

Governor's FY 2022 Budget: Requested Budget Amendments

Staff Presentation to the House Finance
Committee
June 10, 2021

Introduction

- Governor requested amendments
 - 19 amendments have been requested
- Hearing will cover 4 amendments on 3 topics
 - COVID-19 Spending
 - Staffing for Department of Health
 - Department of Behavioral Healthcare, Developmental Disabilities and Hospitals
 - Consent Decree

COVID-19 Relief

- 6 federal acts enacted to address crisis
 - Coronavirus Preparedness & Response Supplemental Appropriations – Mar 6
 - Families First Coronavirus Response – Mar 18
 - CARES – Mar 27
 - Paycheck Protection Program & Health Care Enhancement – April 24
 - Consolidated Appropriations Act – Dec 27
 - American Rescue Plan Act – March 11, 2021

COVID-19 Relief

- Consolidated Appropriations for FY 2021
 - Signed December 27, 2020
- \$900 billion cited as new COVID-19 relief
 - Extends or modifies current programs
 - Direct payments to individuals
 - Extended UI benefits
 - Funding for
 - Vaccines & testing
 - Business
 - Schools
 - Rental assistance

COVID-19 Relief

- Coronavirus Relief Fund use extended to December 31, 2021
 - RI got \$1.25 billion
 - FY 2021 Budget assumed December 30, 2020
- Most funds appeared to be committed by previous deadline
 - Governor's budget reflects use of leftover
 - Program uptake
 - FEMA match change

COVID-19 Funding

	CRF	FEMA	Other Federal	General Revenues	Total
FY 2020	\$255.0	\$1111.0	\$ -	\$ -	\$366.0
FY 2021	995.0	362.1	314.2	14.2	1,685.5
FY 2022	-	156.3	171.8	-	328.0
Total	\$1,250.0	\$629.3	\$485.9	\$14.2	\$2,379.5

\$ in millions; **does not include ARPA**

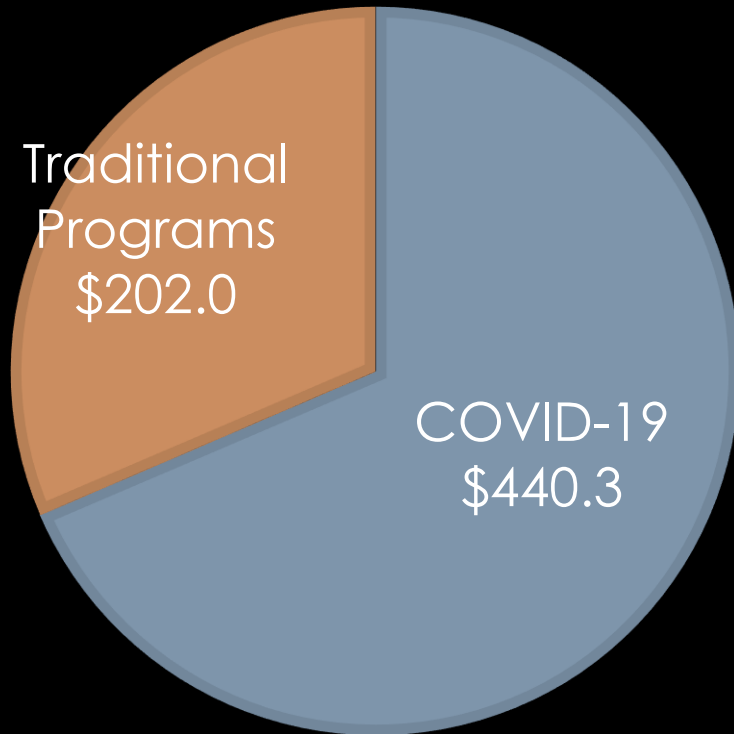
COVID-19: CDC Grants

Federal Legislation	Amount
Families First Coronavirus Responses Act	\$6.9
Coronavirus Aid, Relief, & Economic Security Act (CARES)	7.4
Paycheck Protection Program & Health Care Enhancement Act	87.6
Consolidated Appropriations Act	70.5
Subtotal	\$172.4
American Rescue Plan Act*	\$78.3
Total	\$250.7

