 1, 2022. The monthly information is to include, but not be limited to, caseload and expenses for the community-based system for adults with developmental disabilities. The Assembly concurred.

Coronavirus Impact

The public health emergency has limited the ability of the agencies to provide community-based services to individuals outside of their residences. Individuals living either in a 24-hour group home, shared living,

an apartment, or home with family have stayed home. This meant that the providers could not be reimbursed for day activities. The state took several actions to address the effect on providers. For FY 2020, the Department provided a temporary ten percent rate increase in April, May, and June totaling \$3.0 million, and provided retainer payments totaling \$15.6 million.

The FY 2021 enacted budget includes \$3.0 million from Coronavirus Relief funds for one-time payments to 40 agencies to be passed through to direct support staff who make less than \$20 an hour. This includes a one-time 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 for those working between 22 and 29 hours a week.

In late December, the administration provided another \$10.0 million from Coronavirus Relief funds for community-based providers to supplement the state's effort in responding to the public health emergency and addressing any business interruptions, including loss of revenue. The funds could be used for payroll, rent or mortgage payments, equipment, personal protective equipment, cleaning supplies and other operating expenses. The final FY 2021 budget included the funding.

Human Service Agencies

The Executive Office of Health and Human Services is the umbrella agency for the four health and human service departments and each agency is analyzed separately in the *House Fiscal Advisory Staff Budget as Enacted FY 2023*. The following table shows the services provided by population and the department that is responsible for the expenses.

Programs	EOHHS	DHS	BHDDH	DCYF	DOH
Medical Benefits					
Children and parents	X				
Elderly	X				
Disabled and adults, without dependent children	X				
Residential and Other Services					
Nursing and hospice services	X				
Assisted living; home & community based services to the elderly	X	X			
Foster care and group home placements				X	
Community based services - developmentally disabled			X		
Mental health and substance abuse treatment services	X			X	
Eleanor Slater Hospital			X		
HIV surveillance and treatment services	X				X

Medical benefits are those primarily provided through the three managed care plans: Neighborhood Health Plan of Rhode Island, UnitedHealthcare, and Tufts Health Plan. Benefits include: doctor's office visits, prescriptions, lab tests, hospital and emergency care, drug and alcohol treatment, mental health services and referrals to specialists, and are funded through the Executive Office of Health and Human Services. The plans also pay for short-term and long-term residential treatment services for those with behavioral health issues and/or substance use disorders.

Residential and other community-based services are those provided outside the medical benefit through the department budgets.

Human and Social Services Programs - Comprehensive Review. The Assembly included Sections 7 and 8 of Article 12 of 2022-H 7123, Substitute A, as amended, for the Office of the Health Insurance Commissioner to undertake a comprehensive review of all social and human service programs in the Departments of Human Services, Children, Youth and Families, Behavioral Healthcare, Developmental Disabilities and Hospitals, and Health, and the Medicaid program. The programs will either have a contract with or be licensed by the state or any subdivision of the departments or Medicaid. Reports will be

submitted to the Speaker, Senate President, and Chairpersons of the House and Senate Finance and Health and Human Services Committees. This will be done in consultation with the Executive Office of Health and Human Services.

By January 1, 2023, the report will include rates currently being paid, the date of the last increase, and an assessment of eligibility standards and processes for all mandatory and discretionary programs. It will also include utilization trends, the structure of state government as it relates to the provision of services including eligibility, and the function of the provider network and accountability standards for services. By April 1, 2023, the report must include all professional licenses and unlicensed personnel requirements for established rates, any waiting lists and the length of time on the lists, national and regional reporting for comparison of state Medicaid rates and rates paid by private insurers, and private pay for similar programs both nationally and regionally.

Each department will include the components of the assessment and review, including the recommended rates, with the annual budget submission after the report is complete. That requirement will start October 1, 2023, and take place every two years after that. The budget includes \$1.3 million from general revenues for the Office to hire outside contractors to assist with the review and \$0.2 million to fund an existing vacancy to support the rate review project.

Date	Assessment & Reporting on:
January 1, 2023	Program rates, including those currently paid and the date of the last increase
	Eligibility standards and processes of all mandatory and discretionary programs
	Utilization trends from January 1, 2017 through December 31, 2021
	Structure of the state government as it relates to the provision of services, including eligibility and functions of the provider network
	Assessment and detailed reporting on accountability standards for services
April 1, 2023	All professional licensed and unlicensed personnel requirements tied to a contract or fee schedule
	Any wait lists and length of time on those lists for each service category
	National Medicaid rates in comparison to RI rates
	Usual and customary rates paid by private insurers and private pay for similar providers

Mergers and Consolidations

Introduction

Merger and consolidation proposals have appeared regularly in budgets. The FY 1991 budget presented to the 1990 General Assembly listed 72 state agencies and departments. By contrast, the FY 2022 budget adopted by the 2021 General Assembly contains 38 state agencies and departments. The FY 2023 budget adopted by the 2022 General Assembly includes the same number, but reflects some changes. This report explains those changes as well as for the ten prior years. Prior publications have included information back to 1991 and that can still be accessed in online publications.

FY 2023

Rhode Island Psychiatric Hospital - Benton Facility. The Budget includes a total of \$30.7 million from general revenues to separate the 52-bed Benton facility from the Eleanor Slater Hospital system. The Budget includes \$0.8 million for five new positions: Chief Executive Officer, Chief Medical Officer, Chief Nursing Officer, and Chief Quality Officer. Since the expenses for forensic patients at the Benton facility are not eligible for Medicaid reimbursement, this separation of approximately 150 medical and civil psychiatric patients gives the state a better opportunity to come into compliance with a patient mix that allows the state to bill Medicaid. The Assembly passed Sections 3 through 10 of Article 11 of 2022-H 7123, Substitute A, as amended, to authorize the new facility.

Opioid Stewardship Fund. The Budget transfers authority for administering the Opioid Stewardship Act, including staff from the Department of Health to the Executive Office of Health and Human Services. The Opioid Stewardship Act, enacted in 2019, 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. Expenditures for programs supported by the fund appear in multiple state agencies.

History

FY 2022

RICLAS Transfer to Private Providers. The Department of Behavioral Healthcare, Developmental Disabilities and Hospitals operates a state-run residential system with the capacity to provide services to 140 adults with developmental disabilities. In January 2021, there were 116 individuals receiving services in 23 group homes and two apartments. There were 267.0 full-time equivalent positions assigned and 232.0 filled as of January, including 185.0 direct care workers.

The Governor recommended that these operations be transferred to the private agencies that provide residential and community based day and employment services to about 3,800 individuals, as well as day services to 44 individuals in the state-run system. The Governor's FY 2022 recommendation lowered the Department's staffing authorization by 50.0 full-time equivalent positions to start the transfer. The change would take effect by October 1, 2021. The Assembly did not concur with the proposal.

Office of Medical Review. The Assembly concurred with the Governor's proposal to transfer the Office of Medical Review and its 10.0 full-time equivalent positions from the Executive Office of Health and Human Services to the Department of Human Services' Long Term Care Unit to streamline the process of reviewing and processing applications for long term care services.

State Housing Policy and Planning Restructuring. The Governor's budget proposed adding two members to the Rhode Island Housing board and restructures and expands the Housing Resources

Coordinating Committee from four members to seven. It also restructures and reduces the Housing Resources Commission from 28 members to 20, including the membership of the coordinating committee. A new deputy secretary from the Executive Office of Commerce will serve as the Commission's executive director. The Assembly established a new Deputy Secretary position but excluded the remainder of the proposal.

Employer Tax Division. The Assembly concurred with the Governor's proposal to transfer the responsibilities of the collection of taxes for temporary disability insurance, employment security, and the Job Development Fund from the Department of Revenue's Division of Taxation to the Department of Labor and Training. This includes the transfer of 35.0 full-time equivalent positions associated with these employer tax collection duties. The division was last housed at the Department of Labor and Training in 1996 when it was transferred to Taxation.

Commercial Driver's Licenses. The Assembly concurred with the Governor's proposal to transfer the responsibility to administer the Commercial Driver's License road test from the Community College of Rhode Island to the Division of Motor Vehicles, as of January 1, 2022.

FY 2021

RICLAS Transfer to Private Providers. The Department of Behavioral Healthcare, Developmental Disabilities and Hospitals operates a state-run residential system with the capacity to provide services to 140 adults with developmental disabilities. Approximately 120 individuals received services in FY 2020 that included 23 group homes and two apartments. The Governor recommended that these operations be transferred to the private agencies that provide residential and community based day and employment services to about 3,800 individuals, as well as day services to 60 individuals in the state-run system. The Governor's FY 2021 recommendation lowered the Department's staffing authorization by 204.0 full-time equivalent positions to account for this change. The Assembly did not concur with the proposal.

State Housing Policy and Planning Restructuring. The Governor's budget eliminates the 28-member Housing Resources Commission and its related four member coordinating committee. Under current law, the Housing Resources Commission is the lead entity for housing policy and planning, and coordinates responsibilities with Rhode Island Housing through a memorandum of agreement. In place of the Housing Resources Commission, the recommendation establishes a seven-member coordinating council similar to the existing coordinating committee, and elevates the council to be the state's lead housing entity. The council would be permitted to assume control of Rhode Island Housing staff by memorandum of agreement. The budget renames the Office of Housing and Community Development as a division, and recommends a 19-member steering committee with similar membership to the existing commission to advise the council, but does not specifically enumerate entities for inclusion. The Assembly did not concur with the proposal.

Commercial Driver's Licenses. The Governor recommended transferring the responsibility to administer the Commercial Driver's License road test from the Community College of Rhode Island to the Division of Motor Vehicles, as of January 1, 2020. The Assembly did not concur with the proposal.

FY 2020

Employer Tax Division. The Governor recommended transferring the responsibilities of the collection of taxes for temporary disability insurance, employment security, and the Job Development Fund from the Department of Revenue to the Department of Labor and Training. This includes the 37.0 full-time equivalent positions associated with these employer tax collection duties from the Department of Revenue to the Department of Labor and Training. The Assembly did not concur with this proposal.

Office of Veterans' Affairs. The Governor proposed to transfer the Office of Veterans' Affairs and its staff from the Department of Human Services to the Executive Office of Health and Human Services. This includes 252.1 positions. She requested an amendment to rescind her recommendation and rename it the Office of Veterans Services. The Assembly concurred and included a separate staffing authorization.

Division of Elderly Affairs. The Governor proposed to transfer the Division of Elderly Affairs and its staffing level of 31.0 positions to the Executive Office of Health and Human Services creating an Office of Elder Affairs. She subsequently requested an amendment to rescind the proposal and rename it the Office of Healthy Aging. The Assembly concurred and included a separate staffing authorization.

Water Resources Board. The Governor proposed to transfer the Water Resources Board and its staff to the Public Utilities Commission. Operating costs for the Water Resources Board would be charged to regulated utilities. The legislation designates the Department of Administration as the agency that will be responsible for the Big River Management area, which must be maintained for future development of groundwater wells. Prior to 2011, the Water Resources Board was a stand-alone agency. The 2011 Assembly adopted legislation merging the Board into the Division of Planning to more closely align the water planning aspects of the Board with the statewide planning process. The Assembly did not concur and maintained the Water Resources Board in the Department of Administration.

Child Care Facilities Licensing. The Governor's budget transferred the Child Care Facilities Licensing unit to the Department of Human Services. It added 8.0 new full-time equivalent positions for the Department of Human Services and 1.0 new legal position for the Executive Office of Health and Human Services. Current staff doing this work at the Department of Children, Youth and Families would be reassigned within the Department. The Department of Human Services would now be responsible for licensing; the shift would centralize transactions with child care providers. The Assembly concurred but reduced staffing authorization for the Department of Children, Youth and Families by 8.0.

Office of Grants Management. The Governor proposed to transfer functions of federal grants management from the Office of Management and Budget to Accounts and Control. The 2012 Assembly adopted Governor Chafee's recommendation to establish the Office of Management and Budget within the Department of Administration to serve as the principal agency of the executive branch for managing budgetary functions, performance management, and federal grants management. The Assembly concurred.

Department of Behavioral Healthcare, Developmental Disabilities and Hospitals. The Governor's FY 2020 through FY 2024 capital plan shifts funding and project oversight for capital projects related to the Eleanor Slater hospital system at both the Cranston and Burrillville campuses, and Barry and Simpson administrative halls to the Department of Administration's Division of Capital Asset Management and Maintenance. In addition, she transferred those functions for community facilities for those with developmental disabilities and behavioral health issues as well. She requested an amendment to transfer the substance abuse asset protection project to the Department of Administration. The Assembly concurred.

Small Business Ombudsman. The Governor proposed to transfer the staffing authorization for the Small Business Ombudsman from the Office of Regulatory Reform within the Department of Administration to the Department of Business Regulation in accordance with a proposed streamline and simplify initiative. It should be noted that the enacted budget assumes a cost allocation for the position paid from the Commerce Corporation's resources; the recommendation does not alter that assumption. The Governor proposed a substantially similar initiative in FY 2018; the Assembly did not concur. The Assembly did not concur with the streamline and simplify initiative; however, it did transfer the position, and shifted the funding for the position from the Commerce Corporation to the Department of Business Regulation.

State Building Office. The Governor's recommended budget included a proposal for an efficiency commission tasked with identifying \$10.0 million of general revenue savings. Subsequently, the Governor

requested an amendment which proposed consolidating the Contractors' Registration and Licensing Board and State Building Code Commission of the Division of Building, Design and Fire Professionals into a new State Building Office, as of January 1, 2020 for savings of \$0.1 million. The Assembly concurred.

Office of Postsecondary Commissioner - Department of Elementary and Secondary Education Co-Locate. The Budget removed \$1.0 million from general revenues from the Office of Postsecondary Commissioner based on a proposal from the Efficiency Commission and recommended by the Governor to co-locate the Office and the Department of Elementary and Secondary Education with the goal to encourage shared administrative support and allow for closer collaboration. The Office would still do planning support for the Council on Postsecondary Education and focus on strategy and policy. The Department of Elementary and Secondary Education would provide the administrative support for the Councils and also provide legal, finance and support functions. Savings are based on the funding for several positions being eliminated from sharing administrative support and the Budget reduces the Office's staffing authorization by 6.0 full-time equivalent positions.

FY 2019

Water Resources Board. The Governor proposed transferring the Water Resources Board and its staff to the Public Utilities Commission. Operating costs for the Water Resources Board would be charged to regulated water suppliers. The legislation designates the Department of Administration as the agency that will be responsible for the Big River Management area, which must be maintained for future development of groundwater wells. Additional statutory changes are required; however, the legislation calls for those changes to be submitted to the 2019 Assembly. A Memorandum of Understanding, signed on October 20, 2017, between the Department of Administration and the Public Utilities Commission was used to allow the transfer for FY 2018.

Prior to 2011, the Water Resources Board was a stand-alone agency. The 2011 Assembly adopted legislation merging the Board into the Division of Planning to more closely align the water planning aspects of the Board with the statewide planning process. The Assembly did not concur and maintained the Water Resources Board in the Department of Administration.

Building, Design and Fire Professionals. The Assembly concurred with the Governor's proposal to consolidate professions relating to building and construction design, inspection, and enforcement of building and fire codes. The Budget reflected the transfer of several programs, funding and staffing of 59.0 full-time equivalent positions to the Department of Business Regulation. These include the State Fire Marshal from the Department of Public Safety, the Building Code Commission, Contractors' Registration and Licensing Board, and the Fire Code Safety Board of Appeal and Review from the Department of Administration.

A Memorandum of Understanding between the Department of Administration and the Department of Public Safety, was signed on January 12, 2018 to allow the transfer for FY 2018.

Health Professional Licensing to Business Regulation. The Governor proposed transferring the licensure of several professionals from the Department of Health to the Department of Business Regulation. These include: barbers, cosmeticians, manicurists and estheticians; electrolysis; funeral directors and embalmers; opticians; speech pathologists and audiologists; hearing aid dealers; athletic trainers; interpreters for the deaf; and music therapists. The Budget also assumed the transfer of \$0.2 million from general revenues and two positions for the administration of licensing functions from the Department of Health to the Department of Business Regulation. The Assembly did not concur with any of the proposed transfers.

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, these costs 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 will reimburse the internal service funds for the costs. The Governor's budget transferred \$48.3 million from the Department of Administration to state agencies and the Assembly concurred.

Consolidation of Medical Marijuana Oversight at Business Regulation. The Governor proposed expanding the regulatory role of the Department of Business Regulation, including centralizing the registration and regulation of authorized purchasers, compassion center cardholders, primary caregivers, issuance or renewal of registry identification cards, and eliminating the role of the Department of Health to define the equivalent amounts of medical marijuana. The program is staffed by 5.9 full-time equivalent positions in the Department of Health; the Department of Business Regulation had 4.0 full-time equivalent positions, but the Governor's budget proposed to add 4.0 more positions in FY 2019. The Assembly did not concur with this proposal.

FY 2018

Public Safety Consolidation. The Governor proposed legislation to replace the director of the Department of Public Safety with a civilian commissioner, who will be appointed by the Governor with the advice and consent of the Senate. Under current law, the Department of Public Safety is administered by a director who also serves as Superintendent of the State Police. The Governor also proposed to merge the Emergency Management Agency and establish it as the seventh division within the Department of Public Safety. The director of the Emergency Management Agency would be appointed by the Governor; however, the Commissioner may prescribe other duties and responsibilities. The Assembly did not concur.

Lead Poisoning Prevention. The Governor proposed legislation to repeal the Lead Hazard Mitigation Act and amend the Lead Poisoning Prevention legislation to centralize lead poisoning prevention activities, which are currently performed by the Department of Health and the Rhode Island Housing Resources Commission, under the purview of the Department of Health. The proposal would allow the Department to oversee interagency coordination activities and it would be responsible for adopting rules and regulations to certify lead safe compliance for all residential units and permitting lead inspectors. The Department is also required to maintain a registry of lead safe certificates.

The Governor proposed legislation to amend the disposition of the real estate conveyance tax to transfer five cents of the current 30 cents that the Housing Resources Commission receives to the Department of Health for lead poisoning prevention activities. The recommended budget included \$0.6 million from these resources for the Department of Health to fund 3.0 additional positions, including two lead inspectors and one data manager as well as operating costs. She subsequently requested an amendment to require an annual transfer of no less than \$590,000 from the Real Estate Conveyance Tax. The Assembly did not concur and maintained current law.

