



SENATE FISCAL OFFICE  
REPORT

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**FY2022 BUDGET AS ENACTED**

**2021-H-6122 SUB A AS AMENDED**

**INCLUDING FY2021 REVISED BUDGET**

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SEPTEMBER 10, 2021

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## EXECUTIVE SUMMARY

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## Executive Summary

The Budget represents the \$13.1 billion spending plan for the State for the fiscal year ending June 30, 2022 (FY2022). Also included is the revised spending plan for the current fiscal year ending June 30, 2021 (FY2021). The Budget Reserve and Cash Stabilization Account (Rainy Day Fund) would be fully-funded. The following document summarizes key budget initiatives and changes.

Expenditures By Source	FY2021 Enacted	FY2021 Governor	FY2021 Supp.	Change to Governor	FY2022 Governor	FY2022 Budget	Change to Governor
General Revenue	\$4,153.3	\$3,881.6	\$3,982.6	\$101.0	\$4,371.3	\$4,550.8	\$179.5
Federal Funds	5,812.9	7,059.1	7,538.6	479.5	4,129.5	5,862.7	1,733.2
Restricted Receipts	322.3	353.2	348.7	(4.5)	341.9	372.7	30.8
Other Funds	2,442.0	2,456.3	2,455.0	(1.2)	2,327.8	2,334.6	6.8
<b>Total</b>	<b>\$12,730.4</b>	<b>\$13,750.2</b>	<b>\$14,325.0</b>	<b>\$574.8</b>	<b>\$11,170.5</b>	<b>\$13,120.8</b>	<b>\$1,950.3</b>

\$ in millions. Totals may vary due to rounding.

<b>FTE Authorization</b>	<b>15,124.7</b>	<b>15,124.7</b>	<b>15,124.7</b>	<b>-</b>	<b>15,089.2</b>	<b>15,313.2</b>	<b>224.0</b>
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## GENERAL REVENUE SURPLUS STATEMENT

	FY2019 Audited	FY2020 Audited	FY2021 Budget	FY2022 Budget
<b>Opening Surplus</b>				
Free Surplus	\$52,525,379	\$30,502,912	\$156,188,375	\$281,411,255
Adjustment to Opening Surplus			(8,422,773)	
Adjustment to Fund Balance			110,877,242	
Reappropriated Surplus	10,057,409	10,296,451	5,336,653	
<b>Subtotal</b>	<b>\$62,582,788</b>	<b>\$40,799,363</b>	<b>\$263,979,497</b>	<b>\$281,411,255</b>
<b>Revenues</b>				
Enacted/Actual/Estimated	4,024,579,618	4,183,713,406	4,038,425,000	4,044,950,000
Governor			(39,086,736)	200,637,573
Assembly			218,717,342	165,148,774
<b>Total Revenues</b>	<b>\$4,024,579,618</b>	<b>\$4,183,713,406</b>	<b>\$4,218,055,606</b>	<b>\$4,410,736,347</b>
To Cash Stabilization Fund	(122,313,150)	(126,426,490)	(130,974,636)	(140,764,428)
<b>Total Available Resources</b>	<b>\$3,964,849,256</b>	<b>\$4,098,086,279</b>	<b>\$4,351,060,467</b>	<b>\$4,551,383,174</b>
<b>Expenditures</b>				
Actual/Enacted/Current Svcs.	3,924,049,893	3,936,561,251	4,153,269,709	4,534,731,558
Governor			(271,636,821)	(163,458,737)
Assembly			101,016,324	179,538,816
<b>Total Expenditures</b>	<b>\$3,924,049,893</b>	<b>\$3,936,561,251</b>	<b>\$3,982,649,212</b>	<b>\$4,550,811,637</b>
<b>Total Surplus</b>	<b>40,799,363</b>	<b>161,525,028</b>	<b>368,411,255</b>	<b>571,537</b>
Transfer to Fleet/IT/Depreciation			(87,000,000)	
Reappropriations	(10,296,451)	(5,336,653)		
<b>Free Surplus</b>	<b>\$30,502,912</b>	<b>\$156,188,375</b>	<b>\$281,411,255</b>	<b>\$571,537</b>
<i>Operating Surplus/(Deficit)</i>	<i>(11,726,016)</i>	<i>131,022,116</i>	<i>109,768,411</i>	<i>(280,839,718)</i>
<b>Rainy Day Fund</b>	<b>\$203,855,250</b>	<b>\$90,710,816</b>	<b>\$218,712,199</b>	<b>\$234,607,380</b>