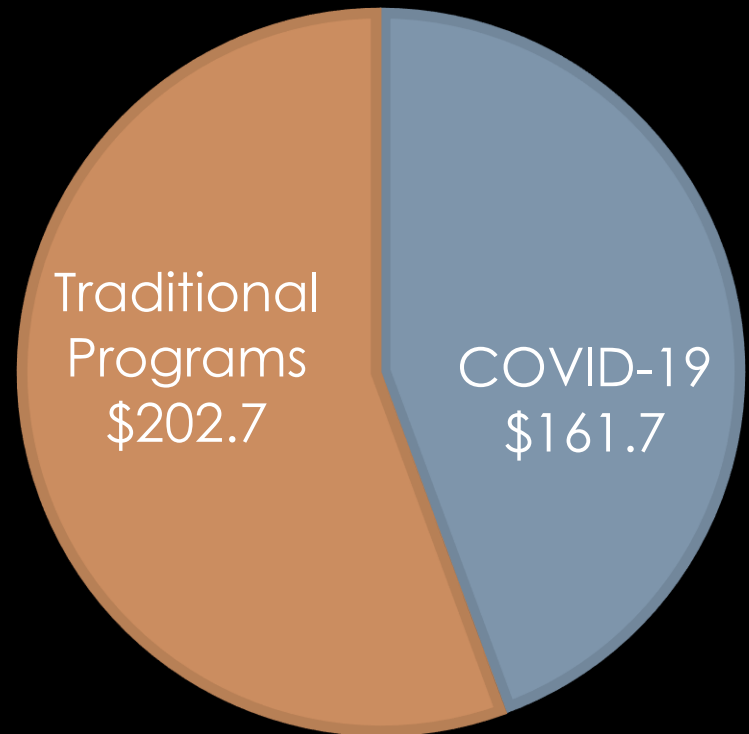
\$ in millions, *Preliminary estimate

Governor's Recommendation: Dept. of Health

FY 2021 REVISED



FY 2022



\$ in millions

COVID-19

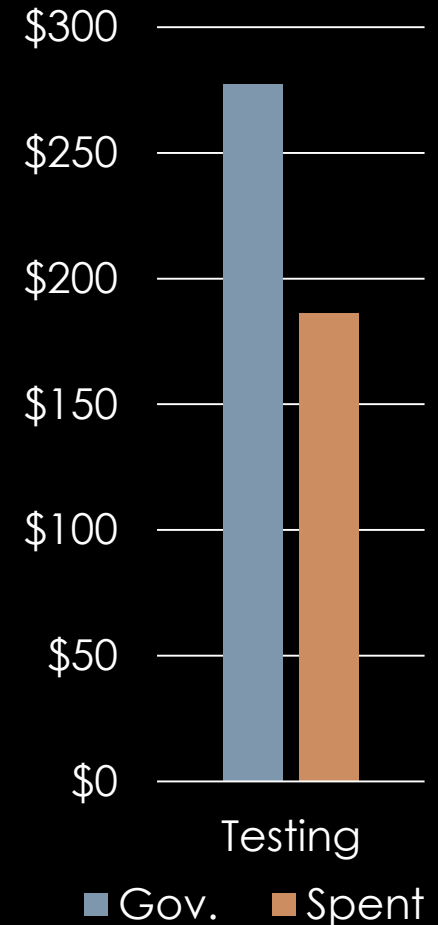
	FY 2021 Gov	Unspent 6/10	FY 2022 Gov	GBA	Chg Gov
Testing	\$277.2	\$91.0	\$87.5	\$91.0	\$3.5
Contact Tracing	63.1	11.9	33.9	44.4	10.5
Surge	55.0	15.1	12.9	2.4	(10.5)
Vaccine Campaign	35.6	(1.1)	24.2	46.8	22.6
Ind. Support	20.5	3.2	6.8	20.4	13.6
Community Mitigation	9.8	(3.2)	6.5	5.9	(0.6)
Public Response	29.7	8.6	10.4	19.1	8.7
Other	31.2	5.4	13.2	29.7	16.4
Total	\$522.1	\$131.0	\$195.4	\$259.7	\$64.3