Health Care Utilization Review Transfer. Previously, the Department of Health certified health plan and utilization review entities, monitored obligations of health plan provider contracts, investigated and tracked complaints against health plan and utilization reviews by enrollees. The Office of the Health Insurance Commissioner reviews denial of benefits and accuracy of claims processing and is also responsible for the adequacy of network coverage in terms of access to and availability of providers and the continuity of care available to consumers.

The Governor proposed to transfer the oversight of the health care utilization review from the Department of Health to the Office of the Health Insurance Commissioner. The Budget also reflected the transfer of funding and staffing of 2.0 full-time equivalent positions. The Assembly concurred.

Health and Human Services - Finance Staff. The Governor transferred 91.0 finance positions to the Executive Office of Health and Human Services from agencies under its umbrella in her FY 2018 recommendation; this is consistent with current law. The transfer includes: 39.0 positions from the Department of Human Services, 33.0 positions from the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals, 12.0 positions from the Department of Children, Youth and Families, and 7.0 positions from the Department of Health. Funding would remain with the individual agencies. Functions include finance administration, billing and data entry. This increased the level of 17.0 finance positions in the Executive Office to 108.0 positions. The Assembly concurred.

Eleanor Slater Hospital Reorganization. The Governor's FY 2018 recommendation assumed savings of \$12.2 million, \$5.7 million from general revenues from reorganizing the state hospital. This included transferring youth currently at the 54-bed Youth Assessment Center to the Youth Detention Center and moving the adult forensic population at the Pinel Building into the newly vacated space. It included privatizing laboratory services, downsizing medical services and administrative staff and closing one of the two remaining intermediate care facilities. The plan also included transferring medical patients to the Zambarano campus in Burrillville and converting recently vacated space into a step-down unit to increase capacity for psychiatric patients. The Assembly included savings of \$11.2 million, \$5.2 million from general revenues. It did not concur with privatizing laboratory services.

Eisenhower House. The Assembly concurred with the Governor's proposal to transfer the management of Eisenhower House, a historic state-owned property in Newport, from the Historical Preservation and Heritage Commission to the Department of Environmental Management. The Budget included \$188,150 from all funds for staff and operations of the facility. This includes \$50,000 from general revenues and \$138,150 from new restricted receipts, which would be derived from booking fees of the facility. FY 2016 expenditures for the facility were \$135,536.

FY 2017

Office of Diversity, Equity and Opportunity. Governor Raimondo's budget proposed legislation to establish the Office of Diversity, Equity and Opportunity in statute; the Office is currently operating under an executive order. The legislation places the State Equal Opportunity Office under the administrative supervision of the Office of Diversity, Equity and Opportunity instead of the Division of Human Resources, and requires the Office of Personnel Administration to consult with the Office in preparing a comprehensive plan to maintain and secure equal opportunity. The legislation adds the associate director of the Office as a member of the Labor Relations Committee. The Assembly concurred.

Division of Enterprise Technology Strategy and Services. Governor Raimondo proposed legislation to replace the current Division of Information Technology, which was created by an executive order with the Division of Enterprise Technology Strategy and Services to be managed by the chief of digital excellence. The legislation amends current law to establish the Office of Library and Information Services within the Division and places the chief of library services under the supervision of the chief of digital excellence. The Division will also consist of the following offices: Information Technology and Digital Excellence. The Assembly concurred.

Division of Capital Asset Management and Maintenance. Governor Raimondo proposed legislation to create the Division of Capital Asset Management and Maintenance, which will assume the responsibilities of the current divisions of Facilities Management and Capital Projects and Property Management. Both divisions were created by an executive order in 2004. The legislation allows the Director of the Department of Administration to appoint a director of the division. Some of the responsibilities of the division director include: reviewing agency capital budget requests to ensure that requests are consistent with strategic and master facility plans of the state; managing and maintaining state owned facilities; overseeing new

construction and rehabilitation projects; maintaining an inventory of all state properties; and responding to facilities emergencies. The Assembly concurred.

Office of Internal Audit. Governor Raimondo proposed legislation to repeal the Bureau of Audits and establish the Office of Internal Audit within the Office of Management and Budget. The Office will be managed by a chief of internal audit, who must be appointed by the Director of the Department of Administration. The Office is authorized to conduct audits of any state department, agency or private entity that is a recipient of state funding or state grants. The Office is also tasked with evaluating the efficiency of operations and internal controls, preventing and detecting fraud, waste, abuse or mismanagement of funds.

The Budget reflected the consolidation of internal auditing functions and staff from the Departments of Transportation and Human Services, the Office of Postsecondary Commissioner and the University of Rhode Island to the Office. The Assembly concurred.

Women, Infants, and Children Nutrition Program. Governor Raimondo proposed legislation to transfer the administration and management of the Women, Infants, and Children nutrition program from the Department of Human Services to the Department of Health. The Department of Health previously managed the program; however, the 2009 Assembly adopted legislation to transfer the program to the Department of Human Services. This was to consolidate management and nutrition benefits. There have been issues with the United States Department of Agriculture regarding the designation of the administering state agency. The Assembly concurred.

Department of Health. Governor Raimondo's budget reflected a reorganization of functions within the Department of Health. Certain programs such as the Health Laboratories and the Office of State Medical Examiners were merged. It reflected the creation of the Division of Customer Services and includes the operations of Vital Records, which was previously under the Public Health Information program, and the operations of Licensing, Professional Boards and Commissions and the Center for Health Facilities Regulation, previously under the Environmental and Health Services Regulation program. The Assembly concurred.

Governor's Commission on Disabilities. Subsequent to her budget submission, Governor Raimondo requested legislation to designate the Governor's Commission on Disabilities as the state agency responsible to apply for and receive federal funds under the Workforce Innovation and Opportunity Act for the State Independent Living Plan, effective October 1, 2016. She also requested an amendment to transfer funding from the Department of Human Services to the Commission. The Assembly concurred.

Office of Veterans' Affairs. Governor Raimondo included legislation to create the Office of Veterans' Affairs within the executive branch, reporting directly to the Governor. This removed it as a Division in the Department of Human Services; however, for administrative purposes, funding for the Office of Veterans' Affairs will remain in the Department of Human Services' budget. The Assembly concurred.

FY 2016

Higher Education Assistance Authority Merger. Governor Raimondo's budget transferred all of the powers, duties, authority and resources of the Rhode Island Higher Education Assistance Authority to the Council for Postsecondary Education and the Office of the General Treasurer and established a new Division of Higher Education Assistance in the Office of Postsecondary Commissioner. The budget reflected the transfer of \$19.1 million and 15.0 full-time equivalent positions to the Office of Postsecondary Commissioner. Administrative responsibility for the state's tuition savings program would be transferred to the Office of the General Treasurer. The recommendation represents direct program positions as well as overhead support. Remaining direct functions will require fewer staff with the efficiencies provided for in

a merger; therefore, the Assembly eliminated 5.0 positions and \$0.8 million. One position and \$0.3 million was shifted to the Office of the General Treasurer to administer the *CollegeBoundfund*.

Executive Office of Commerce. The 2013 Assembly created the Executive Office of Commerce to be administered by a secretary of commerce, effective February 1, 2015. The Office oversees and serves as the lead agency of the Executive Branch for managing the promotion of commerce and the state's economy. Pursuant to 2013-H 6063, Substitute B, on or about February 1, 2015, the Executive Office of Commerce has powers to operate functions from the Department of Business Regulation and, subsequently, various functions from the Department of Administration. Consistent with the legislation, Governor Raimondo's budget included the transfer of Housing and Community Development functions to the Executive Office of Commerce. It also transferred the Film and Television Office from the Department of Administration to Commerce. It did not, however, transition Department of Business Regulation functions, leaving it as a stand-alone department. The Assembly concurred, with the exception of transferring the Film and Television Office to the Arts Council.

Capital Projects Consolidation. Governor Raimondo's budget proposed consolidating construction property and asset management functions into the Department of Administration. It appears that the positions are kept in their respective agencies, including the Departments of Behavioral Healthcare, Developmental Disabilities and Hospitals, Environmental Management, Corrections, and Transportation. The Assembly concurred; however, transferred funding back for the Department of Environmental Management, consistent with the Governor's requested budget amendment.

Division of Advocacy. Governor Raimondo's budget proposed consolidating the Governor's Commission on Disabilities, the Commission on the Deaf and Hard of Hearing, the Office of the Child Advocate, and the Office of the Mental Health Advocate under a newly created Division of Advocacy within the Executive Office of Health and Human Services. The consolidation was for administrative and budget purposes only, and all agencies would maintain their responsibilities as mandated by current law. The Governor subsequently requested an amendment that rescinded the proposed legislation, maintained the offices as separate agencies, and restored operating savings assumed to be achieved through the merger. The Assembly concurred.

Non-Prescribing Boards Consolidation. Governor Raimondo proposed consolidating all of the non-prescribing health professional boards into one board. There are 25 professional boards that include a variety of professions, such as dietitians, physical therapists, occupational therapists, optometrists, social workers and funeral home directors. The Department of Health approves all written and practical examinations, and issues licenses and permits for these professions. The proposed legislation would create a single board of review for appeals, discipline and advisory functions. This would allow for the elimination of 2.0 positions that support the boards and \$0.2 million from general revenues. The Assembly did not concur.

RI Film and Television Office. The Budget transferred the Rhode Island Film and Television Office, including \$0.3 million from general revenues and 2.6 full-time equivalent positions, from the Department of Administration to the Rhode Island State Council on the Arts. The Film and Television Office works with filmmakers to identify filming sites, vendors, and promote the benefits of working in Rhode Island. Governor Raimondo's FY 2016 recommendation transferred the Office to the Executive Office of Commerce. The Office was transferred to the Department of Administration from the Council as part of the FY 2013 budget.

Bays, Rivers and Watersheds Coordination Team. The Assembly concurred with Governor Raimondo's proposal to abolish the Bays, Rivers and Watersheds Coordination Team, which was responsible for the coordination of the environmental agencies in the state to restore and develop both freshwater and marine waters and watersheds. The work is funded by an \$80,000 transatlantic cable fee, a \$1 per hundred gallons

charge on septage disposal in the state, and a \$250,000 annual allocation from the Oil Spill, Prevention, Administration and Response Fund. The restricted receipts will be utilized by the Department of Environmental Management for efforts relating to watershed and marine monitoring, water pollution abatement, and climate change.

FY 2015

Office of Diversity, Equity and Opportunity. The Budget reflected the creation of the Office of Diversity, Equity and Opportunity within the Department of Administration. Existing staff of 7.0 full-time equivalent positions and funding will be transferred from the Division of Purchasing's Minority Business Enterprise Office and the Division of Human Resources' Outreach and Diversity Office.

In May 2013, Governor Chafee issued Executive Order 13-05 entitled "Promotion of Diversity, Equal Opportunity and Minority Business Enterprises in Rhode Island." The Executive Order required that the Department of Administration review all divisions and offices within the Department that are charged with facilitating equal opportunity employment and make recommendations to improve collaboration between these offices. The creation of the Office of Diversity, Equity and Opportunity reflects the Department of Administration's recommendation.

Rhode Island Emergency Management Agency. The Budget reflected the Emergency Management Agency and the National Guard as two stand-alone agencies. They were two distinct programs in the Military Staff under the control of the Adjutant General. This action was recommended to reflect the individual agency missions as well as their operational structures. There were no major changes to funding levels or positions.

Executive Office of Commerce. Governor Chafee's budget proposed to delay the creation of the Executive Office of Commerce and the transfer of the functions of the Department of Business Regulation from February 1, 2015 to July 1, 2015. The Assembly did not concur with the delay.

The Governor also proposed maintaining the Office of Regulatory Reform in the Office of Management and Budget instead of transferring it to the new Executive Office of Commerce. The Assembly concurred.

Department of Environmental Management Customer Service Unit. The Budget created in statute a customer service unit within the Department of Environmental Management. The Department already includes an Office of Customer and Technical Assistance, but the legislation codifies a requirement that the agency have a customer service unit and program to provide technical assistance to customers and help them to comply with environmental regulations and requirements. This section also mandated that the Department and the Office of Regulatory Reform collaborate on a report detailing an alternative compliance approaches plan, which would be due to the General Assembly and the Governor by May 1, 2015.

Higher Education Assistance Authority. The Budget included legislation that requires the administration to include a plan for allocating Higher Education Assistance Authority programs to other agencies as part of the FY 2016 budget.

Behavioral Healthcare Services to EOHHS. The Budget transferred Medicaid-funded behavioral healthcare services from the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals to the Executive Office of Health and Human Services so that mental health and substance abuse treatment services for disabled individuals will be appropriated to one agency and includes \$60.8 million, of which \$30.1 million is general revenues.

FY 2014

EDC/Commerce Corporation. The Budget delayed the creation of the Executive Office of Commerce and the transfer of the functions of the Department of Business Regulation from February 1, 2015 to July 1, 2015. It maintains the Office of Regulatory Reform in the Office of Management and Budget instead of transferring it to the new Executive Office of Commerce. As contained in 2013-H 6063, Substitute B, on or about February 1, 2015, the Office is empowered to assume functions from the Department of Business Regulation and, subsequently, various functions from the Department of Administration. The legislation further required that the Office submit a comprehensive review of the roles, functions and programs of the Department of Administration and the Department of Labor and Training to the House of Representatives and the Senate before September 1, 2015. Additionally, the Office shall make recommendations and a business plan for the integration of these entities with the Office, and the Governor may include these recommendations as part of the FY 2017 budget.

Renewable Energy Fund Program Transfer. Governor Chafee's budget transferred the Renewable Energy Fund from the Economic Development Corporation to the Office of Energy Resources. The Office previously managed the fund and the 2007 Assembly enacted legislation to transfer the fund to the Corporation, effective FY 2008. The Governor's recommended budget included expenditures of \$2.5 million and staffing of 2.0 positions from the Corporation. The Assembly did not concur and maintained the program in the Corporation.

Office of Regulatory Reform. Subsequent to the enactment of the FY 2013 budget, the Assembly adopted legislation contained in Chapter 445 of the 2012 Public Laws to transfer the Office of Regulatory Reform from the Economic Development Corporation to the Office of Management and Budget in the Department of Administration. Governor Chafee's revised budget reflected this transfer as well as the 2.0 positions that support the Office. The Office was created in 2010 to improve the state's business climate by making it easier for businesses to navigate through state and local permitting and regulatory issues. The Assembly adopted legislation in 2013-H 6063, Substitute B, requiring that the Office of Regulatory Reform to report to the Secretary of Commerce within the Executive Office of Commerce, effective February 1, 2015.

Rhode Island Health Benefits Exchange. The Budgets reflected the transfer of the Rhode Island Health Benefits Exchange from the Office of the Governor to the Department of Administration. In September 2011, Governor Chafee issued an executive order to establish the Office as the centrally accountable office for operational and financial implementation, including policy development.

Construction Permitting, Approvals and Licensing. The Budget reflected the creation of a new program in the Department of Administration: Construction Permitting, Approvals and Licensing, consisting of the State Building Code Commission, Contractors' Registration Board, and Fire Code Board of Appeal. Staffing and funding were transferred from Capital Projects and Property Management. The Department indicated that the program change was necessary to avert the appearance of a conflict of interest between the Office of Capital Projects and the aforementioned offices.

Rhode Island Public Telecommunications Authority. The Budget included the statutory authority to end state support to the Authority as of July 1, 2013 and abolish it as a public agency, as the Authority has been transferred to the Rhode Island PBS Foundation.

Assisted Living and Home Care Waiver Services. The Budget shifted assisted living and home care waiver services in the Division of Elderly Affairs within the Department of Human Services to the Executive Office of Health and Human Services for FY 2014, consistent with Governor Chafee's requested amendment, in order to locate all Medicaid assisted living and home care expenditures in the Executive Office's budget.

Energy Program Transfers. Governor Chafee included the transfer of the Low Income Home Energy Assistance Program and the Weatherization Assistance Program from the Office of Energy Resources to the Department of Human Services consistent with current law. He also proposed the transfer of the Regional Greenhouse Gas Initiative from the Department of Environmental Management, and the Renewable Energy Program from the Economic Development Corporation to the Office of Energy Resources. The Assembly concurred, with the exception of the Renewable Energy Program transfer, which it retained at the Economic Development Corporation.

Office of Management and Budget. The Assembly adopted legislation to create a new Office of Management and Budget to assume the functions of the State Budget Office and the responsibilities of the Office of Economic Recovery and Reinvestment. It included a Federal Grants Management Office to coordinate federal grant applications. The legislation also required the Office to perform a study on transportation programs to be submitted to the Governor and the General Assembly by November 1, 2012. The Budget included 11.0 new positions, including a director to be appointed by the Director of the Department of Administration. Governor Chafee's original proposal called for eliminating the Bureau of Audits, allowing the new Office to absorb some of those functions. The Assembly retained the Bureau of Audits as is.

Human Resources Restructure. Governor Chafee's FY 2013 budget recommendation included savings of \$0.8 million from the elimination of 12.0 positions in the Division of Human Resources. This consists of 2.0 positions from the Employee Services Unit and 10.0 positions in the Classification and Examination Unit, about half of the current staff. The Governor's FY 2012 revised budget included \$0.3 million for a personnel study of the merit system to be accomplished in the current year to make the proposed reductions possible. The Assembly restored \$0.4 million of the general revenue savings and shifted funding for the personnel study from FY 2012 to FY 2013 to reflect a delay in the work proposed.

RI Film and Television Office. The Assembly transferred the Film and Television Office from the Arts Council to the Department of Administration. It provided general revenue funding of \$0.3 million and 2.6 full-time positions, consistent with Governor Chafee's recommendation.

Office of Digital Excellence. The Assembly adopted legislation to create the Office of Digital Excellence within the Department of Administration. It authorized a chief digital officer, who must be appointed by the Director of the Department of Administration, with approval from the Governor. The Office shall coordinate its efforts with the Division of Information Technology. The legislation required the chief digital officer to report to the Governor, the Speaker of the House of Representatives, and the Senate President, every January 31, the status of all technology infrastructure projects, website improvements, number of e-government transactions and revenues generated and projects supported by the Information Technology Investment Fund.