**REVENUE CHANGES:**

- **Revenue Estimating Conference:** Adds \$153.3 million to reflect the favorable results of the May 2021 Revenue Estimating Conference.
- **PPP Decouple:** Partially decouples the State from the federal treatment of forgiven Paycheck Protection Program loans by exempting loan amounts under \$250,000 from State taxation.
- **DBR Licensing:** Makes several revenue changes related to the Department of Business Regulation's (DBR) programming, including increasing the fee for a broker dealer license and expanding the eligibility for an engineer license in the State.
- **Lottery – Sports Betting Local Share:** Increases the annual statutory fee that is paid to Lincoln and Tiverton for hosting sports wagering at the casinos in their community.
- **License Plate Reissuance Delay:** Delays the license plate reissuance from June 1, 2020, to July 1, 2022. Under RIGL 33-3-33, the DMV is required to issue new reflective license plates for all registered vehicles every 10 years.
- **Sales Tax Permit Fee Elimination:** Eliminates the \$10 fee charged for the annual permit the State requires retail and lodging businesses to obtain for the right and obligation to collect and remit Rhode Island sales and use taxes.
- **Pesticide/Fertilizer Fee Increase:** Increases several registration fees related organic/chemical products.
- **Beach Fee Increase:** Increases beach parking fees at Misquamicut State Beach in Westerly.

**STATEWIDE CHANGES:**

- **FTE Authorization:** Authorizes 15,313.2 FTE positions, 224.0 positions more than proposed by the Governor and 188.5 FTE positions more than authorized in the FY2021 Budget as Enacted.
- **VRI Savings:** Accounts for \$8.2 million in general revenue savings from the voluntary retirement incentive (VRI). The State initiated a VRI payment to active State employees as of January 4, 2021, who had a full benefit retirement date on or before December 31, 2020. The VRI is intended to achieve strategic and budgetary objectives by refilling 70.0 percent of the resulting vacancies at 80.0 percent of the previous employee's cost for the first year, while allowing the State to recognize the long-term service of its employees and provide them with the flexibility to retire.
- **LIUNA Settlement:** Includes \$4.3 million in general revenue in FY2021 and \$254,767 in general revenue (\$544,677 all funds) in FY2022 to fund the pension liability with State employees in the Laborers International Union of North America (LIUNA). This accounts for the recalculation and compensation to affected members for longevity and overtime payments back to January 1, 2012.
- **COVID-19 Response and Stimulus Funding:** Adds federal and other fund sources to account for updated projections for the State's COVID-19 response and to reflect the receipt of direct grants that were awarded to various agencies under the Consolidated Appropriations Act of 2021 and the American Rescue Plan.

**GENERAL GOVERNMENT:**

- **Information Technology Investment Fund:** Transfers \$67.0 million from general revenues to the ITIF in FY2021 and includes proviso language in FY2022 to direct \$50.0 million for the Enterprise Resource Planning System (ERPS) and \$17.0 million to replace the Department of Children, Youth, and Families' case management system (RICHIST). The FY2022 Budget includes \$5.0 million in restricted receipt ITIF funds to finance the first year of the ERPS project and includes \$2.0 million in restricted receipt ITIF funds to finance the State's 60.0 percent share of the \$3.3 million in expenses for the first

year of the RICHIST project. The Budget also adds \$1.3 million in federal funds in FY2022 within DCYF for the project.

- **RICAP Repayment:** Shifts funds from FY2022 to FY2021 to fully reimburse the State’s Budget Stabilization and Cash Reserve Account (Rainy Day Fund). The FY2021 Budget as Enacted transferred \$120.0 million from the Rainy Day Fund to balance that budget. The Budget does not include further funding in FY2022 as the stabilization account was repaid in full in the FY2021 Revised Budget.
- **Employer Tax Unit:** Concurrs with the Governor’s proposal to transfer the Employer Tax Unit from the Department of Revenue to the Department of Labor and Training.
- **Back to Work RI:** Includes \$9.5 million in federal funds in FY2022 for Back to Work RI. This is a funding shift from FY2021. The Back to Work RI program is intended to help Rhode Island residents who have been displaced by the COVID-19 pandemic.
- **Real Jobs RI – Direct Care Workers:** Adds \$600,000 from general revenues to support enhanced training for nursing home direct care and support services staff.