\$ in millions; most of this funding is in the Department of Health

COVID-19

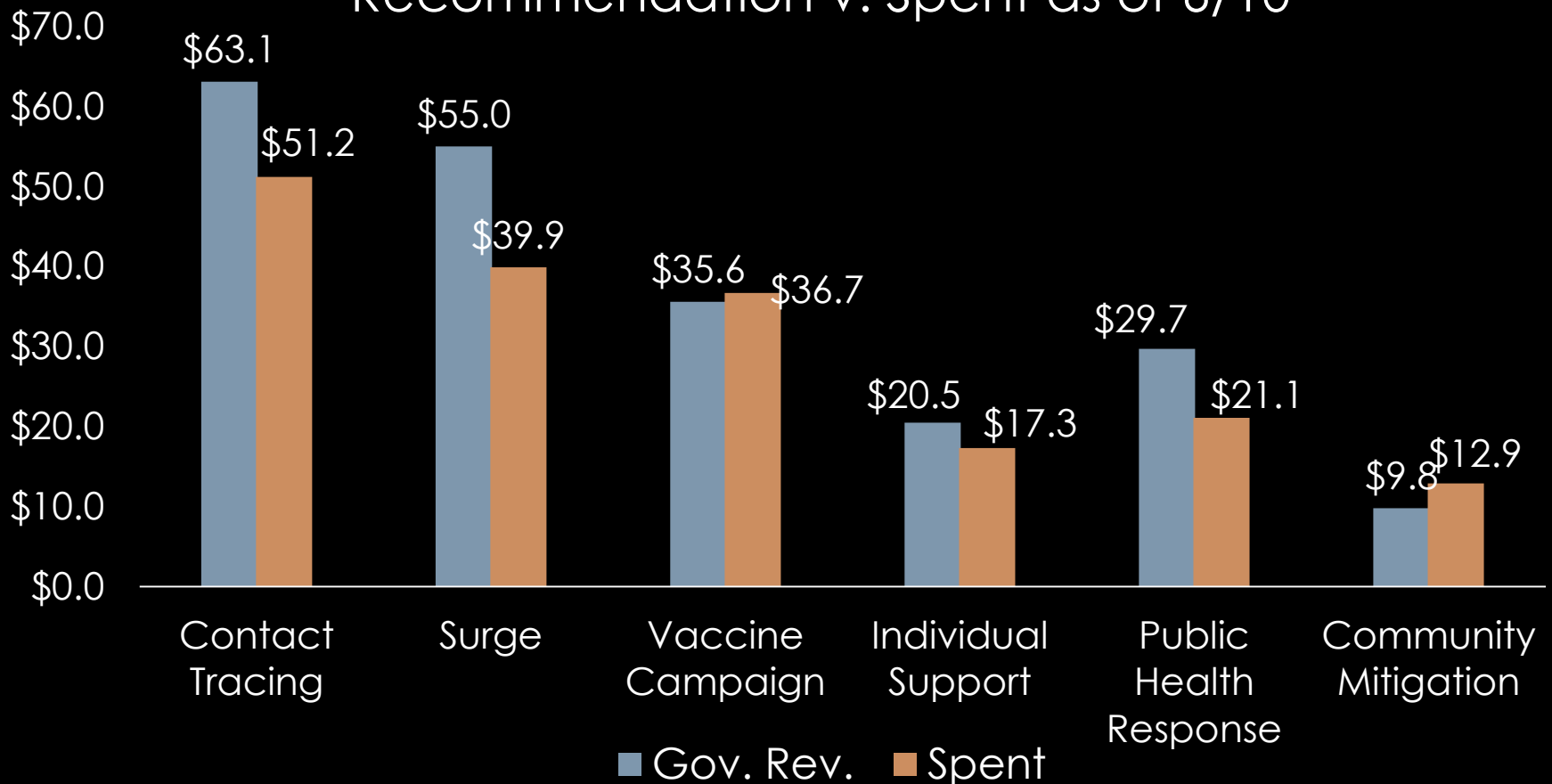
■ Testing

- 5% of PCR tests performed at state lab
- Contracts with 3 vendors
 - Dominion Diagnostics – 55% - 57%
 - ACCU Reference Medical Lab 24%-26%
 - East Side Clinical Lab 13% -16%
- \$70 - \$ 75 per test



COVID-19

Recommendation v. Spent as of 6/10



\$ In millions

Governor's Requested Amendment #16

FY 2022	Federal Funds	Restricted Receipts	Total
Stimulus Reserve - unidentified	\$(36.2)	\$ -	\$(36.2)
DOH – Indirect Cost Recovery	-	17.2	17.2
PPP & Health Care Enhancement Act	35.3	-	35.3
Consolidated Appropriations Act	21.6	-	21.6
FEMA	(76.9)	-	(76.9)
ARPA – State Recovery Funds	8.8	-	8.8
ARPA – Direct Grants	91.4	-	91.4
Other	2.4	0.8	3.2
Total	\$46.3	\$18.0	\$64.3