Rhode Island Health Benefits Exchange. The Budget reflected the Rhode Island Health Benefits Exchange in the Office of the Governor. In September 2011, Governor Chafee issued an executive order to establish the Office as the centrally accountable office for operational and financial implementation, including policy development. The Exchange will report to the Board of the Rhode Island Health Benefits Exchange and will work with the Department of Health, the Office of the Health Insurance Commissioner and the Office of the Lieutenant Governor. The Budget included 6.0 positions, including a director to oversee the Exchange.

Medicaid Benefits Program. Governor Chafee's budget transferred the Medicaid medical benefits program from the Department of Human Services to the Executive Office of Health and Human Services. The administrative staff was transferred in FY 2012 and the eligibility application process will remain with

the Department of Human Services since applicants are often eligible for other benefits in addition to Medicaid, such as the supplemental nutrition assistance program, the Rhode Island Works program and child care through that department. The Assembly concurred.

HIV Care and Treatment Program. Governor Chafee requested an amendment to transfer the HIV care and treatment program from the Department of Human Services to the Executive Office of Health and Human Services, effective July 1, 2012 consistent with his proposal for the medical benefits program. The Assembly concurred and transferred 5.0 positions.

Higher Education Assistance Authority Merger. Governor Chafee's budget included the transfer of \$27.8 million and 39.6 out of the authorized 41.6 full-time positions from the Rhode Island Higher Education Assistance Authority to the Office of Higher Education. He proposed legislation that would terminate the Authority and its corporate existence on September 1, 2012 and all of its rights, obligations and properties would be transferred to the Board of Governors for Higher Education. The Assembly did not concur with the proposed merger and provided \$27.7 million and 38.6 positions, maintaining the Higher Education Assistance Authority as a stand-alone agency.

Board of Education. The Assembly enacted legislation to abolish the Board of Governors for Higher Education and the Board of Regents, effective January 1, 2013, and create a new Rhode Island Board of Education. It also abolished the Office of Higher Education, effective January 1, 2014, and created an executive committee of education comprised of the three institutions of public higher education, and the commissioners of higher education and elementary and secondary education.

Rhode Island Public Telecommunications Authority. The Budget included legislation to require the Administration to submit a plan to the Chairpersons of the House and Senate Finance Committees by November 1, 2012 to transition the Rhode Island Public Telecommunications Authority from the state to a privately supported entity by July 1, 2013. The Administration also must include any statutory changes required for the transition as part of the FY 2014 budget.

Dispatch Unit and Port Security. The Budget does not include the transfer of the dispatch and port security surveillance units from the Department of Environmental Management to the Department of Public Safety. The 2012 Assembly enacted legislation to reverse its prior mandate for the transfer.

Program Review. Governor Chafee's budget recommended a review of environmental and coastal programs in the Department of Environmental Management and the Coastal Resources Management Council to be conducted by a new Office of Management and Budget, which would be charged with developing a plan that includes strategies to reorganize or centralize environmental and coastal resource management programs in order to improve efficiencies. A report detailing this plan would be due to the General Assembly and the Governor by November 1, 2012. The Assembly did not concur and instead required that the new Office of Management and Budget perform a study on transportation programs.

ARPA State Fiscal Recovery Funds

On March 11, 2021, President Biden signed into law the American Rescue Plan Act of 2021, which provided \$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. From a state fiscal year perspective, this means funds will be available for use from FY 2021 through FY 2025.

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 state has been allocated \$1.1 billion from the recovery fund and \$112.3 million for capital expenses; local governments will receive \$536.8 million. Funds are intended to respond to the coronavirus pandemic and its negative economic impacts, and may be provided to households, small businesses, nonprofits, essential workers, or to impacted industries including tourism, travel, and hospitality, or infrastructure supports for water, sewer, or broadband systems.

Guidance on uses of the state and local fiscal recovery funds was issued in May 2021, updated in July and finalized in January 2022. Compared to the original guidance, it provided increased flexibility. For the capital fund, guidance was issued in September and a one year application window opened September 24, 2021. In adopting its FY 2022 budget in June, the 2021 Assembly preserved the full value of the American Rescue Plan Act fiscal recovery funds for a more robust public process on the proposed uses.

On October 7, 2021, Governor McKee requested an amendment to the FY 2022 enacted budget to authorize use of \$113.0 million from the State Fiscal Recovery Fund, roughly 10 percent of the state's allocation. The Assembly enacted \$119.0 million contained in 2021-H 6494, Substitute A, which became law on January 4, 2022.

The American Rescue Plan Act specifies four eligible uses: (A) respond to the public health emergency and its economic impacts, (B) respond to workers performing essential work during the COVID-19 pandemic by providing premium pay to eligible workers, (C) provision of government services to the extent of the reduction in revenue due to the public health emergency, and (D) to make necessary investments in water, sewer, or broadband infrastructure. Within the first category, there are three subcategories: support public health expenditures, address negative economic impacts caused by the emergency, and help communities and populations hit hardest by the crisis. These categories and subcategories are shown in the table below, along with the share of the total apportioned to each category and the number of distinct projects. Projects identified as responding to the public health emergency, category A, comprise nearly three-quarters or 72.0 percent of the total funding.

U.S. Treasury Eligibility Categories	Table Abbreviation	Share of Total	Project Count
Respond to the Public Health Emergency & its Economic Impacts			
Support public health	A-1	31.1%	11
Address negative economic impacts	A-2	22.8%	9
Services to disproportionately impacted communities	A-3	18.2%	9
Premium Pay	B	1.3%	1
Revenue Replacement	C	25.1%	10
Infrastructure - Water, Sewer, Broadband	D	0.0%	1
Administration		1.5%	

The Assembly provided \$1,243.4 million from the State Fiscal Recovery Fund in several categories and the Capital Projects Fund. While the total from State Fiscal Recovery funds is the same as recommended by

the Governor, there are changes to specific projects including a shift to different sources to fund some of the projects he recommended. The Assembly added \$22.8 million from the Information Technology Investment Fund, \$128.0 million from Rhode Island Capital Plan funds, and \$13.8 million from general revenues to fund several projects to free up federal funds for other uses. The totals by category as recommended by the Governor and enacted by the Assembly, including the total adjusted for other sources, are shown in the table below.

State Fiscal Recovery Funds				
Category	Governor	Assembly	Assembly Adjusted*	Assembly Adjusted Chg. To Gov.
Housing	\$ 250,000,000	\$ 250,000,000	\$ 250,000,000	\$ -
Economic and Workforce Development	211,825,000	130,000,000	179,325,000	(32,500,000)
Small Business & Impacted Industry	180,535,000	164,000,000	196,035,000	15,500,000
Public Health	152,292,751	271,660,278	273,058,985	120,766,234
Children, Families and Education	118,575,000	120,375,000	172,075,000	53,500,000
Behavioral Health	42,392,390	55,075,000	59,292,390	16,900,000
Public Infrastructure & Technology	26,475,000	500,000	26,475,000	-
Climate	132,000,000	122,500,000	122,500,000	(9,500,000)
Administration	16,965,916	16,950,779	16,950,779	(15,137)
Subtotal	\$1,131,061,057	\$1,131,061,057	\$1,295,712,154	\$ 164,651,097
Capital Projects Fund	112,291,190	112,291,190	112,291,190	-
Grand Total	\$1,243,352,247	\$1,243,352,247	\$1,408,003,344	\$ 164,651,097

*Totals include projects shifted to Rhode Island Capital Plan & Information Technology Investment funds.

The programming of funding for FY 2022 is contained in Article 7 of 2022-H 7123, Substitute A, as amended; FY 2023 funding is contained in Article 1, Section 1 of 2022-H 7123, Substitute A, as amended. Article 1, Section 16 contains a description of each of the projects for which any appropriation is made. The Governor's proposals and the Assembly's actions on each item are on the pages that follow. Descriptions of projects from the Capital Projects Fund follows a table showing the enacted projects from State Fiscal Recovery funds at the end of this report.

Housing

Development of Affordable Housing. The Governor recommended \$90.0 million from State Fiscal Recovery funds to provide an enhanced level of gap financing for affordable housing development. This creates an additional directed subsidy as a match to multiple sources of financing. The total includes \$15.0 million previously authorized in 2021-H 6494, Substitute A. Funding is programmed for FY 2022 through FY 2025. The Assembly provided \$10.0 million more for FY 2023, which it reserved for a pilot program to support low income public housing vouchers and financing.

Site Acquisition. The Governor recommended \$25.0 million from State Fiscal Recovery funds to continue a site acquisition program administered by Rhode Island Housing, which began during 2020 in response to the coronavirus pandemic. The program subsidizes developers to acquire property to develop into long-term affordable and supportive housing for people experiencing homelessness. The total includes \$12.0 million previously authorized in 2021-H 6494, Substitute A. Funding is programmed for FY 2022 through FY 2025. The Assembly concurred.

Down Payment Assistance. The Governor recommended \$50.0 million from State Fiscal Recovery funds for a new program to provide down payment assistance for qualified first-time home buyers. The program would provide awards of \$17,500 to approximately 2,800 households. Funding is programmed for FY 2023 through FY 2025. The Assembly provided \$30.0 million.

Workforce Housing. The Governor recommended \$20.0 million from State Fiscal Recovery funds to support a new affordable workforce housing program for Rhode Island families. The program is aimed at increasing the housing supply for families earning up to 120 percent of area median income. The proposal includes \$12.0 million for FY 2023 and \$8.0 million for FY 2024. The Assembly concurred.

Affordable Housing Predevelopment. The Governor recommended \$10.0 million from State Fiscal Recovery funds for a new program to reduce pre-construction barriers to housing development, including prerequisite environmental studies and legal work. The proposal includes \$2.5 million annually for FY 2023 through FY 2026. The Assembly concurred.

Home Repair and Community Revitalization. The Governor recommended \$25.0 million from State Fiscal Recovery funds for a new program to support critical home repairs and redeveloping residential or commercial properties and public and community spaces. This is similar to the program administered by Rhode Island Housing funded with \$10.0 million from general obligation bonds approved by the voters in November 2016; all remaining funds will be exhausted in FY 2022. The Assembly concurred.

Predevelopment and Capacity Building. The Governor recommended \$1.5 million from State Fiscal Recovery funds for consultants to provide administrative support to the Office of Housing and Community Development. The funding is intended to assist with managing the increased resources for federal and other housing related programs, and address the lack of administrative capacity as a barrier to implementing affordable housing initiatives. The total includes \$0.5 million previously authorized in 2021-H 6494, Substitute A, and \$0.5 million annually for FY 2023 and FY 2024. The Assembly concurred.

Homelessness Assistance Program. The Governor recommended \$21.5 million from State Fiscal Recovery funds to provide housing navigation, stabilization, and mental health services for people experiencing homelessness. The recommendation includes \$1.5 million authorized in 2021-H 6494, Substitute A, which required the Chief of the Office of Housing and Community Development to provide monthly progress reports regarding achievement of these efforts. Funding is programmed for FY 2022 through FY 2025. The Assembly concurred.

Homelessness Infrastructure. The Governor recommended \$5.0 million from State Fiscal Recovery funds for FY 2023 for a new program to increase facility capacity for individuals experiencing homelessness. The Assembly concurred and added \$10.0 million for Crossroads Rhode Island sponsored housing developments.

Statewide Housing Plan. The Governor recommended \$2.0 million from State Fiscal Recovery funds for FY 2023 for a statewide comprehensive housing plan to assess current and future housing needs, consider barriers to homeownership and affordability, and identify services needed for increased investments toward disproportionately impacted individuals and communities. These funds will support municipal planning efforts. The Assembly concurred.

Economic and Workforce Development

Enhanced Real Jobs. The Governor recommended \$40.0 million from State Fiscal Recovery funds to support the Real Jobs RI program. He programmed \$10.0 million for FY 2023, and \$15.0 million each for FY 2024 and FY 2025. The program's functions are to place employees in job openings, advance skills of employed people, and create a talent pipeline for businesses. Funds would support job partnerships to connect employers adversely impacted by the pandemic to workforce training program enrollees. The Assembly provided \$10.0 million annually for FY 2023 to FY 2025.

Blue Economy Investments. The Governor recommended \$70.0 million from State Fiscal Recovery funds for blue economy-related capital investments. Investment areas include, but are not limited to, ports and

shipping, defense, marine trade, ocean-based renewables, aquaculture, and tourism. The Assembly concurred under the conditions that funds be used in accordance with the purposes specified in the Blue Economy Technology Cluster grant application to the Economic Development Administration and that at least a \$35.0 million federal match from that grant is secured.

Bioscience Investments. The Governor recommended \$30.0 million from State Fiscal Recovery funds for a new project to finance a wetlab facility and provide technology development supports. The investment is intended to make it easier for academic research to find private sector applications. Lack of wetlab space appropriate for use by newly founded life science companies is specifically noted as an obstacle for biomedical innovation in Rhode Island's 2020 Comprehensive Economic Development Strategy. Funding is programmed for FY 2023 through FY 2026. The Assembly concurred under the conditions that funds be used in accordance with the purposes specified in the BioConnects New England grant application to the Economic Development Administration and that at least a \$15.0 million federal match from that grant is secured.

Higher Education Academies. The Governor recommended \$22.5 million from State Fiscal Recovery funds to create higher education academies through the Office of Postsecondary Commissioner. Funding will be used on direct supports, such as targeted coaching and wraparound supports, for those 16 and older to continue their education. The Assembly did not concur.

Wi-Fi and Tech at the ACI. The Governor recommended \$3.3 million for the purchase and installation of Wi-Fi systems at the adult correctional institutions. The purpose of this funding is to allow for increased access to education opportunities for inmates. Funding is programmed as \$3.1 million for FY 2023, \$100,000 for FY 2024, \$50,000 annually for FY 2025 and FY 2026, and \$25,000 for FY 2027. The Assembly provided funding for this project from the Information Technology Investment Fund.

Galilee Port Rehabilitation. The Governor recommended \$46.0 million from State Fiscal Recovery funds to make infrastructure improvements to the Port of Galilee to increase services for commercial fishing and related businesses. Funding is programmed at \$6.0 million for FY 2023, \$4.0 million for FY 2024, \$10.0 million for FY 2025, \$16.0 million for FY 2026, and \$10.0 million for FY 2027. The Assembly funded this project from Rhode Island Capital Plan funds.

Small Business & Impacted Industry

Aid to the Convention Center. The Governor recommended \$47.0 million from the State Fiscal Recovery Fund, including \$38.0 million for capital projects at the Convention Center, Dunkin Donuts Center, and Veterans Auditorium, and \$9.0 million for operating expenses. The recommendation includes \$8.4 million in FY 2022, \$17.7 million in FY 2023, \$13.4 million in FY 2024, \$5.5 million in FY 2025, and \$2.0 million in FY 2026. There is an offsetting reduction of \$16.5 million of previously approved Rhode Island Capital Plan funds for these facilities in the same timeframe. The Assembly provided \$10.0 million from State Fiscal Recovery funds and \$32.0 million from Rhode Island Capital Plan funds. This is \$5.0 million less from all sources than recommended for the fifth floor renovations project.

Unemployment Insurance Trust Fund Contribution. The Governor proposed to reserve \$30.0 million from State Fiscal Recovery funds in the event the labor and training director determines this allocation would prevent a rate increase for employers in calendar year 2023. If the funding would not be beneficial, it would be allocated to further enhance the Real Jobs RI program. The Assembly provided \$100.0 million from State Fiscal Recovery funds to be deposited prior to the determination of the next tax schedule. This amount restores resources lost to confirmed fraud and is anticipated to reduce the tax rates for tax year 2023.

Small Business and Technical Assistance. The Governor recommended \$45.0 million from State Fiscal Recovery funds to provide grants and technical assistance to businesses impacted by the COVID-19 pandemic. The recommendation extends a \$32.0 million program previously authorized as a one-time program for FY 2022. The Assembly provided funding for FY 2022 only.

Assistance to Impacted Industries. The Governor recommended \$28.5 million from State Fiscal Recovery funds to address the negative impacts of the pandemic to the tourism, hospitality, and events industries. The recommendation extends a \$13.0 million program previously authorized as a one-time program for FY 2022. The Assembly provided funding for FY 2022 only.

Minority Business Accelerator. The Governor recommended \$10.0 million from State Fiscal Recovery funds to establish a new minority business accelerator that would provide technical assistance, loans, and programming space. Funding is programmed for FY 2023 through FY 2025. The Assembly provided \$6.0 million and required that, from money allocated for FY 2023, \$0.5 million will support the Rhode Island Black Business Association and \$0.3 million will support the Roger Williams University Business Start-Up Clinic. The Assembly also required the Executive Office to work with minority small business associations to advance this program.

Small Business Access to Capital. The Governor recommended \$20.0 million from State Fiscal Recovery funds for a new program to provide working capital, refinancing assistance, and low cost financing for small business capital purchases. The proposal includes grants and loans to support direct payments, lines of credit, loan insurance, and other lending supports. The Assembly did not concur.

Destination Marketing. The Rhode Island Airport Corporation submitted a request subsequent and separate from the budget process for \$9.8 million to conduct tourism campaigns in destination markets for inbound flights to T.F. Green airport. The Assembly provided \$1.5 million from State Fiscal Recovery funds in each FY 2023 and FY 2024, which must be matched by an equivalent amount from the Commerce Corporation's allocation of state hotel tax receipts.

Public Health

Ongoing COVID-19 Response. The Governor recommended \$150.1 million from State Fiscal Recovery funds to help the state continue its response to the COVID-19 pandemic. Funds would be used for testing, contact tracing, vaccinations, and mitigation efforts. The recommendation allocates \$50.0 million of the funds to support health care facilities, but the nature of that support is not defined. The recommendation includes \$50.0 million for FY 2022, \$75.0 million for FY 2023, and \$25.1 million for FY 2024.

Of the recommended amount for FY 2023, \$2.0 million is budgeted for lease expenses to store supplies. The Governor requested an amendment to budget this expense separately, and adjusts expenditures accordingly. The Assembly concurred with the Governor's requested amendment to budget lease expenses separately and provided a total of \$186.9 million for COVID-19 mitigation activities, including \$73.0 million in FY 2023, \$75.1 million in FY 2024, and \$38.8 million in FY 2025. It provided defined separate support for health care facilities.

Subsequent to his budget submission, the Governor requested an amendment to budget \$2.0 million from State Fiscal Recovery funds for lease expenses to store COVID-19 supplies, separately. These funds shall be allocated to the proper storage of PPE and other necessary COVID-19 response related supplies. The Assembly concurred.