#### ECONOMIC DEVELOPMENT AND HOUSING:

- **Housing Production Fund:** Establishes a new restricted receipt Housing Production Fund (HPF) that will support the production of affordable housing in Rhode Island. The Budget establishes a new dedicated funding stream for affordable housing construction by increasing the real estate conveyance tax on the property value above \$800,000 and depositing it into the HPF. The Budget also capitalizes the fund with \$25.0 million in one-time general revenues.
- **Livable Home Modification Program (LHMP):** Codifies the LHMP into general law and sets the maximum grant at 50.0 percent of cost for home modification projects aimed at preventing or delaying moving to nursing facilities.
- **Municipal Infrastructure Grant Program:** Transfers the Municipal Infrastructure Grant Program from the Department of Administration to the Rhode Island Infrastructure Bank and adds \$1.0 million in initial funding for the program in FY2022.
- **Reauthorization of Economic Development Incentive Programs:** Extends the sunset provisions on economic development incentive programs from June 30, 2021, to December 31, 2022.
- **Rebuild RI:** Adds \$30.0 million to fund obligations already made under the Rebuild RI tax credit.
- **Historic Tax Credit:** Extends the Historic Tax Credit Program by one year and adds \$20.0 million to fund projects in the queue that have approved project applications.
- **Motion Picture Tax Credit Program (MPTC):** Raises the annual cap on the State’s MPTC program from \$20.0 million to \$30.0 million for FY2022 only. It also, reauthorizes the program another year and a half by extending the program sunset date from June 30, 2021, to December 31, 2022.

#### EDUCATION:

- **Federal COVID Relief:** Appropriates \$91.3 million in federal COVID relief funds to allow expenditure in FY2022.
- **Density Aid:** Adds \$1.0 million from general revenue for districts where 5.0 percent or more of the average daily membership (ADM) are enrolled in a charter or State school and provides \$1.0 million in education aid for FY2022. The intent is to provide one \$500 payment for each new resident student enrolled in a charter or State school.

- **March Data Hold Harmless:** Adds \$649,319 in education formula aid to hold local education agencies (LEAs) harmless from enrollment declines due to COVID-19. The Budget provides that, in FY2022, the enrollment used to calculate education aid will be the greater of March 2020 or March 2021.
- **Scholastic Aptitude Test (SAT):** Includes an increase of \$600,000 in general revenue, \$1.8 million in total, to pay for assessments previously supported by Title VI funds.
- **Behavioral Health Training (shift to general revenue):** Provides \$590,000 in general revenue to support mental/behavioral health training, curricula, and materials to increase in-classroom training resources. This funding is to replace restricted receipts from the Opioid Stewardship Fund that were used in the FY2021 Budget.
- **School Construction Services Fund Shift:** Shifts \$500,000 in personnel costs for School Construction Services to general revenue from restricted receipts.
- **AP Exams:** Adds \$400,000 to provide free AP exams for students living in poverty and requires the Department of Education to ensure that the greatest amount of students practicable have the opportunity to participate in the advanced placement program and to gain college credit.
- **School for the Deaf:** Restores \$435,000 in general revenue turnover savings, and provides an additional \$160,000 in general revenue to support personnel and operating costs at the Rhode Island School for the Deaf.
- **School Spending Analysis:** Adds \$292,182 and 2.0 FTE positions to enable the Department to meet new spending analysis requirements.
- **World Language Specialist:** Adds \$149,091 and 1.0 FTE position work with districts to establish and improve world language and dual language programs, oversee the implementation of dual language immersion pilot program, and ensure the inclusion of world language and dual language immersion program data.
- **WIDA ACCESS Tests:** includes \$115,000 in general revenue, in addition to \$425,000 in ongoing federal funds, to support increased WIDA (World-Class Instructional Design and Assessment) ACCESS (Assessing Comprehension and Communication in English State to State) assessment costs for multilingual learners.
- **Last Dollar Scholarship:** Shifts \$4.0 million in federal and \$5.6 million in other funds to general revenue to reserve future program funding.
- **RIC Operating Support:** Adds \$5.9 million in general revenue support for RIC operating expenses.
- **Small Business Development Center:** Shifts \$350,000 from the Executive Office of Commerce's Small Business Assistance program to Rhode Island Small Business Development Center housed at URI.
- **OPC Reduction in Turnover:** reduces turnover savings within the OPC from \$440,000 to \$149,670.
- **Accountability:** Requires the Department of Education to use UCOA data to develop LEA-specific benchmarks and to improve cost controls, efficiencies, and program effectiveness. The Department is further required to provide a report to each LEA and a summary of all the LEA reports to the Governor and General Assembly.
- **Vision Services Program:** Funds the Vision Services Program at the Sherlock Center at RIC for FY2022.