\$ in millions

COVID-19 Relief

- ARPA state recovery funds
 - GBA assumes use of \$8.8 million for staff and contracted services for Pandemic Recovery Office
 - Majority for contracted services
 - Appears to continue current structure for grant use oversight
 - Covers wide range of grants
 - Is there an opportunity to charge costs to grants being overseen

COVID-19

- GBA addresses FY 2022 only
 - Does not address status of FY 2021 spending
 - How much of the resources being added via GBA are unspent funds from FY 2021?
 - If viewed over two years, budget may overstate total available resources

COVID-19 Relief

- Gov. budget has \$36.2 million from federal funds
 - Specific source not identified at time of budget submission “stimulus reserve”
- GBA removes these “stimulus reserve” expenses
 - Updated based on projected spend and sources

Departments	FY 2022 Gov
Administration	\$5,281,556
Business Regulation	1,646,467
Children, Youth & Families	904,898
Health	27,331,489
All other agencies	1,019,901
Total	\$36,184,311

American Rescue Plan Act

- State & Local Fiscal Recovery Funds
 - RI estimated to get \$1.8 billion over 2 years
 - \$1.1 billion to the state
 - \$112.7 million for capital expenses
 - \$536.8 million to locals – allocated like CDBG
 - Appears to be more flexible uses than CRF
 - Revenue replacement under certain conditions
 - Uses not allowed
 - To enact a tax reduction
 - Deposits into pension fund or rainy day funds,
 - Match for other federal grants education MOE or Medicaid

American Rescue Plan Act

- Funds availability spans several state fiscal years
 - Must be obligated on or before December 31, 2024 - FY 2025
 - Funded projects must be completed on or before December 31, 2026 - FY 2027
- Revenue replacement formula tries to capture value of pandemic effects on tax collections
 - Not all calculation details clear

Indirect Cost Recovery

- Most of Department of Health's federal grants allow a percent cost recovery charge on amounts expended
 - 19.2% of certain expenses – rate fluctuates
 - Overhead charges for administering grants
 - Deposited in restricted receipt account
 - Can be used to administer other programs
- Influx of federal “stimulus” grants creates opportunity to generate resources

Indirect Cost Recovery

	FY 2020	FY 2021 Enacted	FY 2021 Rev	Chg. to Enact	FY 2022 Gov	Chg. to Enact
Prior Yr.	\$2.6	\$1.5	\$3.5	\$1.4	\$1.3	\$(0.2)
New Receipts	7.8	6.6	16.6	10.0	9.6	3.0
Available	\$10.4	\$8.1	\$20.1	\$11.5	\$10.9	\$2.8
Expenditures	\$7.0	\$7.5	\$18.8	\$11.3	\$10.6	3.1
Balance	\$3.5	\$0.5	\$1.3	\$0.8	\$0.3	\$(0.2)

\$ in millions

Indirect Cost Recovery

- Article 1 of 2021-H 6121 and 2021-H 6122 added restrictive provisions
 - Requires OMB Director to approve expenses that are derived from indirect cost recoveries on federal stimulus grants
- GBA adds \$17.2 million from indirect surcharge receipts
 - Is that from additional assessment or unspent funds from FY 2021?