Health Care Facilities. The Governor recommended \$50.0 million of the funds identified to help the state continue its response to the COVID-19 pandemic to support health care facilities. The Assembly provided \$77.5 million from State Fiscal Recovery funds to address the ongoing staffing needs of hospitals, nursing

facilities and community health centers related to the COVID-19 public health emergency. This includes \$45.0 million that shall be allocated to hospitals, or systems if hospitals are members of one, to include a base payment equivalent to \$1.0 million per hospital with the remaining based on a hospital's pro rata share of operating expenses from the 2021 cost reports and \$30.0 million for distribution to nursing facilities based on the number of Medicaid beds days from the 2020 facility cost reports, provided at least 80 percent is dedicated to direct care workers. There is \$2.5 million to be distributed to the community health centers through the Rhode Island Health Center Association to support direct care staffing needs.

Public Health Clinics. The Rhode Island Free Clinic submitted a request for funding to improve statewide access and quality of primary care for uninsured adults; to increase access to dental care for uninsured adults integrated into medical care at the clinic; and to build infrastructure for telehealth and electronic medical records. Open Door Health also submitted a request to expand services and efforts to address issues for people who are disproportionately impacted by the COVID-19 pandemic. The Assembly provided \$4.0 million from State Fiscal Recovery funds for FY 2023, \$2.0 million for each clinic.

Auto-Enrollment Program. The Governor recommended \$0.8 million from State Fiscal Recovery funds, including \$0.5 million in FY 2022 and \$0.3 million in FY 2023 for HealthSource RI to automatically enroll qualified individuals who are transitioning off Medicaid at the end of the COVID-19 emergency into qualified public health plans. The funding also supports one month of premiums. The Assembly shifted FY 2022 expenses to FY 2023 as the public health emergency was extended through the first quarter of FY 2023. It also added \$0.4 million to support an additional month of premium expenses, for a total of \$1.3 million.

Eligibility Extension Compliance. The Governor recommended \$0.8 million from State Fiscal Recovery funds in lieu of general revenues to maintain RIBridges eligibility functions related to the coronavirus emergency, including \$0.6 million for FY 2022 and \$0.2 million for FY 2023. Funding is programmed in the budgets of the Executive Office of Health and Human Services, Department of Human Services, and HealthSource RI. The Assembly maintained general revenue funding for these expenses.

Emergency Staffing ESH/RIVH. The Governor recommended \$550,000 from State Fiscal Recovery funds for FY 2023 to support emergency staffing, such as contracted nursing staff, at the Rhode Island Veterans' Home in Bristol, Eleanor Slater Hospital's Cranston campus, Zambarano unit and Benton facility. The Assembly maintained general revenue funding for these expenses.

Children, Families, and Education

Nonprofit Assistance. The Governor recommended \$10.0 million from State Fiscal Recovery funds in FY 2023 for the Rhode Island Foundation to distribute to nonprofit organizations to address needs that have been exacerbated by COVID-19, including housing and food insecurity and behavioral health issues. The Assembly provided an additional \$10.0 million for total funding of \$20.0 million.

Pediatric Recovery. The Governor recommended \$15.0 million from State Fiscal Recovery funds to provide financial support to pediatric providers and incentives based on increased developmental and psychosocial behavioral screenings, including \$7.5 million previously authorized in 2021-H 6494, Substitute A. The Assembly concurred.

Early Intervention Recovery. The Governor recommended \$11.0 million from State Fiscal Recovery funds to provide financial support to early intervention providers and performance bonuses for providers when hitting certain targets, such as reducing staff turnover and restoring the number of families receiving services to pre-pandemic levels, including \$5.5 million previously authorized in 2021-H 6494, Substitute A. The nine early intervention providers received \$2.6 million in stabilization funding ranging from \$0.1

million to \$0.7 million depending on the loss of revenue and \$2.9 million is for performance bonuses. The Assembly concurred.

Provider Workforce Stabilization. The Governor's revised FY 2022 recommendation includes \$12.5 million from State Fiscal Recovery funds to provide workforce stabilization payments to staff of congregate care and community based providers contracted by the Department of Children, Youth and Families, consistent with the supplemental budget passed by the Assembly in January 2022. This funding was in response to providers reporting a high number of vacancies and staff recruitment issues, which have resulted in a capped or reduced capacity. These funds will be distributed to provider employees earning less than \$75,000 annually. There are 37 provider organizations employing up to 1,500 workers who would be eligible to receive enhanced wage rates which equates to \$694.50 per month per eligible staff member. Eligible employees would also receive funding from the enhanced wage rate for time worked retroactive to July 1, 2021. The Assembly added \$2.5 million to continue the initiative in FY 2023 along with \$5.6 million in unspent FY 2022 funds that will be carried forward.

Foster Home Lead Abatement & Fire Safety. The Governor recommended \$1.9 million from federal State Fiscal Recovery funds for lead abatement and fire suppression upgrades for foster families. Funding is programmed at \$1.5 million for FY 2023 and \$0.4 million for FY 2024. The Assembly concurred.

Child Care Support. The Governor recommended \$42.0 million from State Fiscal Recovery funds primarily to provide retention bonuses for direct care staff at child care centers and licensed family-based care providers. Child care retention bonuses of \$1,500 were distributed to eligible applicants on a semi-annual basis in FY 2022. For FY 2023, retention bonuses will be disbursed at least quarterly and total \$3,000 per eligible applicant. Funds would also be used to waive any fees for new family child care providers, including application fees and background checks. It would also be used for quality improvements, creating a workforces registry, and education opportunities for direct care staff. The recommended budget includes the \$19.0 million authorized in 2021-H 6494, Substitute A, for FY 2022, \$21.3 million for FY 2023, \$1.2 million for FY 2024, and \$0.5 million for FY 2025. The Assembly concurred.

RIBridges Mobile and Child Care Tracking. The Governor recommended \$6.7 million from State Fiscal Recovery funds to expand the functionality of the HealthyRhode mobile application. Individuals would be able to apply for benefits and recertify through the app. The recommendation includes \$2.4 million for each FY 2023 and FY 2024, and \$1.9 million for FY 2025. The Assembly concurred with the project but shifted expenses to the Information Technology Investment Fund.

Municipal Learning Centers. The Governor recommended \$15.0 million from State Fiscal Recovery funds to pilot municipal learning centers in 11 communities. Centers would provide educational programming year-round, outside of school time. Programs would be available to students for free or through a fee-for-service rate structure. The recommended budget includes \$5.0 million annually from FY 2023 through FY 2025. The Assembly did not concur.

Support for Survivors of Domestic Violence. The Governor recommended \$4.5 million from State Fiscal Recovery funds to provide supportive services to victims of domestic violence and assault. This includes \$1.0 million for FY 2023 and \$3.5 million for FY 2024. Funding will supplement the federal Victims of Crime Act funding the Department of Public Safety receives, which has decreased in recent years due to changes in federal settlement agreements. The Assembly provided \$10.5 million, including \$3.5 million annually for FY 2023 through FY 2025, after which federal grants are expected to return to historical levels.

Adult Education Providers. The Governor's FY 2023 budget recommendation includes the enacted level of \$8.0 million for grants to adult education providers, including \$1.9 million from general revenues. Grants that are used to fund local adult education programs and literacy services, including workplace

literacy services, family literacy services, English literacy, and civics education programs. The Assembly provided an allocation from State Fiscal Recovery funds for adult education providers totaling \$5.0 million. This includes \$2.0 million for FY 2023 and \$1.5 million in each FY 2024 and FY 2025. The Assembly also added \$540,000 from general revenues for FY 2023.

Behavioral Health

Certified Community Behavioral Health Clinics. The Governor recommended \$28.1 million from State Fiscal Recovery funds in the Executive Office of Health and Human Services' budget for FY 2023 to support the certified community behavioral health clinics to increase services and supports in response to mental health needs during the public health emergency. The Assembly added \$1.9 million to assist the state's transition to the federal model for providing and expanding behavioral healthcare services for total funding of \$30.0 million. It separately authorized legislation to implement the federal model starting in FY 2024.

9-8-8 Hotline. The Governor recommended \$1.9 million from State Fiscal Recovery funds in the Executive Office of Health and Human Services' budget for FY 2023 to create a 9-8-8 hotline to maintain compliance with the National Suicide Hotline Designation Act of 2020 and Federal Communications Commission-adopted rules to ensure a consistent level of service. The Governor requested an amendment to shift the funding to the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals. The Assembly concurred.

Psychiatric Residential Treatment Facility. The Governor's budget includes \$6.0 million from State Fiscal Recovery funds to establish a psychiatric residential treatment facility to provide intensive residential treatment options for adolescent girls and young women who face severe and complex behavioral health challenges. Currently, female youth who would otherwise be served at in-state facilities are placed in out-of-state high-end residential facilities. All funding is programmed for use in FY 2023. The Assembly provided \$12.0 million from State Fiscal Recovery funds, or \$6.0 million more than recommended, to expand existing in-state capacity at private facilities and initial design of a new qualified residential treatment program facility. It also provided \$45.0 million from Rhode Island Capital Plan funds over FY 2024 through FY 2026 for the state to construct such a facility.

Butler Hospital Short Term Stay Unit. Butler Hospital, a member of the Care New England Health Care System, is a psychiatric hospital for adults and adolescents. An \$8.0 million proposal for a new 25-bed short term stay unit was submitted through the Assembly's American Rescue Plan Act State Fiscal Recovery Fund Recommendation Portal. The intent is to alleviate overcrowding in emergency departments for adults and adolescents by providing immediate access to inpatient behavioral health care services, crisis intervention, and other related services. The Assembly provided \$8.0 million from State Fiscal Recovery funds for the new short term stay unit.

Turnpike and Bridge Authority - Safety Barriers Study. The Turnpike and Bridge Authority currently receives gasoline tax proceeds for operations of four bridges under its purview: Newport Pell, Sakonnet River, Mount Hope, and Jamestown. Bridging the Gap for Safety and Healing requested funding to support physical deterrents to prevent suicide on bridges. The Assembly provided \$1.0 million from State Fiscal Recovery funds for the Authority to conduct a study to identify and evaluate the options to prevent and address the risk of suicide on bridges under its purview. The Assembly required that the selection of a vendor to conduct the study be done through a request for proposals process.

Crisis Intervention Trainings. The Governor recommended \$2.2 million from State Fiscal Recovery funds to provide training and technical assistance. Funding is programmed as \$550,000 annually for FY 2023 through FY 2026. The Assembly concurred.

Mental Health Court Pilot Program. The Governor recommended \$4.2 million from State Fiscal Recovery funds to support a Mental Health Court pilot program. The proposal includes 11.0 full-time equivalent positions, with seven at the Judiciary, and two each at the Offices of the Attorney General and Mental Health Advocate. This District Court administered program is intended to reduce recidivism and divert volume from the criminal courts. The program anticipates treatment, monitoring, and additional support. Funding is programmed as \$1.4 million annually for FY 2023 through FY 2025. The Assembly concurred with the total but provided general revenues in lieu of federal funds to establish a mental health treatment calendar rather than a pilot program.

Public Infrastructure & Technology

ERP Implementation Support. The 2021 Assembly provided \$50.0 million to develop a multi-year Enterprise Resource Planning System to include human resources, payroll, and financial management. The Auditor General has historically reported the inefficiencies with the various systems. The Governor recommended \$2.2 million from State Fiscal Recovery funds in FY 2023 to provide resources for implementation support, including software, staffing, and operating expenses. It also includes \$0.2 million from general revenues to fund an information technology project manager to support the system's implementation. The Assembly provided an additional transfer of \$25.0 million, for a total of \$75.0 million to the Information Technology Investment Fund. A portion of the additional funds will be used to support projects for which the Governor had recommended State Fiscal Recovery funds, including the \$2.2 million for this expense.

Blockchain Digital Identity. The Governor recommended \$2.5 million from State Fiscal Recovery funds to implement a pilot program using blockchain technology for a limited number of certified public accountants for use in credential issuance, authentication, and automated compliance. The proposal includes \$1.5 million for FY 2023 and \$1.0 million for FY 2024. The Assembly provided funding for this project through the Information Technology Investment Fund.

Health Spending Accountability and Transparency Program. The Governor recommended \$0.5 million from State Fiscal Recovery funds for FY 2023 to support data analysis of healthcare claims. Data analysis of healthcare claims is intended to develop an annual cost growth target to be used as the benchmark to track and curb healthcare spending in the state. The Assembly funded this program with general revenues.

Tax Modernization. The Governor recommended \$2.3 million from State Fiscal Recovery funds to enhance improvements to Division of Taxation business processes and taxpayer services. It programs \$750,000 for FY 2023 and \$1.5 million for FY 2024. The Assembly provided funding as recommended through the Information Technology Investment Fund.

Statewide Broadband Planning and Mapping. The Governor's revised budget includes \$0.5 million from State Fiscal Recovery funds authorized in 2021-H 6494, Substitute A, for broadband infrastructure planning work. It includes a needs assessment, statewide mapping of broadband access and cost, and one new Broadband Director position at the Commerce Corporation. The Assembly concurred.

Main Streets Revitalization. The Governor recommended \$5.0 million from State Fiscal Recovery funds to recapitalize the Main Street Rhode Island Streetscape Improvement Fund. The 2015 Assembly authorized the Commerce Corporation to award loans, matching grants, and other forms of financing to enhance sidewalks, wayfinding signage, and lighting in order to create an attractive environment in local business districts. The program has been appropriated \$3.0 million, all of which has been awarded. The proposal also extends the sunset date one year to December 31, 2023. The Assembly provided general revenues to continue this program.

Radio Systems. The Governor recommended \$2.7 million for FY 2023 from State Fiscal Recovery funds for the purchase and installation of an updated radio and communications system at the adult correctional institutions. The Assembly provided funding for this expense from general revenues.

Permit and Licensing IT. The Governor recommended \$5.8 million from State Fiscal Recovery funds to make improvements to the Department of Environmental Management's information technology for online permit and licensing systems for environmental and agricultural permitting, fish and wildlife, commercial fishing, and boating registration. Funding is programmed as \$2.8 million for FY 2023, \$2.0 million for FY 2024, and \$0.5 million each for FY 2025 and FY 2026. The Assembly funded this project through the Information Technology Investment Fund.

Pawtucket/Central Falls Bus Hub Passenger Facility. The approved capital plan includes \$8.5 million from federal funds and other sources to build a transit hub adjacent to the new commuter rail station on the Pawtucket/Central Falls border. The project will include bus berths, shelters, real-time bus information, ticket vending machines, and waiting space. The Governor recommended an additional \$5.0 million from State Fiscal Recovery funds to enhance the project to include passenger restrooms, waiting areas, and a customer service area. It should be noted that the Pawtucket Transit Hub project had previously included passenger restrooms; however, the scope was scaled back to keep costs within available funds. The recommendation includes \$4.0 million in FY 2023 and \$1.0 million in FY 2024. The Assembly funded this project with Rhode Island Capital Plan funds.

Climate

Electric Heat Pump Grant Program. The Governor recommended \$37.0 million from State Fiscal Recovery funds to support low and moderate income households, and community organizations to purchase and install energy efficient electric heat pumps. The recommendation includes \$4.9 million in FY 2023, \$10.2 million in FY 2024, \$10.7 million in FY 2025, \$8.4 million in FY 2026, and \$2.8 million in FY 2027. The Assembly provided \$25.0 million. It also required annual reporting for the program by April 1 of each year to the Speaker of the House of Representatives and the Senate President. The report must include the number of grants issued, the amount of each grant, and the average grant amount and the expected cumulative carbon emissions reductions associated with the grants awarded.

R-Line - Free Service Pilot. The Rhode Island Public Transit Authority's Transit Forward RI 2040 Plan was designed to enhance mobility and help reduce greenhouse gas emissions. The plan was adopted by the State Planning Council in December 2020. It includes several initiatives to improve access to transit and serve high volume markets with fast and frequent service. The Assembly provided \$2.5 million from State Fiscal Recovery funds to support a free fare bus route service pilot program along the R-Line. This one-year pilot program will begin on September 1, 2022. The Authority will track ridership data and submit a report to the Speaker of the House, the President of the Senate, and the Governor by March 1, 2024.

Port of Davisville. The Governor recommended \$60.0 million from State Fiscal Recovery funds to support infrastructure at the Port of Davisville. The proposal would expand on existing funding to develop port infrastructure intended to create job opportunities, invest in marine transportation, and make capital improvements to prepare for offshore wind development. Funding is programmed for FY 2023 through FY 2026. The Assembly concurred.

South Quay Marine Terminal. The Governor recommended \$35.0 million from State Fiscal Recovery funds, intended to represent phase one of a larger project and fund design and initial waterfront development. The proposal includes \$12.0 million for FY 2023 and \$23.0 million for FY 2024. Since FY 2020, the Commerce Corporation has awarded \$15.0 million from Rebuild Rhode Island tax credits and \$0.2 million in Site Readiness grants to Rhode Island Waterfront Enterprises for initial dredging,

infrastructure upgrades, and design work needed to support a proposed new South Quay Marine Terminal in East Providence to accommodate offshore wind development. The Assembly concurred.

Administration

The Governor's plan assumes that compliance and oversight is funded from 1.5 percent of the grant award, consistent with the federal allowance for these expenses and that \$17.0 million of resources are available for this. The Pandemic Recovery Office would be responsible for this work. The 2021 Assembly authorized a 1.0 percent assessment on covered grants to fund the operations. The Governor subsequently requested an amendment to exempt the State Fiscal Recovery Fund and the Capital Projects Fund from the additional assessment. Expenditures to support the Pandemic Recovery Office are budgeted directly from Recovery funds rather than an assessment. The Assembly concurred.