#### LOCAL/MUNICIPAL ISSUES AND AID:

- **Motor Vehicle Excise Tax Phaseout:** Funds the continued phase-out of the motor vehicle excise tax program. The tax is on schedule to be fully eliminated by FY2024.



- **Local Fiscal Recovery Funds:** Distributes \$132.0 million in federal Local Fiscal Recovery Fund monies to assist municipalities with public health expenditures, addressing negative economic impacts caused by the pandemic, replacing lost public sector revenue, providing premium pay for essential workers, and investing in water, sewer, and broadband infrastructure.

#### HEALTH AND HUMAN SERVICES:

- **Cash Assistance:** Includes cash assistance caseload increases as identified in the May 2021 Caseload Estimating Conference. The Budget reduces general revenues by \$1.0 million and increases federal funds by \$10.5 million. The estimate includes Rhode Island Works, CCAP, and SSI.
- **Enhanced FMAP Reserve:** Reserves \$39.0 million in general revenues in the event that the 6.2 percent enhanced FMAP is terminated before the second quarter of FY2022.
- **Hospital Payments:** Authorizes a \$142.5 million all funds Disproportionate Share Hospital (DSH) payment, restores the supplemental inpatient upper payment limit (UPL) payment which was eliminated in FY2020, and restructures the Graduate Medical Education program.
- **LTSS Resiliency:** Invests in home- and community-based services to rebalance long-term care options. This includes rate increases for assisted and shared living; increasing the amount of personal income individuals may retain while receiving services; and providing additional pay for direct care workers that work off-hours or are trained in behavioral healthcare.
- **Perinatal Doula Services:** Provides Medicaid coverage and reimbursement for perinatal doula services.
- **Community Health Workers:** Provides Medicaid coverage and reimbursement for case management services provided by community health workers.
- **Nursing Home Staffing:** Adds funding for the first year of the minimum staffing legislation passed by the General Assembly in May 2021.
- **Complex Patients:** Adds \$2.9 million from general revenues (\$7.0 million all funds) to provide rate increases for long-term care providers that care for complex patients.
- **Pay-for-Success:** Transfers \$6.0 million from general revenues to a new restricted receipt account to establish a funding stream for a five-year pay-for-success supportive housing initiative.
- **Health Information Technology:** Provides \$702,162 from general revenues to account for a higher State match required to maintain an array of Health Information Technology (HIT) projects.
- **Medicaid Expenditure Report:** Shifts the deadline for the annual Medicaid report to enable the Executive Office of Health and Human Services to reduce contracted services expenditures and complete the report in-house.
- **Rlte Share:** Adds new reporting requirements to maximize enrollment in the Rlte Share program.
- **Ambulance Rates:** Preserves the ambulance rate increases for non-emergency medical transportation services that have been authorized on a temporary basis since FY2020.
- **DCYF Accreditation:** Adds \$11.1 million from general revenues and 91.0 FTE positions to provide the staffing and operating resources that the Department of Children, Youth, and Families (DCYF) identified it would need to attain and maintain accreditation.
- **Female Youth Project:** Adds \$1.0 million from general revenues (\$3.5 million all funds) to support the establishment of two new Psychiatric Residential Treatment Facilities (PRTFs) for female youth with complex mental and behavioral health needs that are currently being treated out-of-State, in a hospital, or at the Rhode Island Training School.