Department of Health – Staffing

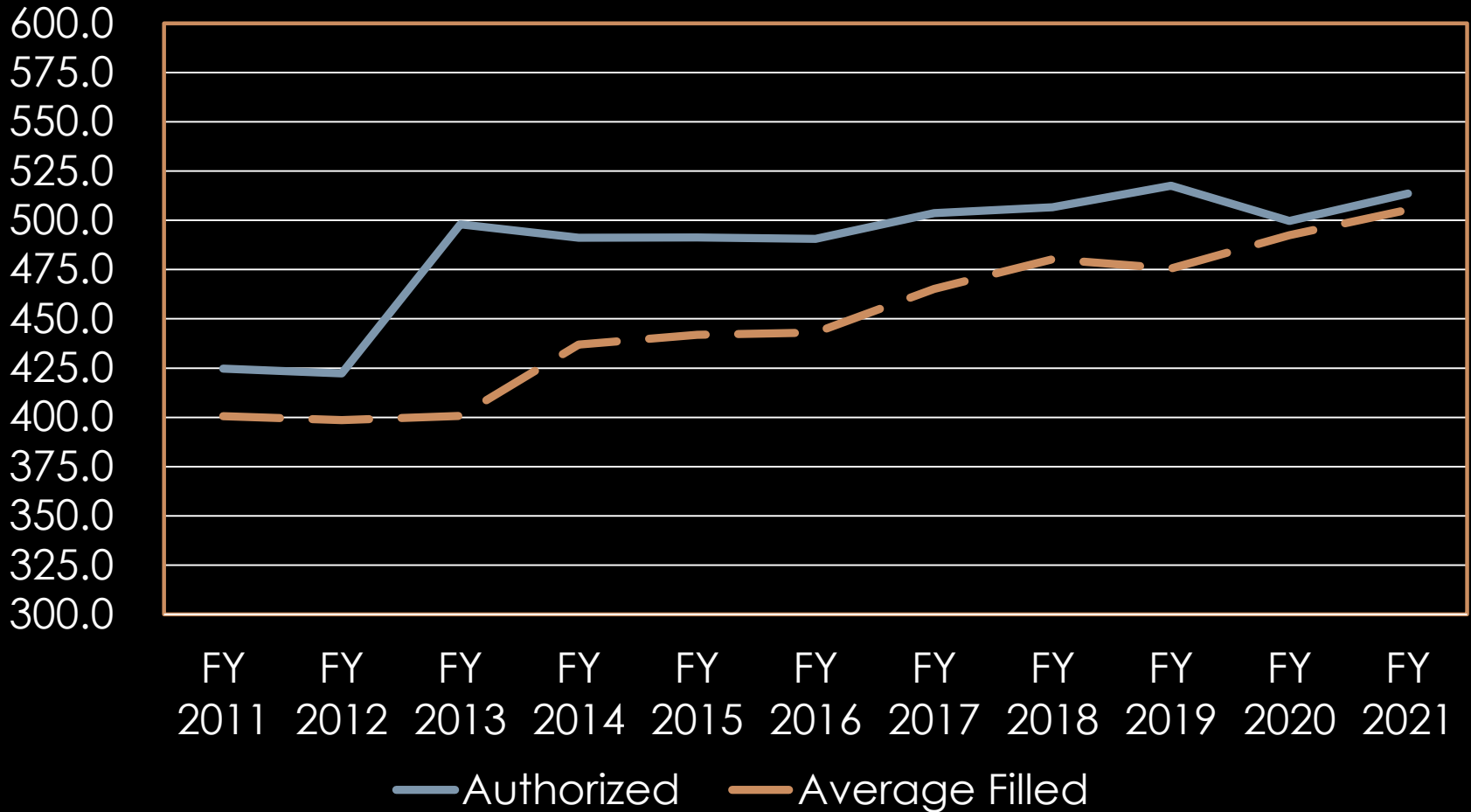
- 2020 Assembly provided 15.0 positions for COVID-19 and other elements of the Department's response effort

Full-Time Equivalent Positions		Chg. to Enacted
Enacted Authorization	513.6	-
FY 2021 Rev. Req.	555.6	42.0
FY 2021 Gov. Revised	513.6	-
FY 2022 Request	555.6	42.0
FY 2022 Governor	517.6	4.0
Filled as of June 5 th	515.4	1.8

Department of Health – Staffing

FY 2021 Enacted	513.6
Shellfish Dockside Program	3.0
Request for Public Health Data	2.0
Opioid Stewardship Fund	1.0
Vital Records - Satellite Office Closure	(1.0)
Vital Records – Eliminate 1.0 FTE	(1.0)
<i>Change to Enacted</i>	4.0
FY 2022 Recommendation	517.6

Department of Health - Staffing



Department of Health - Staffing

- 515.4 full-time equivalent positions filled
 - 1.8 positions above authorized level
- GBA adds 15.0 FTE positions
 - 5.0 financial oversight
 - 4.0 oversee CDC health disparities grant
 - 3.0 monitor vaccination efforts and new outbreaks
 - 3.0 compliance and administration
- Brings FY 2022 staffing to 532.6 positions

COVID-19 Relief

- State & Local Fiscal Recovery Funds
 - Capital Project Funds - \$112.7 million
 - For “critical capital projects directly enabling work, education, and health monitoring, including remote options”
 - Guidance issuance not complete
 - Application for project consideration beginning in summer 2021

COVID-19 Relief

- GBA adds authority to spend the full value of capital fund - \$112.7 million in FY 2022 specifically to
 - Build a state health laboratory
 - Other critical compliant infrastructure
 - Enable electronic government to reduce wait times and facilitate on-line transactions

COVID-19 Relief

- Additional language
 - *“The proposed plan for use of the funds must be submitted for review to House & Senate Finance Committees at least 10 days before it is submitted for federal approval.”*
- Exact federal approval process not known
 - Can a state apply for multiple projects and then select which ones to do?