State Fiscal Recovery Funds					
	FY 2022	FY 2023	FY 2024- FY 2027	Total	Eligibility Category
Housing					
Development of Affordable Housing	\$ 15,000,000	\$ 30,000,000	\$ 55,000,000	\$ 100,000,000	A-3
Site Acquisition	12,000,000	3,000,000	10,000,000	25,000,000	A-3
Down Payment Assistance	-	10,000,000	20,000,000	30,000,000	C
Workforce Housing	-	12,000,000	8,000,000	20,000,000	C
Affordable Housing Predevelopment	-	2,500,000	7,500,000	10,000,000	A-3
Home Repair & Community Revitalization	-	15,000,000	10,000,000	25,000,000	A-3
Predevelopment & Capacity Building	500,000	500,000	500,000	1,500,000	C
Homelessness Assistance Program	1,500,000	7,000,000	13,000,000	21,500,000	A-3
Homelessness Infrastructure	-	15,000,000	-	15,000,000	A-3
Statewide Housing Plan	-	2,000,000	-	2,000,000	A-3
Subtotal Housing	\$ 29,000,000	\$ 97,000,000	\$ 124,000,000	\$ 250,000,000	
Economic & Workforce Development					
Enhanced Real Jobs	\$ -	\$ 10,000,000	\$ 20,000,000	\$ 30,000,000	A-2
Blue Economy Investments	-	10,000,000	60,000,000	70,000,000	C
Bioscience Investments	-	5,000,000	25,000,000	30,000,000	C
Subtotal Economic & Workforce Development	\$ -	\$ 25,000,000	\$ 105,000,000	\$ 130,000,000	
Small Business & Impacted Industry					
Aid to the Convention Center	\$ 5,000,000	\$ 5,000,000	\$ -	\$ 10,000,000	C
Unemployment Insurance Trust Fund	-	100,000,000	-	100,000,000	A-2
Small Business & Technical Assistance	32,000,000	-	-	32,000,000	A-2
Assistance to Impacted Industries	13,000,000	-	-	13,000,000	A-2
Minority Business Accelerator	-	2,000,000	4,000,000	6,000,000	A-2
Destination Marketing	-	1,500,000	1,500,000	3,000,000	
Subtotal Small Business & Impacted Industry	\$ 50,000,000	\$ 108,500,000	\$ 5,500,000	\$ 164,000,000	
Public Health					
Ongoing COVID-19 Response	\$ -	\$ 75,000,000	\$ 113,871,568	\$ 188,871,568	A-1
Auto-Enrollment Program	-	1,288,710	-	1,288,710	A-2
Health Care Facilities	-	77,500,000	-	77,500,000	A-1
Public Health Clinics	-	4,000,000	-	4,000,000	A-1
Subtotal Public Health	\$ -	\$ 157,788,710	\$ 113,871,568	\$ 271,660,278	
Children, Families, & Education					
Nonprofit Assistance	\$ -	\$ 20,000,000	\$ -	\$ 20,000,000	A-2
Pediatric Recovery	7,500,000	7,500,000	-	15,000,000	A-1
Early Intervention Recovery	5,500,000	5,500,000	-	11,000,000	A-1
Provider Workforce Stabilization	12,500,000	2,500,000	-	15,000,000	B

State Fiscal Recovery Funds					
	FY 2022	FY 2023	FY 2024- FY 2027	Total	Eligibility Category
Foster Home Lead Abatement & Fire Safety	-	1,500,000	375,000	1,875,000	A-3
Child Care Support	19,000,000	21,283,000	1,717,000	42,000,000	A-2
Support for Survivors of Domestic Violence	-	3,500,000	7,000,000	10,500,000	A-2
Adult Education Providers	-	2,000,000	3,000,000	5,000,000	A-3
Subtotal Children, Families & Education	\$ 44,500,000	\$ 63,783,000	\$ 12,092,000	\$ 120,375,000	
Behavioral Health					
Certified Community Behavioral Health Clinics	\$ -	\$ 30,000,000	\$ -	\$ 30,000,000	A-1
9-8-8 Hotline	-	1,875,000	-	1,875,000	A-1
Psychiatric Residential Facility	-	12,000,000	-	12,000,000	A-1
Crisis Intervention Trainings	-	550,000	1,650,000	2,200,000	A-1
Butler Short Stay Unit	-	8,000,000	-	8,000,000	A-1
RITBA Safety Barrier Study	-	1,000,000	-	1,000,000	A-1
Subtotal Behavioral Health	\$ -	\$ 53,425,000	\$ 1,650,000	\$ 55,075,000	
Public Infrastructure & Technology					
Broadband Planning & Mapping	\$ 500,000	\$ -	\$ -	\$ 500,000	D
Climate					
Electric Heat Pump Grant Program	\$ -	\$ 5,000,000	\$ 20,000,000	\$ 25,000,000	C
Port of Davisville	-	6,000,000	54,000,000	60,000,000	C
South Quay Marine Terminal	-	12,000,000	23,000,000	35,000,000	C
RIPTA - R Line Free Service Pilot	-	2,500,000	-	2,500,000	C
Subtotal Climate	\$ -	\$ 25,500,000	\$ 97,000,000	\$ 122,500,000	
Administration	\$ 7,011,307	\$ 4,948,839	\$ 4,990,633	\$ 16,950,779	
Grand Total	\$ 131,011,307	\$ 535,945,549	\$ 464,104,201	\$ 1,131,061,057	

Capital Projects Fund

The Budget also includes \$112.3 million from the Capital Projects Fund. These projects are contained in Article 1, Sections 1 and 16 of 2022-H 7123, Substitute A, as amended. Article 1, Section 16 contains a description of each of the projects for which any appropriation is made. These descriptions follow the table below.

Capital Projects Fund			
	FY 2023	FY 2024- FY 2027	Total
CPF Administration	\$ 349,497	\$ 5,249,866	\$ 5,614,500
Municipal and Higher Ed Matching Grant Program	23,360,095	23,360,095	46,720,190
RIC Student Services Center	5,000,000	30,000,000	35,000,000
Broadband	15,383,000	9,573,500	24,956,500
Total	\$ 44,092,592	\$ 68,183,461	\$ 112,291,190

CPF Administration. Of the \$112.3 million from the Capital Projects Fund, the Governor recommended a total of \$5.6 million, or 5.0 percent for administrative costs. This assumes use of \$0.3 million in FY 2023 and each in FY 2024 and FY 2025 in the Department of Administration. The Governor subsequently requested an amendment to exempt the Capital Projects Fund from the assessment on federal stimulus awards and adjusted recommended expenditures reflecting an updated plan. The Assembly concurred.

Municipal and Higher Ed. Matching Grant Program. The Governor's budget includes \$46.7 million from Capital Projects funds for matching grants to cities and towns seeking to renovate or build community wellness centers that comply with work, education, and health monitoring requirements set by the U.S. Department of Treasury. It programs \$23.4 million each for FY 2023 and FY 2024. The Assembly concurred.

RIC Student Services Center. The Governor recommended \$35.0 million from Capital Projects funds for Rhode Island College to construct a student services center, which would be a centralized hub of all student services including the Bursar's Office, financial aid, records, health services, and academic advising that is convenient and accessible to all students. The College had included this project from new general obligation bonds in its capital budget request. The Governor included \$5.0 million for FY 2023 and \$15.0 million for both FY 2024 and FY 2025. The Assembly concurred.

Broadband. The Governor recommended \$25.0 million from Capital Projects funds for a new project to expand reliable, high-speed internet. The proposal would provide municipalities, public housing authorities, businesses, and internet service providers with funding to expand middle and last-mile broadband infrastructure for underserved communities. Funds are meant to serve as the state match for at least \$100.0 million in federal broadband funds that Rhode Island is eligible for under the Infrastructure Investment and Jobs Act. Funding is programmed for FY 2023 through FY 2025. The Assembly concurred with the recommended funding level and expanded allowable uses to better access and to leverage private and federal funding. It permitted funds to be used for all internet access projects that benefit underserved communities to augment projects which provide a private match. It also required that funds may not be allocated prior to submission of the state broadband strategic plan.

Transportation

Transportation spending, including the state's highway and transit programs, accounts for 6.1 percent of operating budget expenditures in the FY 2023 budget. Nearly half of the expenditures in the five-year capital plan are for transportation projects, including roads and bridges, rail, and public transportation. Funding comes from major federal grants as well as user charges and other dedicated state sources. This report contains detailed information on these sources and how they have changed over time as well as a review of the formal process for capital project planning.

Transportation Planning Process

Federal law requires that a statewide transportation improvement plan covers a period of no less than four years. Federal regulations also requires that the first four years of the plan must be fiscally constrained, whereby the projects in the plan may not exceed the anticipated funding that is reasonably expected to be available over the four-year timeframe. No highway or transit project can utilize federal funds unless it appears in an approved Transportation Improvement Program. In Rhode Island, the Transportation Improvement Program is a culmination of a public outreach process to all communities, public interest groups and citizens throughout the state by the agencies involved in transportation planning and project implementation.

Following the public solicitation process, highway projects are selected for inclusion in the Transportation Improvement Program by a 26-member public body known as the Transportation Advisory Committee using criteria based on five major categories: mobility benefits, cost-effectiveness, economic development impact, environmental impact, and degree of support to local and state goals and plans. Certain types of projects are reviewed by special public committees prior to selection for the Transportation Improvement Program by the Transportation Advisory Committee. Once a plan has gone through the Committee process, it is sent to the Governor's Office for concurrence and then it is submitted to the Federal Highway Administration and the Federal Transit Administration for final approval.

The Transportation Improvement Program includes a category for traditional highway projects. These projects primarily involve either a full reconstruction of the existing roadway or construction of a new highway facility. Projects are considered for this category if they involve a roadway and major work, where more than resurfacing is involved. The pavement management program allows the state to pursue the most cost effective pavement treatment for roads throughout the state. The work includes pavement resurfacing, crack sealing, and micro surfacing as appropriate. Roadways included in the pavement management program include community requested projects and those identified in the Department's pavement management program. Inclusion in the Transportation Improvement Program list does not guarantee that the project will be implemented.

Projects are selected for implementation by the Department of Transportation based on an evaluation using four sources of information: pavement management system data, public input-priority assigned by communities, input from the Maintenance Division, and staff field review. Roadways with the worst ratings are candidates for resurfacing. Final selection considers traffic volumes and the distribution of projects statewide to insure an equitable geographic distribution. Roadways selected must be eligible for federal funding, which means the road must be functionally classified. State roads are given priority, but local roads may also be included in the program based on factors such as regional significance of the road, or support for an economic development or enterprise zone initiative.

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. Annually, the Department will propose

changes to the plan to make sure that projects are appropriately coordinated and that communities and constituents can have input. The federal FY 2018 through FY 2027 Transportation Improvement Program was approved in December 2017. Over a three-year period, a total of 30 amendments were added to it; 28 of these changes were minor in nature and were classified as administrative and there were two major amendments. 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.” The Department subsequently 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.

In July 2019, the Department proposed the other major amendment, classified as Amendment #19 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 added \$20.0 million for the Pell Bridge Ramps Realignment project and \$2.8 million for preliminary engineering and an environmental assessment for an Amtrak stop at T.F. Green Airport. All proposed changes were approved and adopted by the State Planning Council on August 29, 2019.

In June 2021, the Department proposed the federal FY 2022 through FY 2031 plan, which went through the planning process and was adopted in September 2021. It contained \$8,244.7 million for transportation and transit projects and operations. Of this amount, \$3,575.9 million was included in the first four years of the plan, and \$4,668.9 million for the second half of the ten-year period. Funding for the plan in federal FY 2022 included \$505.5 million from federal funds, \$345.1 million from state sources, which included approved general obligation bonds, Rhode Island Capital Plan funds, gasoline tax proceeds, and highway maintenance funds. It assumed that the 2022 Assembly will authorize the issuance of \$34.8 million from revenue bonds. Other funds include land sales, paratransit and passenger revenues generated by the Rhode Island Public Transit Authority and local match for projects.

Subsequent to adopting the plan, on November 15, 2021, President Biden signed the \$1.2 trillion Infrastructure Investment and Jobs Act into law. It authorizes the Federal-Aid Highway Program for federal FY 2022 through FY 2026. It contains increased funding for surface transportation and establishes new grant programs. Rhode Island will receive an average of \$354 million annually. The increase from federal FY 2021 to FY 2022 is approximately \$103 million; the state match for that amount would be \$20.6 million.

Federal FY	Federal Act	RI's Allocation	New: Bridge Replacement	New: Electric Charging Stations	Total	Required Additional Match
2015	Moving Ahead for Progress (MAP 21) Fixing America's Surface Transportation (FAST) Act	\$ 211,081,927				
2016		\$ 221,837,373				
2017		\$ 224,957,309				
2018		\$ 230,202,826				
2019		\$ 236,184,138				
2020		\$ 240,920,619				
2021		\$ 239,414,545				
2022	Infrastructure Investment & Jobs Act	\$ 289,527,640	\$ 48,384,691	\$ 4,572,292	\$ 342,484,623	\$ 20,614,016
2023		\$ 295,322,648	\$ 48,384,691	\$ 4,572,292	\$ 348,279,631	\$ 21,773,017
2024		\$ 301,233,552	\$ 48,384,691	\$ 4,572,292	\$ 354,190,535	\$ 22,955,198
2025		\$ 307,262,674	\$ 48,384,691	\$ 4,572,292	\$ 360,219,657	\$ 24,161,022
2026		\$ 313,412,378	\$ 48,384,691	\$ 4,572,292	\$ 366,369,361	\$ 25,390,963

The previous table shows the Department's annual allocation from MAP 2021, FAST Act and projections from the Infrastructure Investment and Jobs Act.

In November 2021, the Department requested an amendment to the Transportation Improvement Program, which was classified as an "Administrative Adjustment." It essentially adjusted funding for 31 projects in the federal FY 2022 through FY 2025 period, the constrained period without an overall increase in funding; however, a total of \$13.4 million was added in the later year of the plan.

The Department proposed a second amendment to the program on February 3, 2022, to incorporate funding received from the Infrastructure Investment and Jobs Act. The amendment includes changes to more than 150 projects and adds \$550.1 million over the federal FY 2022 through FY 2025 period and \$197.6 million in the second part of the plan, for a total of \$748.4 million over the ten-year period. Projects were advanced from the later years, reflecting the availability of funding. The amendment was available for public comments through February 14 and it was approved on February 17.

The following table includes program and funding adjustments from both amendments; the amended Transportation Improvement Program. It totals \$9,127.7 million, which is \$883.0 million more than the plan that was adopted in September 2021.

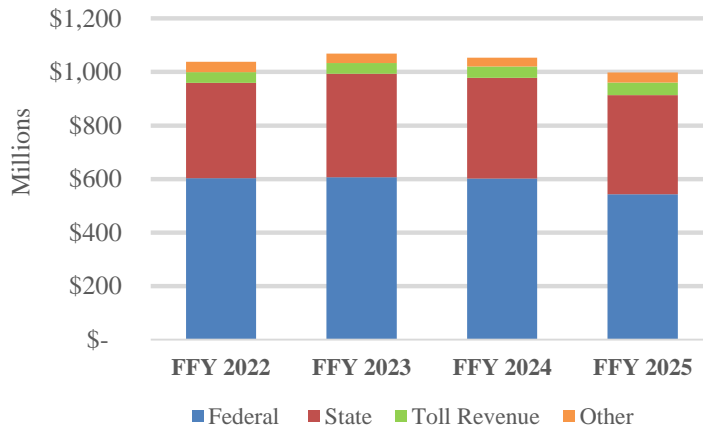
Programs	FFY 2022	FFY 2023	FFY 2024	FFY 2025	FFY 2022- FFY 2025	FY 2026- FFY 2031	FFY 2022- FFY 2031
Active Transportation	\$ 16.6	\$ 20.3	\$ 17.8	\$ 27.2	\$ 82.0	\$ 193.0	\$ 275.0
Bridge	177.8	145.0	177.0	165.2	665.0	1,075.1	1,740.1
Corridor Projects	1.5	4.7	14.5	23.7	44.3	166.5	210.8
Debt Service	113.4	116.2	116.1	112.4	458.1	649.9	1,108.0
Headquarters Operations	47.6	46.4	44.8	47.1	185.9	286.9	472.8
Maintenance Operations	76.5	78.7	79.9	80.6	315.8	470.1	785.8
Major Capital Projects	211.8	256.0	239.8	202.9	910.5	371.6	1,282.0
National Highway Traffic Safety Admin.	9.1	9.1	9.1	9.1	36.3	54.5	90.8
Pavement	84.9	127.8	115.8	84.8	413.3	312.9	726.2
Stormwater	15.0	15.0	11.0	10.0	51.0	60.0	111.0
Study & Development	14.3	14.3	14.4	14.5	57.5	65.2	122.6
Traffic Safety	48.7	34.4	28.4	35.7	147.2	212.2	359.4
Transit	36.9	30.9	22.7	20.2	110.7	170.7	281.4
Department of Transportation	\$ 854.1	\$ 898.9	\$ 891.1	\$ 833.2	\$ 3,477.4	\$ 4,088.5	\$ 7,565.9
Transit Capital	\$ 46.0	\$ 33.0	\$ 22.8	\$ 22.8	\$ 124.5	\$ 128.3	\$ 252.8
Transit Service	22.6	14.1	14.9	15.1	66.8	92.3	159.1
Transit Support Operations	115.3	122.2	124.4	126.5	488.3	661.6	1,149.9
RI Public Transit Authority	\$ 183.9	\$ 169.2	\$ 162.1	\$ 164.4	\$ 679.6	\$ 882.2	\$ 1,561.8
Total	\$1,038.0	\$1,068.2	\$1,053.2	\$ 997.6	\$ 4,157.0	\$ 4,970.8	\$ 9,127.7

In millions

As part of his FY 2022 revised budget, the Governor recommended \$100.0 million from one-time general revenues be transferred to the Rhode Island Capital Plan Fund to be used as the state match for additional transportation projects authorized under the federal Infrastructure Investment and Jobs Act. This includes \$71.3 million for the Department of Transportation and \$28.7 million for the Rhode Island Public Transit Authority. The recommendation assumes that the additional funding covers the state match for two years. As the table on the previous page shows, the additional match for federal FY 2022 and FY 2023 would be \$42.4 million. This assumes a great portion of the funds are used for discretionary projects.

The following table shows funding sources for the first part of the ten-year period for the amended Transportation Improvement Program.

FFY 2022 - FFY 2025 Sources



Subsequently, the Governor requested two amendments to adjust expenditures, reflecting updated discretionary grant awards and federal earmarked funds received. The Governor's amendment adds \$10.0 million from Rhode Island Capital Plan funds to match \$40.0 million from federal funds the Department received subsequent to the budget submission for bridge replacement projects and reduce previously recommended funds by \$6.0 million, as federal discretionary funds for a project were not approved, for a net increase of \$3.9 million. For the Rhode Island Public Transit Authority, the amendment removed recommended Rhode Island Capital Fund expenditures of \$4.9 million, as federal discretionary funds for a project were not approved. It added a \$1.0 million match for the Newport Bus Facility. This resulted in a net reduction of \$3.9 million. Of the \$100.0 million from Rhode Island Capital Plan funds, the Department would receive \$75.3 million and the Authority would receive \$24.7 million. The Assembly concurred.