- **DCYF Fleet Modernization:** Provides \$173,369 from general revenues and \$809,200 from the State Fleet Revolving Loan Fund to update DCYF’s aging vehicle fleet, which staff use regularly to conduct investigations and face-to-face visits across the State.
- **Extreme Family Finding:** Adds \$40,783 from general revenues for the Extreme Family Finding program, which provides intensive supports to help find permanent placements for youth that have been involved with the child welfare system for extended periods of time.
- **DCYF Director:** Allows the Governor to increase the annual salary for the Director of DCYF and enter into a three-year employment contract for the position in order to attract talent to lead the Department. The DCYF Director position has been vacant since July 2019.
- **Home Visiting Programs:** Provides \$701,293 from general revenues to increase capacity for family home visiting programs that focus on prevention, promote healthier children and families, and reduce poor outcomes.
- **Direct Support Professionals:** Provides \$16.8 million from general revenues and \$23.0 million from federal funds to increase the average DSP wage from \$13.18 per hour to \$15.75 per hour.
- **Consent Decree:** Adds \$2.0 million for a transition fund, including \$1.0 million from general revenues, to implement and manage compliance with the Consent Decree. Article 3 also adds the Division of Developmental Disabilities to the Caseload Estimating Conference process and imposes new monthly reporting requirements in order to comply with a Consent Decree court order.
- **Regional Substance Abuse Coalitions:** Provides \$500,000 in Opioid Stewardship funds for the State’s seven regional substance abuse prevention coalitions.
- **Child Care:** Provides \$3.6 million in federal funds to support increased child care rates for licensed child care centers and licensed family child care providers. The Budget also includes \$485,679 in federal funds to cap child care co-pays at 7.0 percent of a family’s income.
- **Home and Community Care Co-Pay Expansion:** Includes \$446,192 from general revenue (\$1.1 million all funds) to support the Governor’s proposal to increase income eligibility for the Office of Healthy Aging’s @Home program from 200.0 percent to 250.0 percent and expands the program to individuals under 65 with early onset Alzheimer’s or other dementia diagnoses.
- **RI Works:** Increases the base RI Works benefit by 30.0 percent. The Budget includes an additional \$4.3 million in federal funds to support this increase.
- **Office of Medical Review:** Transfers the Office of Medical Review from the Executive Office of Health and Human Services to the Department of Human Services.

#### **PUBLIC SAFETY:**

- **Body Worn Cameras:** Adds \$15.0 million from general revenues to establish a body camera grant program for the State Police and municipalities.
- **State Police Barracks:** Includes RICAP funding for a Southern Barracks proposed in West Greenwich and provides \$350,000 for architectural and engineering work to rehabilitate the Portsmouth Barracks.
- **Inmate Post-Release Employment Services:** Adds \$200,381 to the Department of Labor and Training and \$223,380 to the Department of Corrections to support an additional 3.0 FTE positions to help connect incarcerated individuals with post-release employment.
- **Transitional Care Unit:** Includes \$750,000 from general revenues to support the planning and creation of a Transitional Care Unit (TCU) at the Department of Corrections. Phase one of this project, focusing on strategic development, is intended to take place in FY2022.

- **Multi-State Litigation:** Includes \$445,013 in general revenue to fund 4.0 FTE Attorney positions within the Attorney General’s Office. These positions will work on multi-state litigation issues.
- **Veterans Treatment Court Grant:** Expands Rhode Island’s statewide pre-plea, pre-sentence treatment court project to meet the growing needs of veterans presenting with substance abuse, mental health, or co-occurring disorders with 5-year federal grant funding.

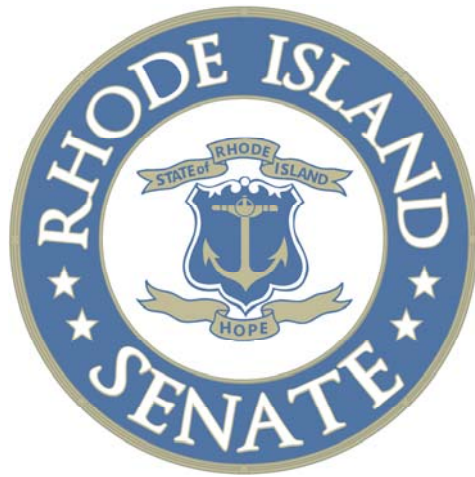
#### NATURAL RESOURCES:

