

Governor's FY 2024 Budget: Requested Budget Amendments

Staff Presentation to the House Finance
Committee
March 16, 2023

Summary

- Governor has requested 6 amendments
 - Some are technical in nature
 - All are publicly posted on General Assembly and OMB websites
- 3 GBAs requested on March 8
 - Includes new initiatives & changes to existing requirements

Introduction

Topic	Article #	GBA #	Date Req.
DCYF Director Salary	3	1	2/13
Disparity Study Requirement	3	6	3/8
Housing Reporting Requirements	3	6	3/8
Delinquent Trust Fund Rates	4	6	3/8
Last Dollar Scholarship	8	6	3/8

Salaries of Directors

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

DCYF Director

- Director position has been without permanent appointment since July 2019
 - 2021 Assembly authorized Governor to give 3-year contract for DCYF director
 - Also to determine salary for 2021 only
 - Extended for 2022 and position was unfilled
 - Extension not included in FY 2024 budget
 - In February, Governor requested amendment to extend authority to set salary in 2023
 - Posted salary for public hearing per 36-4-16.4

Minority Business Enterprise

- Current law
 - Minimum of 10% of state purchasing and construction contracts are awarded to women & minority-owned businesses
 - Authorizes DOA director to establish rules and regulations for certification process
 - 51% or more owned and operated by a disadvantaged individual
 - Currently 950 certified businesses
 - Office of Diversity, Equity & Opportunity oversees/coordinates

Disparity Study

- 2021 Disparity Study
 - Examined procurement practices of state agencies that purchase goods & services
 - July 1, 2014 through June 30, 2017
 - Recommendations
 - Separate business enterprise for women
 - MBE/WBE tracking & monitoring compliance system
 - Augment program staff
 - Statewide MBE/WBE program training

Art. 3, Sec. 7 – Minority Business Enterprise

- Article increases threshold to 15%
 - Separate 7.5% minimums for minority-owned and women-owned business enterprises
 - Disparity study recommendation
- Governor's FY 2024 budget
 - \$250K from general revenues for MBE/WBE tracking & monitoring compliance system
 - \$124K for new programming services officer
- GBA #6 – Proposes study every 5 yrs. beginning in FY 2025

Housing Reporting Requirements

- 2022 Assembly required annual reports from Division of Statewide Planning
 - Comprehensive Permitting Report – March 15
 - Units available, subsidy status, & income levels
 - Application statuses, issuances, & occupancy
 - Submitted 3/15
 - Accessory Dwelling Units Report – March 1
 - Municipal ordinances, permits, & occupancy
- GBA #6 would to shift reporting responsibility to Dept. of Housing

Delinquent Trust Fund Rates

- Delinquent tax interest rates – prime + 2%
 - 2006 Assembly established range of 18% to 21% for all delinquent tax payments
 - Subsequent to 75-day tax amnesty
 - Amnesty filers subject to 12% rate for taxes due prior to December 31, 2005
 - 2022 Assembly reduced minimum for most taxes to 12%, effective January 1, 2023
 - Taxes held on behalf of the state were excluded
 - PIT withholding, sales & use, hotel, meals & beverage
 - \$2.5M impact for FY 2023 - total \$7.2M by FY 2027

Delinquent Trust Fund Rates

- Governor's amendment reduces the rate for taxes held on behalf of the state to 12%, effective January 1, 2024
 - Income Tax Withholding and Sales & Use
 - Sales & Use includes Meals & Beverage & 1% local & 5% state hotel pass-through taxes
 - Assumes total revenue losses of \$0.2 million for ½ FY 2024, up to \$0.6 million for FY 2027
 - 95% loss general revenues; 5% pass-through to local governments, tourism districts, & Commerce Corp.
 - Impact recognizes likely compliance decline

Last Dollar Scholarship

- Helps students already receiving financial aid with additional costs
- Funding to all three public institutions
 - \$2.6 million to URI
 - \$2.2 million to RIC
 - \$3.3 million to CCRI
- Non-profit private higher ed institutions
 - Lesser of 20% or \$1.5 million

Reserve Funds/CollegeBound Cash Flow – Gov. Budget

	FY 2021	FY 2022	FY 2023	FY 2024
Opening Surplus	\$15.5	\$9.1	\$11.5	\$3.4
CollegeBoundfund Fees	5.6	4.9	4.2	4.0
Total Revenue	\$21.1	\$14.0	\$15.7	\$7.4
Guaranty/OPC Admin	\$0.3	\$0.3	\$0.4	\$0.4
Last Dollar Scholarship*	9.6	-	9.6	3.9
Dual Enrollment	2.1	2.2	2.3	2.3
Total Expenses	\$12.0	\$2.5	\$12.3	\$6.6
Closing Balance	\$9.1	\$11.5	\$3.4	\$0.8

\$ in millions

* FY 2022, the Assembly added \$9.6 million in general revenues for the Last Dollar Scholarship. Governor recommends \$4.8 million for FY 2024.

Last Dollar Scholarship

- Governor recommends \$9.6 million for FY 2024
 - Funding includes
 - \$4.8 million from general revenues
 - \$3.9 million from federal loan reserve funds
 - \$0.9 million from tuition savings
 - Adds general revenues as tuition savings fees and guaranty agency reserve funds are a declining fund source

Last Dollar Scholarship

- GBA #6 amends Article 8
 - Increases cap on funding for qualified students attending participating, independent, non-profit, higher education institutions
 - To \$1,750,000 from \$1,500,000
- GBA #5 adds \$250,000 from general revenues for this change

Last Dollar Scholarship

FY 2022	URI	RIC	CCRI
Eligibility Criteria	*EFC≤\$12,000, enrolled full or part-time	Pell-eligible, full- time enrolled, complete first year of study, 2.74 cumulative GPA	Pell-eligible, *EFC≤\$5,500, minimum 6 credit enrollment, minimum 2.0 cumulative GPA
Number of Recipients	2,889	366	2,769
Average Award per Student	\$905	\$5,012	\$1,157

*Expected family contribution—measure used to determine need-based financial aid eligibility

Governor's Budget Amendment

Last Dollar Scholarship Allocations				
Institution	FY 2021	FY 2022	FY 2023	FY 2024 w/GBA
URI	\$2.6	\$2.6	\$2.6	\$2.6
RIC	2.2	2.2	2.2	2.2
CCRI	3.3	3.3	3.3	3.3
Privates	1.5	1.5	1.5	1.8
Total	\$9.6	\$9.6	\$9.6	\$9.8

\$ in millions

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