Electric Vehicle Charging Infrastructure Program. The Governor proposed legislation in Article 2 of 2022-H 7123 creating an Electric Vehicle Charging Infrastructure Program, which will be funded with \$22.9 million from federal funds authorized in the federal Infrastructure and Investment Jobs Act through federal FY 2026. The program will be administered by the Department of Transportation and the Office of Energy Resources, with consultation from the Department of Environmental Management. The legislation contains a reporting requirement to the Governor and the General Assembly, by December 31, 2023, and annually thereafter until all the funds are used. Federal guidance was issued on February 10, 2022. It requires that the state submit an Electric Vehicle Infrastructure Deployment Plan by August 1 and the Federal Highway Administration will approve the plan by September 30, 2022. The Assembly concurred.

Bridge Replacement. Another category for new formula funding authorized under the Infrastructure Investment and Jobs Act is the Bridge Replacement, Rehabilitation, Preservation, Protection and Construction, for which the act provides a total of \$27 billion over five years. The program is expected to help repair approximately 15,000 highway bridges nationwide.

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 highway preservation. As the following table illustrates, the per penny gasoline tax yield and the total funding available to the Department has steadily declined.

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
2021	\$ 4,074,036	20.25	\$ 82,499,229

**1 cent transferred from General Fund to DOT*

***3.5 cents transferred from DOT to Turnpike and Bridge Authority*

Even with the additional penny in FY 2010, available funding through FY 2013 decreased \$10.3 million, or approximately 12 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 the 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.

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 those meetings, including changes to funding sources and transportation governance.

The 2014 Assembly adopted legislation 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 legislation 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 2014 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		Outstanding	
		GARVEE Issuance	2020 GARVEE	Motor Fuel Revenue Bonds	Total Debt Service
2022	38,095,401	57,540,000	8,277,750	5,362,250	109,275,401
2023	39,366,374	57,536,500	8,277,750	5,363,250	110,543,874
2024	34,103,952	57,535,250	8,277,750	5,358,750	105,275,702
2025	31,799,805	42,501,250	19,932,750	4,883,500	99,117,305
2026	31,908,963	42,501,000	19,930,000	4,885,500	99,225,463
2027	26,568,940	42,500,250	19,933,250	1,606,500	90,608,940
2028	26,046,003	42,500,250	19,930,750	-	88,477,003
2029	20,419,321	42,502,000	19,931,250	-	82,852,571
2030	20,414,342	42,501,250	19,933,000	-	82,848,592
2031	10,879,010	42,498,750	19,929,250	-	73,307,010
2032	11,340,458	-	19,928,500	-	31,268,958
2033	9,171,137	-	19,928,750	-	29,099,887
2034	7,684,474	-	19,933,000	-	27,617,474
2035	6,438,836	-	19,929,000	-	26,367,836
2036	5,624,237	-	-	-	5,624,237
2037	5,625,319	-	-	-	5,625,319
2038	5,625,805	-	-	-	5,625,805
2039	5,623,514	-	-	-	5,623,514
2040	5,626,126	-	-	-	5,626,126
2041	5,621,765	-	-	-	5,621,765
2042	3,348,249	-	-	-	3,348,249

**Net of general revenue share for FY 2017 restructuring*

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 used in the FY 2022 and FY 2023 budgets.

Source	FY 2021 Reported	FY 2022 Enacted	FY 2022 Final	FY 2023 Enacted
Federal Highway Admin. Funds	\$ 202,230,410	\$ 226,276,007	\$ 219,837,054	\$ 225,559,586
Other Federal Funds	124,671,736	224,770,518	250,238,405	230,992,988
Gasoline Tax*	99,232,374	114,427,666	122,118,703	110,831,013
Motor Vehicle Fees	113,622,421	87,157,485	99,485,384	102,647,711
Toll Revenue	44,218,524	35,089,593	31,089,593	33,614,329
Rhode Island Capital Plan Funds	981,902	71,540,808	71,993,392	77,859,628
Restricted Receipts	1,293,531	2,589,202	4,692,654	5,949,070
Land Sale Revenue	2,436,790	4,479,719	9,782,473	7,760,141
Interstate 195 Land Sales	-	1,500,000	1,500,000	1,500,000
General Obligation Bonds**	-	[40,000,000]	[40,000,000]	[31,700,000]
Other Funds	-	50,000	-	-
Total	\$ 588,687,688	\$ 767,880,998	\$ 810,737,658	\$ 796,714,466

*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 Highway Administration Funds. On November 15, 2021, President Biden signed the \$1.2 trillion Infrastructure Investment and Jobs Act into law. It authorizes the Federal-Aid Highway Program for federal FY 2022 through FY 2026. It contains increased funding for surface transportation and establishes new grant programs. 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.

Rhode Island will receive an average of \$354 million annually. The increase from federal fiscal year 2021 to FY 2022 is approximately \$103 million; the state match for that amount would be \$20.6 million. As part of his FY 2022 revised budget, the Governor recommended \$100.0 million from one-time general revenues be transferred to the Rhode Island Capital Fund to be used as the state match for additional transportation projects authorized under the federal Infrastructure Investment and Jobs Act. This includes \$71.3 million for the Department; the Capital Budget programs these as \$66.7 million in FY 2024 and \$4.7 million in FY 2025. This includes time for design and scoping before projects are constructed. A subsequent amendment altered the agency allocation, reflecting known federal awards and earmarked funds received. The Department will receive \$75.3 million and with the Authority receiving \$24.7 million.

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 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.

Other Federal Funds. The source are 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. They also may include funds received through other legislation adopted by Congress, such as stimulus funds.

The Coronavirus Aid, Relief, and Economic Security Act, adopted in March 2022 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 are no matching requirements. 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 Department's portion of the funds will be \$54.3 million. President Trump also 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 additional funds will be used for ongoing projects.

These funds also include discretionary grants; from time to time, these funding opportunities become available. These funds are awarded on a competitive basis and a state match is required for their uses and 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 improvements, transit features or security measures. The 2020 Assembly adopted legislation 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. As of the last report of FY 2021, the Department received \$467.6 million in discretionary grants. The required match on that amount is \$116.2 million. The report identified four projects for which partial match is available under currently authorized funding and the shortfall for these projects would be \$28.3 million. Subsequently, the Department indicated that two other projects were inadvertently misclassified and the match needed for them would be \$12.0 million, and \$5.0 million would be needed for a recent discretionary grant application it submitted, bringing the total match to \$45 million. As noted, the difference for the state's match for the Department of Transportation reflects an increase of \$10 million; or \$20 million for two years. This would leave the Department with \$50 million to fund discretionary projects.

Gasoline Tax. The state's transportation funding is affected by its reliance on the gasoline tax and the revenue it yields. 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.

Entity	FY 2021 Reported	FY 2022 Enacted	FY 2022 Final	FY 2023 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

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 distribution of the gasoline tax is illustrated in the table on the previous page.

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 FY 2022 gas tax is 35.0 cents, with 34.5 cents of that going towards transportation. The Department of Transportation 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. The following table shows how the New England states rank.

Tax - Cents Per Gallon		
<i>As of 1/1/2022</i>	<i>Gas</i>	<i>Diesel</i>
<i>Rhode Island</i>¹	35.0	35.0
Connecticut	35.8	40.1
Maine	30.0	31.2
Massachusetts ²	26.5	26.5
New Hampshire	23.8	23.8
Vermont	32.1	32.0
New England Average	30.5	31.4
U.S. Average	38.7	40.2

Source: American Petroleum Institute includes state surcharges

¹Increased 1 cpg on 7/1/19

²Increased 3 cpg 7/1/13, indexed to inflation; 11/14 referendum repealed index

Motor Vehicle Fees. 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 2021 and projected for FY 2022 and FY 2023.

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	\$ 10,716,020	\$ 3,963,459	\$ 4,684,964	\$ 19,364,443
2022	\$ 10,813,556	\$ 3,999,535	\$ 4,727,606	\$ 19,540,697
2023	\$ 10,873,816	\$ 4,021,823	\$ 4,753,951	\$ 19,649,590

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 Reported	FY 2022 Enacted	FY 2022 Final	FY 2023 Enacted
Inspection Sticker Increase	\$ 14,107,487	\$ 12,432,988	\$ 11,244,123	\$ 12,843,100
Title Fees	11,359,470	10,114,027	9,053,864	10,341,375
Rental Car Surcharge	2,877,753	4,172,573	3,049,690	3,184,178
Good Driving Surcharge	399,711	542,849	399,711	399,711
License and Registration Transfer	55,413,772	48,639,675	55,918,147	56,229,757
Surcharges	19,364,443	19,137,460	19,540,697	19,649,590
Total	\$ 103,522,636	\$ 95,039,572	\$ 99,206,232	\$ 102,647,711
5.0 Percent for Collection Cost	(5,176,132)	(4,751,979)	(4,960,312)	(5,132,386)
Total	\$ 98,346,504	\$ 90,287,593	\$ 94,245,920	\$ 97,515,325

Does not include carry-forward funds

Governor McKee 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.

Toll Revenue. 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.

Governor Raimondo signed into law the RhodeWorks legislation, contained in 2016-H 7409, Substitute A, as amended on February 11, 2016. The legislation 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.

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 13 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.

Through the end of June 2022, all but one gantry is operational, including the Viaduct (location 5). Toll collections started on June 1, 2018, from two gantries. The following table shows toll revenues through the end of FY 2021. Collections and when these funds are used differ; funds are budgeted based on projects being funded. The Capital Budget programs \$41.2 million in FY 2022, \$42.0 million in FY 2023, \$22.0 million in FY 2024, \$21.2 million in FY 2026 and \$25.8 million in FY 2027.

Fiscal Year	Toll Revenues
2021	\$ 34,761,828
2020	\$ 16,699,392
2019	\$ 8,109,772
2018	\$ 443,804

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. These funds, combined with highway maintenance funds provide the \$40 million of annual match for federal funds, which was historically generated through borrowing.

The 2021 Assembly concurred with the Governor's recommendation to provide the Department with an additional \$58.5 million from Rhode Island Capital Plan funds for state match based on a review of the current shortfall in match for numerous discretionary grants. This includes \$28.5 million in FY 2022 and \$25.0 million in FY 2023.

As part of his FY 2022 revised budget, the Governor recommended \$100.0 million from one-time general revenues be transferred to the Rhode Island Capital Plan Fund to be used as the state match for additional transportation projects authorized under the federal Infrastructure Investment and Jobs Act. This includes \$71.3 million for the Department of Transportation and \$28.7 million for the Rhode Island Public Transit Authority. The recommendation assumes that the additional funding covers the state match for two years. The additional match for federal FY 2022 and FY 2023 would be \$42.4 million. This appears to assume a great portion of the funds are used for discretionary projects. A subsequent amendment altered the agency allocation, reflecting known federal awards and earmarked funds received. The Department will receive \$75.3 million and the Authority will receive \$24.7 million.

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 2021 Assembly adopted legislation allowing the Budget Officer to convert escrow liability accounts to restricted receipt accounts that are established prior to July 1, 2021 to restricted receipt accounts upon the directive of the Controller with the consent of the Auditor General.

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 2021, the Department had \$9.0 million in available receipts. The amended Transportation Improvement Program assumes use of \$4.9 million in federal FY 2022 to support miscellaneous departmental projects, programs and initiatives, \$5.0 million each in FY 2023 and FY 2026, and \$3.0 million in FY 2024.

Interstate 195 Land Sales. The sale of land was 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. Subsequent to its budget submission, the Department indicated that its requests should not include any expenditures or revenues related to these land sales; none of the remaining parcels to be sold are for the Department.

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, Governor Raimondo 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 make up for additional shortfalls in state match related to a decline in gasoline tax and other sources resulting from the coronavirus pandemic 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.

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.

Reporting

The RhodeWorks legislation that was adopted in 2016 requires the Department to provide quarterly reports on the progress and implementation of projects. The reports are due within 30 days of each fiscal quarter. They are due to the Office of Management and Budget, House and Senate Fiscal advisors. The requirement was designed to assist with oversight on the progress of the work. This includes quarterly reporting on plans to issue contracts, costs and completion dates in order to track adherence to the aggressive goals of RhodeWorks. The Department must also report the number of workers hired through the contracts including those with a Rhode Island address. The 2021 Assembly adopted legislation 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. Since the adoption of the legislation, all reports have been submitted on time. The reports are also posted on the Department's website <https://www.dot.ri.gov/accountability/index.php>.

Explanations of Budget Articles

2022-H 7123, Substitute A, as Amended

Article 1

Section 1. Appropriations. This section of Article 1 contains the appropriations for FY 2023.

Section 2. Line Item Appropriations. This section establishes that each line in Section 1 of Article 1 constitutes an appropriation.

Section 3. Transfer of Functions. This section authorizes the Governor to transfer appropriations and full-time equivalent position authorizations associated with transfers of functions.

Section 4. Contingency Fund. This section allows for expenditures from the contingency account located within the Office of the Governor's budget for unexpected expenditures or for those departments and agencies where appropriations are insufficient. The Governor must approve all expenditures and transfers from this account.

Section 5. Internal Service Funds. This section authorizes the establishment of limited and specific internal service accounts to implement the cases in which state agencies provide services to other state agencies, institutions, and other governmental units on a cost reimbursement basis.

Section 6. Legislative Intent. This section authorizes the chairpersons of the finance committees of the two chambers to provide a "statement of legislative intent" for specifying the purpose of the appropriations contained in Section 1 of this article.

Section 7. Temporary Disability Insurance Funds. This section appropriates all funds required for benefit payments from the Temporary Disability Insurance Fund and the Temporary Disability Insurance Reserve Fund.

Section 8. Employment Security Funds. This section appropriates all funds required for benefit payments to unemployed individuals from the Employment Security Fund.

Section 9. Lottery. This section appropriates to the Lottery Division any funds required for the payment of prizes and commissions.

Section 10. Appropriation of CollegeBound Saver Funds. This section appropriates the funds received by the Office of the General Treasurer from the CollegeBound Saver program for transfer to the Office of Postsecondary Commissioner to support student financial aid for FY 2023. The Budget includes \$7.9 million from these sources for state grant programs.

Section 11. Full-Time Equivalent Positions. This section limits the maximum number of full-time equivalent positions authorized for the departments and agencies during any payroll period in FY 2023. In addition, this section provides that the Governor or designee, Speaker of the House or designee, and President of the Senate or designee may jointly adjust the authorization. It limits appointments for state employees supported through non-state funds to the availability of those fund sources.

This section also prevents departments from employing contracted employees to work under state supervisors or replace work done by state employees without determination of need by the Director of Administration. Total staffing is 15,455.5 full-time equivalent positions, 142.3 positions more than the

Explanations of Budget Articles

enacted budget. This includes the enacted amount of 523.8 higher education positions supported by third-party funds.

Section 12. Multi-Year Appropriations. This section makes multi-year appropriations for a number of capital projects included in the FY 2024 through FY 2027 Capital Budget that are funded from Rhode Island Capital Plan funds. The FY 2023 and multi-year appropriations supersede appropriations made for capital projects in Section 12 of Article 1 of the FY 2022 Appropriations Act.

Section 13. Reappropriation - RICAP. This section provides that any unexpended and unencumbered funds for Rhode Island Capital Plan Fund projects shall be reappropriated to the next year. However, any such reappropriations are subject to final approval by the General Assembly as part of the supplemental appropriations act. Unexpended funds of less than \$500 can be reappropriated at the discretion of the State Budget Officer.

Section 14. Rhode Island Housing and Mortgage Finance Corporation. This section requires that the Rhode Island Housing and Mortgage Finance Corporation provide from its resources an appropriate amount to support the Neighborhood Opportunities Program. The Corporation is also required to provide to the director of the Department of Administration, the chair of the Housing Resources Commission, and both chairs of the House and Senate Finance Committees a report detailing the amount of funding and information such as the number of housing units provided.

Section 15. Pawtucket Downtown Redevelopment. This section contains the necessary 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 Budget only accounts for use of \$0.7 million for FY 2022.

Section 16. State Fiscal Recovery Funds. This section clarifies that appropriations of federal funds in section one shall not be construed to mean state fiscal recovery and capital projects funds enacted as part of the American Rescue Plan Act, unless specifically designated as such. The section also makes multi-year appropriations for all projects funded through State Fiscal Recovery and Capital Projects funds from FY 2024 through FY 2027. It also contains a description of each of the projects for which any appropriation is made.

Section 17. Reappropriation - State Fiscal Recovery Funds. This section provides that any unexpended and unencumbered funds from the State Fiscal Recovery and Capital Projects funds shall be reappropriated to the following year. However, any such reappropriations are subject to final approval by the General Assembly as part of the supplemental appropriations act. This is similar to the treatment of Rhode Island Capital Plan funds.

Section 18. State Fiscal Recovery Funds Reporting and Compliance. This section establishes a Pandemic Recovery Office within the Department of Administration to oversee all programs financed by State Fiscal Recovery or Capital Projects funds. The Office will be responsible for ensuring compliance with all rules, regulations, and guidance and submission of all required reports. The section also empowers the Budget Officer to establish a system to ensure that any distribution of funds is contingent upon compliance with all state and federal rules, regulations, and guidance.

Section 19. Effective Date. This section establishes the article is effective as of July 1, 2022.

Explanations of Budget Articles

Article 2. State Funds

Section 1. IGT STEM Scholarships. This section creates a restricted receipt account within the Office of Postsecondary Commissioner for scholarships for Rhode Island students studying science, technology, engineering, or mathematics. This is funded pursuant to the agreement between IGT Global Solutions Corporation and the Division of Lottery, which requires IGT to pay \$35,000 annually for 20 years beginning with 2022.

Section 2. Adult Use Cannabis. The 2022 Assembly adopted the Rhode Island Cannabis Act and created two funds: the Marijuana Trust Fund to collect excise sales tax revenues and fees associated with the legalization of a 21 and older adult use cannabis program, and the Social Equity Assistance Fund to collect all fees and fines related to cannabis business licensing. This section allows the State Budget Officer to authorize and create restricted receipt accounts in any department or agency where funds will be appropriated from the Marijuana Trust Fund, and exempts it as well as the Social Equity Assistance Fund from indirect cost recovery.