- **Ports of Galilee and Newport:** Provides an increase of \$537,109 over the FY2021 Budget as Enacted for investments in the Ports of Galilee and Newport, including 3.0 new FTE positions.
- **Parks Initiative:** Provides an increase of \$430,684 in personnel costs in the Parks and Recreation Division and 4.0 new FTE positions.
- **Commercial Fishing:** Modernizes the Commercial Fishing industry in Rhode Island.
- **Dockside Program:** Authorizes the Director of the Department of Health (DOH), with the assistance of DEM, to establish a dockside program, including rules and regulations.
- **Misquamicut Beach Parking:** Article 6 allows the Department of Environmental Management (DEM) to set the beach parking fees for facilities in Westerly at a “reasonably determined” amount.
- **Galilee Fees:** Does not increase annual parking passes at the state lot in the Port of Galilee.

#### TRANSPORTATION/TRANSIT:

- **Gas Tax Adjustment:** Increases gas tax funding by \$10.3 million to reflect an increase in the revised gas tax estimated from the Department of Revenue. In May 2021, the Office of Revenue Analysis estimated the gas tax per-penny yield will increase by \$295,082 relative to the FY2021 Enacted level.





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**DEPARTMENTAL SUMMARIES**

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## Department of Administration

Expenditures By Program	FY2020	FY2021	FY2021	Change from		FY2022	Change from	
	Actual	Enacted	Revised	Enacted	Enacted	Enacted	Enacted	Enacted
Accounts and Control	\$5.6	\$5.3	\$5.0	(\$0.3)	-5.3%	\$13.3	\$8.1	152.5%
Office of Management and Budget	8.6	9.5	9.7	0.2	1.6%	9.9	0.4	4.0%
Capital Asset Management and Maintenance	38.0	10.9	58.1	47.2	434.5%	13.7	2.8	26.1%
Central Management	98.8	2.1	238.5	236.5	11479.6%	263.6	261.5	12696.2%
Debt Service Payments	183.9	194.0	193.8	(0.3)	-0.1%	184.7	(9.3)	-4.8%
Energy Resources	16.2	8.5	13.9	5.4	64.2%	9.6	1.1	12.6%
General	46.6	33.1	240.8	207.7	627.9%	44.8	11.7	35.4%
Human Resources	0.4	0.4	0.4	-	0.0%	1.1	0.7	182.5%
Information Technology	13.4	11.0	20.0	9.1	82.8%	10.3	(0.6)	-5.6%
Legal Services	2.1	2.0	3.3	1.4	69.5%	2.3	0.3	14.8%
Library and Information Services	2.6	3.0	3.0	0.0	0.3%	5.4	2.5	83.3%
Personnel Appeal Board	0.1	0.1	0.1	-	0.0%	0.1	-	0.0%
Personnel and Operational Reforms	(2.0)	308.5	-	(308.5)	-	-	(308.5)	100.0%
Planning	5.1	7.3	7.4	0.1	1.5%	5.9	(1.4)	-18.8%
Purchasing	4.2	4.5	4.2	(0.3)	-7.3%	4.1	(0.4)	-10.0%
Rhode Island Health Benefits Exchange (HealthSource RI)	8.8	21.5	13.5	(8.0)	-37.1%	24.9	3.4	15.6%
Statewide Personnel and Operations	-	-	4.7	4.7	-	-	-	-
The Office of Diversity, Equity and Opportunity	1.3	1.4	1.2	(0.2)	-16.7%	1.4	(0.1)	-5.7%
<b>Total</b>	<b>\$433.9</b>	<b>\$623.0</b>	<b>\$817.7</b>	<b>\$194.7</b>	<b>31.3%</b>	<b>\$595.1</b>	<b>(\$27.8)</b>	<b>-4.5%</b>
<b>Expenditures By Source</b>								
General Revenue	\$219.4	\$313.0	\$333.9	\$20.9	6.7%	\$196.0	(\$117.0)	-37.4%
Federal Funds	107.5	205.9	380.3	174.5	84.7%	275.4	69.6	33.8%
Restricted Receipts	32.7	38.8	38.7	(0.2)	-0.5%	45.8	7.0	17.9%
Other Funds	74.4	65.3	64.9	(0.4)	-0.7%	77.9	12.6	19.2%
<b>Total</b>	<b>\$433.9</b>	<b>\$623.0</b>	<b>\$817.7</b>	<b>\$194.7</b>	<b>31.3%</b>	<b>\$595.1</b>	<b>(\$27.8)</b>	<b>-4.5%</b>
Authorized FTE Levels	647.7	647.7	647.7	-	-	650.7	3.0	0.5%