Health Laboratory

- Chapin facility (70,000 sq. ft.) built in 1976
 - Office of State Medical Examiners
 - Health laboratories
 - Chemical, physical & microbiologic analyses of environmental samples, clinical specimens, & forensic evidence
- 2014 study identified 5 possible new sites
 - 2 in the Pastore Center
 - 2 in Providence
 - Renovation of Chapin Building

Health Lab – Prior Requests

5 Year Plan	Square Footage	Cost
FY 2009 –13	Feasibility only	\$0.2
FY 2010 –14	Not Specified	\$65.0
FY 2011 –15	Not Specified - Study \$ in DOA	\$100.3
FY 2012 – 16	110,000	\$100.3
FY 2013 – 17	Not Specified	\$80.2
FY 2014 –18	Not Specified	\$80.2
FY 2016 – 20	95,000	\$78.0
FY 2017 –21	95,000	\$78.0
FY 2018 – 22	95,000	\$78.0
FY 2019 – 23	93,000	\$111.0
FY 2021 – 25	95,000	\$111.0

\$ in millions

Health Laboratory Building

- July 2020, Gov. Raimondo proposed
 - \$107.0 million on ballot for new health laboratories & facilities
 - Total project cost of \$112.0 million
 - Assumed use of \$5.0 million from a CDC Grant
 - Use was ultimately not approved
 - For enhanced public health services
 - Testing, monitoring, & investigations
 - Support healthcare/hospital systems
 - Did not specify location

Health Laboratory Building

- Department's FY 2022 capital budget request includes \$112.0 million from new G.O. bonds
 - To construct 100,000 sq. ft. facility to house health laboratories
- Not recommended by Governor
- GBA identifies 3 projects
 - If \$107.0 million is "approved" for lab
 - Would leave \$5.7 million for other projects
 - Undefined

BHDDH: Programs & Services

Division	Populations	Services	# Served	Funding
Developmental Disabilities	Adults with intellectual and/or dev. disability	Residential, day & employment	4,400	Medicaid
Hospital Rehabilitation Services (ESH)	Medical, forensic & psychiatric patients	Hospital level of care	200	State/ Medicaid ?
Behavioral Healthcare Services	Adults w/ mental health and/or substance abuse issues	Residential, inpatient & outpatient services	40,000	BHDDH – fed. funds EOHHS – Medicaid

served through April 2021

Governor's Recommendation

Source	Enacted	FY 2021	FY 2022	Change to Enacted
General Revenues	\$248.9	\$249.5	\$220.3	\$(28.5)
Federal Funds	233.1	250.4	192.9	(40.2)
Restricted	3.7	3.5	2.2	(1.4)
Other	0.4	0.4	0.4	-
Total	\$486.1	\$503.8	\$415.9	\$(70.2)
FTE	1,188.4	1,188.4	1,042.4	(146.0)

\$ in millions

Governor's Recommendation

Category	Enacted	FY 2021	FY 2022	Change to Enacted
Salaries/ Benefits	\$133.6	\$139.1	\$87.4	\$(46.2)
Cont. Serv.	9.4	11.0	10.5	1.1
Operating	27.5	32.7	12.7	(14.8)
Grants	314.9	320.2	304.5	(10.4)
Capital	0.8	0.8	0.8	-
Total	\$486.1	\$503.8	\$415.9	\$(70.2)

\$ in millions

Services for the Developmentally Disabled

Benefit	Options	Eligibility/Services Determination
Residential	24-hour group home	BHDDH
	Shared living arrangement	
	Independent Living	
	Home with Family	
Community	Day Program	
	Supported Employment	
	Respite	
Medical	Rhody Health Partners or Rhody Health Options	EOHHS