Section 3. Hospital Conversion Monitoring. This section creates the hospital conversion monitoring restricted receipt account. These funds are currently being deposited into an escrow account in the Department of Health. Expenditures to support the monitoring would be drawn from the new account.

Section 4. Federal Grants Management. The 2021 Assembly authorized an assessment on federal funds received to support the Office of Federal Grants Management. The legislation also authorized the State Controller to apply an additional assessment on federal stimulus awards, excluding Medicaid and higher education support, not to exceed 1.0 percent of the total award to finance the planning, oversight, compliance, and reporting and the costs of a grants management information technology system. This section exempts the State Fiscal Recovery Fund and the Capital Projects Fund from the additional assessment. Expenditures from these sources, which support the Pandemic Recovery Office, are budgeted directly.

Section 5. Restricted Receipt Accounts. This section exempts six restricted receipt accounts from the state's ten percent indirect cost recovery; four of these accounts are created within the article and the other two were created in the Rhode Island Cannabis Act.

Section 6. Emergency and Public Communication Access Funds. This section increases the amount transferred from the Emergency and Public Communication Access Fund to the Commission for the Deaf and Hard of Hearing from \$80,000 to \$100,000. These funds are derived from the monthly \$0.09 fee from the Dual Party Phone Relay Escrow Account.

Section 7. Executive Office of Health and Human Services. This section creates two accounts in the Executive Office of Health and Human Services to provide the mechanism to access additional federal Medicaid funds available through the American Rescue Plan Act to pay for expanding home and community based services and associated administrative expenses. It also creates the Rhode Island Statewide Opioid Abatement Account to allow the Executive Office to receive and spend funds from settlement agreements with opioid manufacturers, pharmaceutical distributors, pharmacies, or any monies received from any bankruptcy proceedings. There is an annual January 1 reporting requirement from the Secretary of the Executive Office to the Speaker of the House of Representatives, President of the Senate, and the Attorney General on how the funds were spent. The article also prevents any governmental entity, such as a school or fire district, from asserting a claim against any entities that the Attorney General has

Explanations of Budget Articles

entered into an opioid settlement agreement subject to the Rhode Island Memorandum of Understanding between State and Cities and Towns Receiving Opioid Funds.

Article 3. Government Reform and Reorganization

Section 1. Caterer Licenses. This section eliminates the \$1.00 per copy fee charged by the Department of Business Regulation to provide duplicates of valid liquor licenses held by caterers.

Sections 2 and 3. Billiard Tables. These sections classify all billiard tables, pool tables, and pocket billiard tables as subject to the same statutes. It also establishes a threshold of three billiard tables before an establishment may become subject to municipal taxation and regulation.

Section 4. Hide and Leather. This section repeals the obsolete statute relating to municipal hide and leather inspection.

Section 5. Interpreter for the Deaf Licensure. This section eliminates the requirement that interpreters for the deaf have their licensure applications “verified by oath,” effectively notarized.

Section 6. Constable Certification. The responsibility to certify constables was previously transferred to the Department of Business Regulation from the District Court. This section eliminates reference to the chief judge of the district court and authorizes the Department to levy an administrative penalty not more than \$1,000 for each violation for failure to comply with Department regulations or state law pertaining to constables. It also gives the Governor responsibility for appointing all five members of the Certified Constables’ Board, eliminating the appointing roles for the chief judge and two trade groups. Rhode Island Constables, Inc. and the Rhode Island Constables Association would now be allowed to recommend one appointment each.

Sections 7 and 8. Opioid Stewardship Act. These sections of the article transfer the Opioid Stewardship Act program administration, including staff from the Department of Health, to the Executive Office of Health and Human Services.

Sections 9 and 10. Upholstery Industry Regulation. These sections require the Mattress Stewardship Council to provide the Resource Recovery Corporation upon request with any documents or information provided to the auditor by the council. They prevent these documents from being made public if they contain financial information of a privileged or confidential nature. These sections also use the term “registration” to replace and standardize various similar terms wherever applicable within state statutes relating to the upholstery industry.

Section 11. DMV Locations. Rhode Island General Law, Section 31-2-6 requires a branch office for certain part-time locations; this section provides a requirement for direct, in-person services, consistent with the intent of the current law. This section makes changes to allow for the use of a mobile motor vehicle registry.

Section 12. Director Salaries. This section authorizes the Governor to determine the salary of the director of the Department of Children, Youth and Families for 2022 only. The Assembly had authorized the same proposal for 2021, but the position was not filled. This section also delays the requirement for the Department of Administration to conduct public hearings on director salaries until September and the deadline to refer them to the General Assembly to October 30 for 2022 only.

Explanations of Budget Articles

Sections 13 and 14. Mixed Martial Arts Fees. These sections permit the Department of Business Regulation to establish fees for referees and other licensed officials of mixed martial arts competitions, with certain exclusions for amateur matches similar to current boxing rules. Amateur exhibitions and matches would be defined as those which do not award cash prizes to participants or for which the prize totals less than \$25.

Section 15. Municipal Finance/DCAMM. This section requires the Division of Capital Asset Management and Maintenance of the Department of Administration to submit data regarding the utilization of state property to the Department of Revenue's Division of Municipal Finance by August 31, 2022, and each April 1 thereafter, in order to properly account for these properties in state aid calculations. Beginning January 1, 2023, the various state entities utilizing state properties are required to submit complete and accurate data to the Division of Capital Asset Management and Maintenance annually by March 1.

Section 16. Collections Unit Sunset. This section extends the sunset for the Collections Unit within the Department of Revenue from June 30, 2023 to June 30, 2033.

Section 17. Electric Vehicle Charging Infrastructure Program. This section creates an Electric Vehicle Charging Infrastructure Program, which will be funded with \$22.9 million from federal funds authorized in the federal Infrastructure Investment and Jobs Act. The program will be administered by the Department of Transportation and the Office of Energy Resources, with consultation from the Department of Environmental Management. The legislation contains a reporting requirement to the Governor and the General Assembly by December 31, 2023, and annually thereafter until all the funds are used. Federal guidance was issued on February 10, 2022. It requires that the state submit an Electric Vehicle Infrastructure Deployment Plan by August 1 and the Federal Highway Administration will approve the plan by September 30, 2022.

Article 4. Public Debt Management Act

The Public Corporation Debt Management Act requires that all new non-general obligation debt authorizations be approved by the Assembly, except in certain circumstances. Article 4 contains two authorizations totaling \$28.5 million for two projects at the University of Rhode Island. It would authorize \$13.0 million for the Facilities Service Sector Upgrade project and \$15.5 million for the Utility Infrastructure Upgrade Phase II project. Annual debt service is not expected to exceed \$2.5 million for the two projects supported by general revenues and tuition and fees.

It should be noted that after the budget passed, the Assembly authorized \$163.1 million of revenue bonds for the University of Rhode Island to fund the construction of a new 500-bed residence hall, Brookside Apartments II. Annual debt service paid by room rent would be \$11.8 million based on an interest rate of six percent and a 30 year-term; maximum debt service would be \$356.0 million.

Article 5. Capital Development

Article 5 places \$400.0 million of new general obligation bond authorizations on the November 2022 ballot for voter approval through three separate questions. The first question provides \$100.0 million for the University of Rhode Island's Narragansett Bay Campus. Question two provides \$250.0 million for public school construction and repairs.

Question three provides \$50.0 million for environment and recreation projects. There are nine separate components: \$16.0 million for municipal resiliency, \$5.0 million for small business energy grants and loans,

Explanations of Budget Articles

\$3.0 million for Narragansett Bay and watershed restoration, \$3.0 million for forest restoration, \$4.0 million for brownfields remediation and economic development, \$3.0 million for state land acquisition, \$2.0 million for local land acquisition matching grants, \$2.0 million for local recreation development matching grants, and \$12.0 million for a Roger Williams Park and Zoo education center.

Annual debt service for the entire \$400.0 million, supported by general revenues, would be \$33.1 million assuming 5.0 percent interest and a 20-year term.

Article 6. Taxes and Revenues

Section 1. Hospital License Fee. This section includes an FY 2023 license fee at 5.42 percent based on 2021 revenues with collections totaling \$179.1 million, including \$176.3 million from the community hospitals and \$2.8 million from Eleanor Slater Hospital. It also revises the FY 2022 license fee downward from 5.725 percent to 5.656 percent. Collections would total \$172.0 million, including \$171.1 million from the community hospitals and \$0.9 million from Eleanor Slater Hospital, which is \$1.7 million more than enacted for FY 2022.

Section 2. License Plate Reissuance. This section waives the \$8 fee for the statutorily required license plate reissuance anticipated to occur over a two-year period beginning July 1, 2022. Exempting the fee reduces general revenues by \$6.1 million, including \$2.9 million for FY 2023 as assumed in the May revenue estimate.

Section 3. Lottery Prize Structure. This section raises the maximum prize commission cap for instant ticket products from 65.0 percent to 71.0 percent of total revenues, increasing the average payout across these traditional lottery products to incentivize more sales. The 2000 Assembly increased the prize commission cap for lottery tickets from 55.0 percent to 65.0 percent. This change is estimated to increase revenues by \$0.5 million in FY 2023.

Section 4. Interest Rates. This section reduces the annual interest charged on certain delinquent tax payments from a range of 18.0 percent to 21.0 percent, to a range of 12.0 percent to 21.0 percent, effective January 1, 2023. The minimum interest rate for sales and use and employment tax collections passed through to the state remains unchanged. The previous interest rate range was established by the 2006 Assembly to become effective after completion of a tax amnesty program authorized for a 75-day period ending September 30, 2006. The budget assumes revenue losses of \$2.5 million for FY 2023, \$6.3 million for FY 2024, and an annualized full value of \$7.7 million.

Section 5. Electronic Filing for Businesses. This section requires a business with a combined annual tax liability of at least \$5,000 or annual gross revenues of at least \$100,000 to file its returns and remit its tax payments electronically, beginning January 1, 2023. Failure to remit electronically is subject to a penalty of 5.0 percent or \$500, whichever is less; failure to electronically file is subject to a \$50 penalty.

Sections 6, 7, and 13. Tangible Tax. These sections provide local governments and fire districts authority to establish a uniform exemption from tangible taxes levied on personal property and permit the Division of Municipal Finance to grant a one year exemption from the applicable tax classification to those cities and towns that seek to establish such an exemption. Cities and towns would be required to adjust the applicable tax classification or seek a change to state law during the one year exemption for future compliance. Section 7 caps tangible tax rates for communities providing or seeking an exemption at the same rate in effect for the tax year the exemption is sought or the year following the effective date of the section, whichever is later. Section 13 discounts the value of the exemption from state aid calculations.

Explanations of Budget Articles

Section 8. Sales Tax Exemptions. This section exempts breast pump products from the sales tax effective October 1. Based on assumptions using federal data on new mothers and estimated birth counts and equipment costs, the expected fiscal impact for FY 2023 is \$58,328. This would annualize to \$77,770 for FY 2024. It also exempts the trade-in value of motorcycles from sales tax and the Budget assumes a revenue reduction of \$0.1 million based on an October 1 effective date.

This section also expands the current sales tax exemption on specific funeral items to include burial containers, urn liners, urn vaults, grave liners, grave vaults, burial tent setups, and prayer cards from sales tax effective October 1. The fiscal impact for FY 2023 would be \$115,734; it would annualize to \$154,312 for FY 2024.

Section 9. Pensions. This section exempts military service pensions from taxation beginning with tax year 2023. The Budget includes a reduction of \$3.1 million for half a fiscal year impact, growing to \$6.3 million for FY 2024. The article also provides that the new exemption is combined with the existing retirement income exemption up to the greater of the retirement income exemption or the full value of the military pension tied to grow with inflation.

Section 9 also increases the existing retirement income exemption from \$15,000 to \$20,000. This would cost \$1.6 million for FY 2023; it would annualize to \$3.2 million for FY 2024.

Sections 9 and 10. Child Tax Credit. These sections provide a one-time child tax credit rebate of \$250 per child for up to three children for Rhode Island residents making up to \$100,000 for an individual and \$200,000 for a joint filer, estimated to affect approximately 190,000 filers. Most checks would be issued in October as long as taxpayers file their 2021 returns before September 1. Late filers have until October 31 to qualify. A child is defined as a dependent that was under the age of 18 in calendar year 2021. The Division of Taxation will use the most recent tax filing data, which is tax year 2021. This is estimated to cost \$43.8 million.

Section 11. Property Tax Circuit Breaker. This section increases the income threshold for property tax credits or “circuit breaker” program eligibility from \$30,000 to \$35,000 and increase the credit to \$600 beginning with tax year 2022. Both would grow by inflation beginning in tax year 2024. The property tax credit program provides relief through a system of tax credits and refunds to elderly and/or disabled Rhode Island residents who own or rent their homes. To be eligible, the homeowner or renter must not exceed the household income threshold and be at least 65 years old or disabled, and receive a Social Security disability benefit. This change would cost \$3.7 million annually.

Section 12. Motor Vehicle Excise Tax Phase-Out. This section advances the motor vehicle excise tax by one year compared to the schedule enacted by the 2017 Assembly. That legislation gradually ended the ability of municipalities to tax motor vehicles, eliminating the tax for FY 2024; for communities entering FY 2023, the tax is eliminated. The Budget includes \$64.4 million more for FY 2023 to account for the change. For all communities except East Providence no future tax will be levied; East Providence entered the phase-out one year behind most communities and will levy the tax for a final year in FY 2023.

Article 7. Revised Appropriations

Section 1. Appropriations. This section contains the revised appropriations for FY 2022.

Section 2. Line Item Appropriations. This section establishes that each line in Section 1 of Article 1 constitutes an appropriation.

Explanations of Budget Articles

Section 3. Internal Service Funds. This section authorizes the establishment of limited and specific internal service accounts to implement the cases in which state agencies provide services to other state agencies, institutions, and other governmental units on a cost reimbursement basis.

Section 4. Full-Time Equivalent Positions. This section limits the maximum number of full-time equivalent positions authorized for the departments and agencies during any payroll period in FY 2022. In addition, this section provides that the Governor or designee, Speaker of the House or designee, and President of the Senate or designee may jointly adjust the authorization. It also limits appointments for state employees supported through non-state funds to the availability of those fund sources. Total staffing is 15,317.9 full-time equivalent positions, 4.7 more positions than enacted. It includes 523.8 higher education positions supported by third-party funds, consistent with the enacted budget.

Section 5. Reappropriation - State Fiscal Recovery Funds. This section provides that any unexpended and unencumbered funds from the State Fiscal and Capital Projects funds authorized as part of the American Rescue Plan Act shall be reappropriated to the next year. However, any such reappropriations are subject to final approval by the General Assembly as part of the supplemental appropriations act.

Section 6. Effective Date. This section provides that the act shall take effect upon passage.

Article 8. State Leases

This article includes joint resolutions to seek General Assembly approval for four long-term lease agreements including one for the Executive Office of Commerce, one for the Department of Corrections, and two for the University of Rhode Island. Legislative approval is required for lease agreements for terms of five years or longer, and exceeding \$500,000 in value. The FY 2023 budget includes \$0.6 million from all sources to fund related costs.

Article 9. Economic Development

Sections 1 through 3. Cottage Food Manufacture Program. These sections establish the Cottage Food Manufacture program, allowing individuals to use home kitchens to make and sell baked and other goods, effective November 1, 2022. The legislation requires cottage food manufacturers to successfully complete a food safety manager course, any American Standards Institute approved food handler course, or any approved by the Department of Health. It also empowers the Department to conduct inspections to ensure compliance with safety and sanitary standards. Only retail sales would be allowed and those are capped \$50,000; if higher, the registrant must obtain a food processor license or cease operations. The Budget assumes revenues of \$12,610 from a new \$65 registration fee. It also adds \$0.1 million from general revenues to support a partial year of funding for 2.0 new full-time equivalent positions in the Department of Health to implement the program.

Sections 4 through 9, 11 through 14, and 19. Sunsets. These sections extend the sunset provisions for the Tax Increment Financing, Tax Stabilization Incentive, Rebuild Rhode Island Tax Credit, First Wave Closing Fund, I-195 Redevelopment Fund, Small Business Assistance Program, Main Street Streetscape Improvement Program, Innovation Initiative, High School, College, and Employer Partnerships, Air Service Development, and the Qualified Jobs Tax Credit from December 31, 2022 to December 31, 2023.

Section 10. Stay Invested in RI Wavemaker Fellowship. This section establishes a separate fund under the existing Wavemaker student loan forgiveness program for healthcare and mental health professionals. Current eligibility is limited to those with degrees in the fields of natural or environmental sciences,

Explanations of Budget Articles

computer technology, engineering, or medicine. The Budget creates a separate fund for awards to healthcare and mental health professionals and subjects award and process decisions to a committee including both the Commerce Corporation and the Executive Office of Health and Human Services. The Budget also extends the sunset date from December 31, 2022 to December 31, 2023. The Budget includes \$1.6 million from general revenues for FY 2023 for the existing program and an additional \$1.6 million for the healthcare fund.

Section 15. Broadband. This section grants the responsibility for coordinating and overseeing the state's broadband initiatives to the Executive Office of Commerce. It gives the Office the authority to receive and administer federal monies for grants, programs, and related mapping work as well as the responsibility to create a statewide broadband strategic plan, which shall include goals for elements such as speed, latency, affordability, reliability, access, sustainability, and digital equity. The plan must be submitted to the Governor, the Speaker of the House, and the President of the Senate on or before December 31, 2022, and updated every five years thereafter.

The Executive Office is required to hire a statewide broadband coordinator and support any necessary staff but delegates the responsibility to maintain any necessary personnel to the Commerce Corporation. The section also creates a Broadband Advisory Council of nine members. The Council is chaired by the broadband director and includes: three additional ex officio members; a telecommunications expert and a Boys and Girls Club president appointed by the President of the Senate; a member of underserved or unserved communities appointed by the Governor; and a representative of a Chamber of Commerce and a broadband or technology expert appointed by the Speaker of the House. The Council will advise the Executive Office on strategic plan development and investment strategies, as well as develop a statewide curriculum for digital skills training in consultation with the Governor's Workforce Board. The Council is also required to produce an annual report to be submitted to the General Assembly on or before December 31 and quarterly reports, which shall be submitted to the Speaker of the House and President of the Senate.