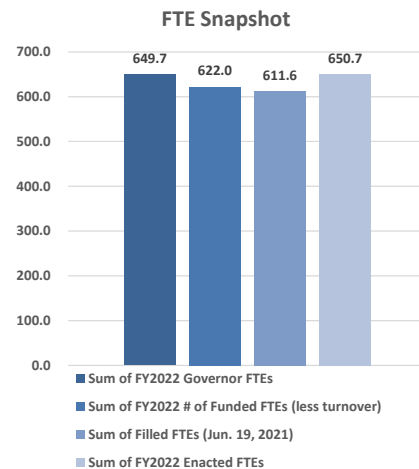
\$ in millions. Totals may vary due to rounding.

The Department of Administration's primary function is to provide support services to state departments and agencies. The Department of Administration was created to consolidate the finance, purchasing, and management functions of the State. There are 17 sub-programs with specific functions within the Department of Administration.

### MAJOR ISSUES AND TRENDS

The FY2021 Revised Budget includes an all funds appropriation of \$817.7 million in FY2021, reflecting a net increase of \$194.7 million from the FY2021 Budget as Enacted. General revenues total \$333.9 million and comprise 40.8 percent of the Department's total appropriation. There is a net general revenue increase of \$20.9 million from the previous fiscal year. The net increase includes items such as, \$112.5 million to reimburse the State's Budget Stabilization and Cash Reserve Account and inclusion of \$4.7 million for the pension settlement with the Laborers International Union of North America.

The FY2022 Budget includes an all funds appropriation of \$595.1 million in FY2022, reflecting a net decrease of \$27.8 million from the FY2021 Budget as Enacted. General revenues total \$196.0 million and comprise 32.9 percent of the Department's total appropriation. General revenues decrease by \$117.0 million from the previous fiscal year. This includes a \$90.0 million reduction as compared to the FY2021 Budget as Enacted, to reimburse the State's Budget Stabilization and Cash Reserve Account. The Budget does not include further funding in FY2022 as the stabilization account was



repaid in full in the FY2021 Revised Budget. The FY2022 Budget also includes reductions for direct COVID-19 response expenditures. Federal funds are \$275.4 million, reflecting a net increase of \$69.6 million from the previous year, reflecting the continued COVID-19 response funds.

The Budget increases the Department's number of full-time employees by 3.0 FTE positions, including a 1.0 FTE Associate Director – Financial Management position and a 1.0 Principal Insurance Analyst position within a new Risk Management Unit under Central Management; and adds a 1.0 Administrator State Equal Opportunity position in the Office of Diversity, Equity, and Opportunity.

### COVID-19 Response

**(\$16.2 million)**

The Budget includes a decrease of \$16.2 million in general revenues and \$62.0 million in federal funds for the Department of Administration's response to COVID-19.

COVID-19 General Revenue	FY2021 Enacted	FY2021 Final	Change	FY2022 Enacted	Change to Enacted
Capital Asset Management and Maintenance	\$0	\$2,005,750	\$2,005,750	\$0	\$0
Legal Services	-	300,000	300,000	-	-
Personnel and Operational Reforms	16,165,000	-	(16,165,000)	-	(16,165,000)
<b>Total</b>	<b>\$16,165,000</b>	<b>\$2,305,750</b>	<b>(\$13,859,250)</b>	<b>\$0</b>	<b>(\$16,165,000)</b>

COVID-19 Federal	FY2021 Enacted	FY2021 Final	Change	FY2022 Enacted	Change to Enacted
Personnel and Operational Reforms	\$202,300,000	\$0	(\$202,300,000)	\$0	(\$202,300,000)
Accounts and Control	347,447	55,520	(291,927)	-	(347,447)
Capital Asset Management and Maintenance	-	45,221,362	45,221,362	4,363,888	4,363,888
Office of Management and Budget	726,930	679,850	(47,080)	-	(726,930)
Information Technology	-	6,326,758	6,326,758	-	-
Central Management	-	236,553,820	236,553,820	261,031,499	261,031,499
<b>Total</b>	<b>\$203,374,377</b>	<b>\$288,837,310</b>	<b>\$85,462,933</b>	<b>\$265,395,387</b>	<b>\$62,021,010</b>