Services for the Developmentally Disabled

- Eligibility & Services
 - An individual is assessed by the BHDDH eligibility committee once it receives a completed application
 - Evaluations, medical information, school records and other relevant information
 - An assessment is completed & the individual is assigned a tier level
 - Tier A/B/C/D or E

Resource Levels – February Report

Tier	Description	2017	2018	2019	2020	2021
A	Low Support	596	551	581	568	611
B	Low to Moderate Support	876	798	845	824	883
C	Moderate Support	1,381	1,281	1,274	1,277	1,257
D	High Support with Medical	462	520	513	504	465
E	High Support with Behavioral	335	563	609	638	635
No SIS		5	4	3	1	14
Total - # receiving services		3,655	3,717	3,825	3,812	3,865

Department of Justice Settlement Consent Decree

- 2013 finding against City of Providence & State of Rhode Island for operating a “sheltered workshop”- Training Thru Placement
 - 90 individuals receiving services through TTP
 - State hired an outside consultant to assist with transition to employment activities
- State signed agreement with DOJ
 - Convert services in the sheltered workshops to employment supported activities

DOJ Consent Decree - Populations

Sheltered Workshop Target Population: received services in sheltered workshop setting

Day Target Population: Receive or have received day services in a facility-based setting in the previous year

Day Target Population: transition-age according to RIGL & attend high school

Youth Exit Target Population: Transition youth who have exited or will exit high school during: 2014/2015 and 2016 school year (SY)

DOJ Consent Decree – Transition Fund

- Governor recommends \$15.0 million
 - \$10.0 million from general revenues & \$5.0 million from Medicaid
 - Assist with complying with consent decree
 - Improve quality and access to integrated community day & employment support programs
 - Payments linked to quality benchmarks & performance standards
 - Technology investments
 - 2.0 new positions to help manage proposals & assist with caseload reporting requirements

Consent Decree – GBA #17 & #18

- GBA revises plan for \$15.0 million
 - \$13.0 million for wages
 - \$2.0 million for program support
- GBA adds another \$26.7 million for wages
 - \$7.8 million from general revenues
- Increase of \$39.7 million for wages
 - Includes \$16.8 million from general revenues
 - Direct Support Professionals (DSP)
 - Direct Care Overnight Professionals
 - Supervisors

Division of Developmental Disabilities

Privately Operated System –Recommendation

FY 2022	Gen Rev	Fed Funds	Total
Transition Fund	\$10.0	\$5.0	\$15.0
GBA # 17 & #18			
Rate/Wage Increase – Transition Fund	\$9.0	\$4.0	\$13.0
Additional Increase	7.8	19.0	26.7
Rate Subtotal	\$16.8	\$23.0	\$39.7
Transition- 2 FTE/Tech Asst.	\$1.0	\$1.0	\$2.0
Total	\$17.8	\$24.0	\$41.7

\$ in millions

Consent Decree – GBA #17 & #18

Professional	Current Rate Reimbursement	GBA – Min Rate	Total Cost
DSP	\$13.18	Min - \$15.75	\$38.0
Overnight	\$9.89	Min - \$12.25	0.0
Supervisor	\$18.41	\$21.99	1.7
Support Coordinator	\$21.47	No change	-
Job Developer	\$21.47		-
Professional	\$27.52		-
Total Cost (in millions)			\$39.7

Division of Developmental Disabilities

	Private System		RICLAS	
	Gen Rev	All Funds	Gen Rev	All Funds
FY 2021 Enacted	\$104.8	\$260.3	\$11.3	\$29.7
FY 2022 Gov.	117.6	270.9	4.3	9.0
Chg to Enacted	\$12.7	\$10.7	\$(7.0)	\$(20.7)
GBA	7.8	26.7	-	-
Gov. w/GBA	\$125.3	\$297.7	\$4.3	\$9.0
Chg to Enacted	\$20.5	\$37.4	\$(7.0)	\$(20.7)

\$ in millions

Consent Decree – GBA #17 & #18

- Increase reflects updated cost from proposal to transfer of RICLAS residents to privately operated system
 - Approximately \$0.9 million of the \$39.7 million increase w/October 1, 2021 start date

Consent Decree

- Article 3 adds community based programs for adults w/ developmental disabilities to expenses to be estimated as part of the caseload est. conference
 - Beginning July 1, 2022
 - GBA # 18 – accelerates it to July 1, 2021

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