Sections 16 and 17. Motion Picture Tax Credits. These sections increase the aggregate annual tax credit cap from \$20.0 million to \$40.0 million for tax years 2023 and 2024 only. They also increase the lead time a theatrical production has before a performance on Broadway in order to qualify for tax credits, extending it from 12 months to 36 months.

Section 18. Historic Preservation Tax Credit. This section extends the sunset provision for the Historic Preservation Tax Credits 2013 program by one year to June 30, 2023. The Budget also transfers \$28.0 million to the Historic Preservation Tax Credit Trust Fund to allow the program to reach additional program participants.

Article 10. Education

Sections 1 and 2. Funding Formula Aid. Section 1 amends the calculation of funding formula aid for FY 2023 only. Local education agencies will receive aid based on student enrollment in either March 2020, 2021, or 2022, whichever was greater. For any community in which enrollment was higher in March 2020, aid will be adjusted for students enrolling in new and expanding charter schools for FY 2022 and FY 2023. For any community in which enrollment was higher in March 2021, aid would be adjusted for students enrolling in new and expanding charter schools for FY 2023. Additionally, the student success factor amount for traditional school districts will reflect the percentage of students in poverty in either March of 2020, 2021, or 2022, 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 average daily membership is greater. It

Explanations of Budget Articles

also maintains the FY 2022 state share ratio for FY 2023. The Budget includes \$17.4 million from general revenues for this adjustment.

For ten local education agencies, including six districts and four schools of choice, the unaltered funding formula calculation would have produced more aid than the amended calculation. Section 1 provides an additional appropriation equivalent to 20.0 percent of the difference in aid that would have been received under the unaltered calculation. The Budget includes \$0.7 million for the additional appropriation; impacted local education agencies and the amount of funding for each are listed in this section.

Section 1 also holds local education agencies harmless from the impact of correcting data used to calculate FY 2022 aid for input errors by some communities. Correcting the data affects the state's share of education formula aid for 24 districts and 16 charter schools, with some getting more and some getting less. Current law requires the adjustment to district aid payments in the following fiscal year, which is FY 2023; this section also shifts the payment to FY 2022. The Budget includes \$0.8 million from general revenues for this adjustment.

Section 2 instructs the Department of Elementary and Secondary Education to develop measures for the collection of student poverty data that do not rely on school nutrition program participation. The new measurement would be implemented beginning with the calculation of FY 2024 funding formula aid. Under current law, "poverty status" for the purpose of calculating funding formula aid is defined as students whose family income is at or below 185.0 percent of the federal poverty level.

Section 1. School Construction Aid. The 2018 Assembly enacted legislation to temporarily expand incentives used to enhance the school housing aid ratio in order to encourage new school construction and renovation projects, contingent upon approval of a bond referendum on the November 2018 ballot to help fund the work. Under current law, the incentives require that projects begin by either December 30, 2022 or 2023 and be completed within five years. To be eligible for health and safety and for educational enhancement incentives, projects are currently required to begin by December 30, 2022 and be completed within five years. This section extends eligibility for these two incentives by one year to the December 30, 2023 start deadline of the other incentives, and maintains the five year completion deadline.

Sections 3 and 4. Prekindergarten Planning. This section directs the Department of Elementary and Secondary Education to develop an expansion plan for the state prekindergarten program, including annual participation growth and associated costs, in order to achieve 5,000 seats over five years, including both three and four-year-olds. It must provide the proposal to the Governor, Speaker of the House, President of the Senate, and chairs of the House and Senate Finance and Education Committees by December 31, 2022.

The Department of Human Services shall report to the Speaker of the House and President of the Senate regarding disbursement of the early learning facilities general obligation bonds approved by the voters on the March 2, 2021 ballot by December 31, 2022. Both the Departments of Human Services and Elementary and Secondary Education may also provide recommendations for programs and initiatives to improve early childhood facilities. Additionally, the Governor's Workforce Board must convene a working group to provide recommendations to improve access to early childhood education employment.

Section 5. Early Childhood Governance. This section establishes an early childhood governance working group to review and provide recommendations regarding the structure of early childhood programs in the state. It includes leadership from the Departments of Elementary and Secondary Education, Human Services, Health, and Administration, as well as the Office of Postsecondary Education and Rhode Island Kids Count. The group must report to the Governor, Speaker of the House, President of the Senate, and

Explanations of Budget Articles

chairs of the House and Senate Finance Committees on its findings and recommendations by October 1, 2023.

The Budget includes \$250,000 from general revenues through the Executive Office of Health and Human Services for the children's cabinet to support this work.

Section 6. College Crusade Scholarship. This section provides that scholarships received directly from the College Crusade Scholarship Program will not be considered financial aid pursuant to the Rhode Island Promise Scholarship Program. The Budget includes \$0.2 million from general revenues to account for this change.

Article 11. Courts and State Hospitals

Sections 1 and 2. Mental Health Treatment Court. These sections establish a mental health treatment calendar overseen by a District Court judge. It declares the need for the court, establishes the calendar, and requires the operation of the court subject to appropriation and defines those operations. The legislation increases the number of District Court associate judges from 13 to 14, provides for voluntary participation of defendants, and assumes support from the offices of the Attorney General and Mental Health Advocate. The Budget includes \$1.4 million from general revenues for FY 2023 to account for these operations.

Sections 3 through 10. State Hospitals. These sections establish the Rhode Island Psychiatric Hospital as a stand-alone 52-bed hospital separate from Eleanor Slater Hospital. The responsibilities of the director of the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals relating to both hospitals and other technical changes are made to reflect current practice. The FY 2023 budget includes \$30.7 million from general revenues for a September 1, 2022 start date and includes 83.0 full-time equivalent positions. Most of the positions and expenses are shifted from the Eleanor Slater Hospital's budget.

A separate facility allows the Department the opportunity to come into compliance with the patient mix for Eleanor Slater Hospital by removing 52 forensic patients from the calculation done every May and December by the Executive Office of Health and Human Services that determines whether or not the hospital can claim Medicaid funds for patient expenses. The FY 2023 budget assumes compliance starting January 1, 2023 and includes \$27.9 million from federal Medicaid funds at Eleanor Slater Hospital, which results in an equal amount of general revenue savings.

Article 12. Medical Assistance

Sections 1 and 5. Background Checks. These sections add high risk Medicaid providers and personal care attendants certified through the state's Independent Provider Model program to the list of healthcare professionals and agencies required to submit to a national background check. Rhode Island is one of five states that is not fingerprinting and conducting background checks for high risk providers, as required under federal law. These sections also establish the risk categories and the convictions that would disqualify a provider from being enrolled in the Medicaid program. The Executive Office will determine the definition of high risk provider which may include newly enrolled home health agencies that are not Medicare certified, durable medical equipment providers and other providers with certain histories of financial sanctions.

Although personal care attendants in Rhode Island are otherwise required by the state to have background checks, the Federal Bureau of Investigation will not process the national background checks for

Explanations of Budget Articles

Independent Provider Model workers because the requirement for this is not currently in the enabling statute for that program. These sections establish the same criteria for convictions that would disqualify a personal care attendant from being enrolled in the Medicaid program.

Section 2. Nursing Home & Hospital Rates. This section increases inpatient and outpatient hospital rates by 5.0 percent for FY 2023. This is above the 2.7 percent under current law and included in the May caseload estimate for both rates. The budget includes \$12.5 million, of which \$3.7 million is from general revenues, for a total increase of \$31.8 million, including \$14.2 million from general revenues.

Under current law, the annual October 1 nursing home rate adjustment is based on a national nursing home index and, for FY 2023, the rate is estimated to be 1.9 percent, which was included in the November Caseload Estimating Conference estimate. This section sets the rate at 3.0 percent for FY 2023 only instead of using the index. The Budget adds \$3.2 million, including \$1.4 million from general revenues, to account for this change, which brings the value of the whole increase to \$8.6 million, including \$3.8 million from general revenues. This section also delays until October 2024 the requirement that the Executive Office revise costs for all nursing facilities following a review of the direct and indirect care cost data. This change addresses active audit findings related to the federally approved rate methodology.

Section 3. Hospital Uncompensated Care Payments. This section extends the uncompensated care payments to the community hospitals for FY 2023, with the state making a payment on or before June 15, 2023 that does not exceed \$145.1 million. For FY 2022, the state will make the payment on or before June 30, 2022 that does not exceed \$145.1 million. The state will make two payments for FY 2022, which allows the state to realign the payment to be made in the same year as the federal uncompensated care allotment is awarded. The state did not make an uncompensated care payment in FY 2007, which resulted in the misalignment of fiscal years.

Section 4. Certified Community Behavioral Health Clinics. This section authorizes the Executive Office of Health and Human Services to submit a state Medicaid plan amendment to establish certified community behavioral health clinics in accordance with the federal model. The Department of Behavioral Healthcare, Developmental Disabilities and Hospitals will define additional criteria for certification and services provided. The Budget also includes \$30.0 million from State Fiscal Recovery funds to support the infrastructure needed to expand the number of clinics and assist with the rate reimbursement structure tied to the federal model. If approved, the new model will be established for FY 2024.

This section requires that by August 1, 2022, the Executive Office use the appropriate purchasing process for any organizations that want to participate in the program. By October 1, 2022, the organizations will submit cost reports that have been developed by the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals to the Executive Office that includes the cost it would take to provide the required services. By December 1, 2022, the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals, in coordination with the Executive Office, will prepare an analysis of the proposals, determine how many organizations can be certified and the cost for each one. Funding for the clinics will be included in the Governor's FY 2024 recommended budget. Finally, the Executive Office will apply for the federal Certified Community Behavioral Health Clinics Demonstration Program if another round of funding becomes available.

Section 6. Medicaid Program Expansions. This section authorizes the Executive Office to apply for federal approval to use Medicaid funds to cover benefits to resident children whose family income is at or below 250 percent of poverty, regardless of immigration status. If federal funds are not allowable, the program will be funded entirely from general revenues. The Budget adds \$1.3 million from general

Explanations of Budget Articles

revenues assuming an October 1, 2022 start date. Nearly 1,500 children are expected to eventually enroll with about 400 expected to enroll in the first year. Full enrollment would cost approximately \$7 million annually. The Budget also includes \$0.7 million from general revenues to make the system changes necessary to implement the program.

Under current law, the state offers a limited Medicaid benefit to post-partum women up to 250 percent of poverty for up to 24 months. The program is for individuals who lose their Medicaid coverage after 60 days post-partum if they are not eligible for Medicaid under another eligibility category. Women who do not have qualified immigrant status for Medicaid but whose childbirth was paid for by Medicaid because the child is covered can receive state-only extended family planning benefits for 12 months. This section would expand coverage to both groups. Coverage for the first group, which totals \$3.2 million, including \$1.4 million from general revenues, is a new state Medicaid option created by the American Rescue Plan Act for women who currently lose Medicaid coverage after 60 days post-partum and will extend the full Medicaid benefit to approximately 1,000 women. The second is for women who do not qualify for Medicaid because of immigration status, but whose childbirth was paid for by Medicaid because the child is covered. The Budget adds \$2.0 million, entirely from general revenues, to provide full coverage to about 500 women. The Budget also adds \$1.4 million, including \$0.8 million from general revenues, to make the necessary system changes.

Sections 7 and 8. Human Services Program Rates and Benefit Analysis. These sections instruct the Office of the Health Insurance Commissioner to undertake a comprehensive review of all social and human service programs in the Departments of Human Services, Children, Youth and Families, Behavioral Healthcare, Developmental Disabilities and Hospitals, and Health, and the Medicaid program. The programs will either have a contract with or be licensed by the state or any subdivision of the departments or Medicaid. Reports will be submitted to the Speaker, President of the Senate, and Chairpersons of the House and Senate Finance and Health and Human Services Committees. This will be done in consultation with the Executive Office of Health and Human Services.

By January 1, 2023, the report will include rates currently being paid, the date of the last increase, and an assessment of eligibility standards and processes for all mandatory and discretionary programs. It will also include utilization trends, the structure of state government as it relates to the provision of services including eligibility, and the function of the provider network and accountability standards for services. By April 1, 2023, the report must include all professional licenses and unlicensed personnel requirements for established rates, any waiting lists and the length of time on the lists, national and regional reporting for comparison of state Medicaid rates and rates paid by private insurers and private pay for similar programs both nationally and regionally.

Each department will include the components of the assessment and review, including the recommended rates, with the annual budget submission after the report is complete. That requirement will start October 1, 2023 and take place every two years after that. The Budget includes \$1.3 million from general revenues for the Office to hire outside contractors to assist with the review and \$0.2 million to fund an existing vacancy to support the rate review project.

Section 9. Office of Healthy Aging - Medicaid Programs. This section makes the statutory change to expand community based services through the Office of Healthy Aging to individuals under the age of 65 who have a diagnosis of Alzheimer's or a related dementia with income at or below 250 percent of federal poverty. This codifies a program change approved by the 2021 Assembly for FY 2022 through the Medicaid waiver.

Explanations of Budget Articles

Section 10. Medicaid Resolution. This section includes the resolution language required for Assembly approval to make the necessary program changes included in the FY 2023 budget. The statutory changes include the extension of Medicaid benefits to new populations, and nursing home and hospital rate increases.

This section also seeks approval to increase the rates paid for Meals on Wheels services and to link future adjustments to those rates annually to the annual February release of March data for the Consumer Price Index-Urban for New England: Food At Home adjustment. The FY 2023 budget includes \$0.4 million, of which \$0.2 million is from general revenues for the new rates.

This section increases rates paid for Early Intervention services by 45.0 percent and the Budget includes \$4.0 million for the change. Other rate increases include: \$5.5 million, of which \$2.4 million is from general revenues for pediatric providers; \$8.1 million, including \$2.7 million from general revenues for adult dental services; and \$14.5 million, including \$5.8 million from general revenues to the payment made to managed care plans to cover hospital and other costs related to a pregnancy and birth.

This section increases to \$15 an hour the reimbursement rates paid for services through home health agencies, the independent provider model program, and for children's behavioral healthcare programs for which the budget includes \$7.5 million, \$0.2 million, and \$20.2 million, respectively. There is also an increase for reimbursements for hourly rates paid to personal care aide services through the Personal Choice program to \$21; the Budget includes \$12.5 million for this change.

This section also allows the Executive Office to work with HealthSource RI to automatically enroll qualified individuals who lose Medicaid coverage at the end of the public health emergency into qualified health plans on the exchange and pay for the first two months' premiums. It allows the Executive Office to seek approval to continue some of the temporary authority it was given during the public health emergency for up to 14 months after it ends, and other measures minimize the adverse impact on beneficiaries at that time. It also allows the Executive Office to seek federal approval to cover biomarker testing and provide palliative care for individuals who aged out of the Katie Beckett category for Medicaid coverage.

This section allows the Executive Office to seek Assembly approval to apply for an extension to the 1115 Medicaid waiver that expires December 31, 2023. It allows the Executive Office to seek federal approval for any necessary waiver or state plan amendment changes to implement the enhanced home and community based spending plan approved by the Centers for Medicare and Medicaid Services available as part of the American Rescue Plan Act. It also allows the Executive Office to seek federal opportunities that do not adversely impact beneficiaries or increase program expenses.

Article 13. Human Services

Section 1. Rhode Island Works. The section increases the lifetime limit for receiving benefits from 48 months to 60 months, consistent with the federal lifetime limit for Temporary Assistance for Needy Families programs. Additionally, it increases benefits paid to families participating in Rhode Island Works by excluding more of their own income from the calculation that determines the payment level. Once a family's net income has been determined, the monthly benefit payable through Rhode Island Works is calculated; the benefit is lower for families who have income. Under current law, \$170 plus one-half of the remaining earned income per month is disregarded and the remaining income is subtracted from the maximum monthly benefit. This section increases the monthly income disregard from \$170 to \$300. It

Explanations of Budget Articles

exempts federal or state child tax credits and rebates from the income calculation, including the new state child tax credit included in Article 6.

This section increases the resource limit from \$1,000 to \$5,000 per family. Resources that count toward the limit include real property and personal property, such as cash, stocks, and bank accounts, among others. When the non-excluded resources exceed the resource limit, the applicant is ineligible or assistance is discontinued. This section also allows participants who have successfully completed their first year at the Community College, as part of their work plan, to complete a second year. The Budget includes \$0.3 million from federal funds to account for the FY 2023 impact of all of these proposals.

Sections 1 and 2. Child Care Assistance. These sections contain several revisions to enhance subsidies for the current child care program. Section 1 permanently provides child care assistance for individuals enrolled in a degree program at a Rhode Island public post-secondary institution, established last year as a pilot program for FY 2022 only. This section also increases the income eligibility for the child care assistance program to 200 percent of federal poverty and the transition threshold to 300 percent of federal poverty. Under current law, a family is eligible for child care assistance either through the Rhode Island Works program or if their income is at or below 180 percent of poverty, and income eligible families remain eligible until the family income exceeds 225 percent of poverty.

Section 2 changes rates paid for subsidized child care through the state's child care assistance program for center-based child care providers. Rates paid to most providers are based on their performance according to the state's quality rating system. The 2021 Assembly increased payments for first tier infant, toddler, and preschool age providers above the 25th percentile of a 2018 market rate survey and payments for top tier providers above the 75th percentile. It also increased rates for school-age children by an average of about 26 percent and establishes a tiered system of reimbursement, consistent with the system for infants, toddlers, and preschool age children. The article aligns reimbursements for first tier providers with the 50th percentile of the 2021 market rate survey and top tier providers with the 80th percentile for all age groups.

The Budget adds \$14.4 million from federal funds to support all changes to child care rates and eligibility, including \$13.4 million for the Department of Human Services and \$0.9 million for the Department of Children, Youth and Families.

Section 2. Retail SNAP Incentives Pilot Program. This section establishes a retail Supplemental Nutrition Assistance Program pilot program administered by the Department of Human Services. Eligible households would receive an incentive payment of \$0.50 for every \$1.00 spent on fruits and vegetables, up to a maximum amount to be determined by the Department, on their electronic benefits transfer card. The Budget includes \$11.5 million from general revenues for the program, including information technology upgrades, and assumes the pilot will begin January 1, 2023.

Article 14. Effective Date

Article 14 provides that the act shall take effect on July 1, 2022, except where a provision within an article specifies a retroactive or prospective effective date.

Explanations of Budget Articles