The funds are allocated as follows:

- **Surge Hospital Operations and Deconstruction:** The Budget decreases general revenues by \$11.4 million and includes \$2.1 million in federal funds for alternate hospital sites, deconstruction, lease costs and other expenses.
- **Quarantine and Isolation:** The Budget decreases general revenue by \$2.6 million and does not include federal funds for quarantine and isolation related expenses, which includes temporary housing for those that cannot isolate in their homes and for individuals and facilities experiencing homelessness.
- **Government Readiness:** The Budget decreases general revenue by \$1.9 million and includes \$738,410 in federal funds for government readiness related to COVID-19 response services, screening and reconfiguration of lobby and cubicle areas in the state.
- **Legal Costs:** The FY2021 Budget as Enacted included \$300,000 in general revenue for miscellaneous legal costs and legal software as part of the State's COVID-19 Response. The Budget does not include further funding for this item in FY2022.
- **Hospital Assistance Partnership Program:** The FY2021 Budget as Enacted included \$125.0 million in federal Coronavirus Relief Funds to reflect Phase II of the Hospital Assistance Partnership Program (HAPP) grants. Phase I of the grants totaled \$95.4 million and were paid in FY2020. These grants are used to offset the negative impact of the COVID-19 pandemic on hospital finances, including additional costs associated with the treatment of COVID patients and securing personal protective equipment as well as the losses sustained by the suspension of voluntary procedures. The Budget does not include further funding for this item in FY2022.
- **Emergency Rental Assistance Program:** The Budget includes federal funding of \$120.0 million in FY2022 and \$80.0 million in the FY2021 Supplemental Budget for the State's COVID-19 emergency rental assistance program administered in partnership with RI Housing. On March 31, 2021, the State



received \$200.0 million in federal funding and RI Housing began accepting applications for the RentRelief RI program to provide rental and utility relief to eligible renters to maintain housing stability.

## ACCOUNTS AND CONTROL

Accounts and Control promotes the financial integrity and accountability of State government through administrative, accounting controls, and procedures. The program administers a comprehensive accounting and recording system which classifies department and agency transactions in accordance with the budget plan; maintains control accounts of assets for all departments and agencies; and operates financial, accounting and cost systems for all departments and agencies.

The program also prepares several publications, including the Comprehensive Annual Financial Report, Condensed State Financial Report, State Payroll Manual, Procedural Handbook of the Department of Administration, and the Consolidated Statewide Cost Allocation Plan.

<b>Accounts and Control</b>	<b>General Revenue</b>
FY2021 Enacted	\$4,795,477
<i>Target and Other Adjustments</i>	<i>1,571</i>
Personnel Adjustments	(410,037)
Information Technology Charges	(183,626)
Contract Services	(100,000)
<b>FY2022 Enacted</b>	<b>\$4,103,385</b>

<b>Accounts and Control</b>	<b>Other Fund Changes</b>
Pandemic Recovery and Grants Management	9,096,567
COVID-19 Response	(\$347,447)

### **Personnel Adjustments** **(\$410,037)**

The Budget decreases general revenue by \$410,037 reflecting a decrease of \$255,511 in savings from the Voluntary Retirement Incentive (VRI) program, a decrease of \$130,233 higher projected personnel turnover savings as compared to the previous fiscal year, and a reduction of \$24,293 in other statewide planning value adjustments set by the Budget Office.

### **Information Technology Charges** **(\$183,626)**

The Budget decreases general revenue expenditures to reflect billed amounts for information technology services. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. These expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. The FY2021 Budget as Enacted appropriated \$924,626 for this expense, which is decreased by \$183,626 to \$741,000 in the FY2022 Budget as Enacted.

### **Turnover** **(\$130,233)**

The Budget includes \$260,854 for turnover, an increase of \$130,233 in general revenue savings over the \$130,621 included in the FY2021 Budget as Enacted. According to the Budget Office, the turnover amount reflects the Department's budget request. The Department of Administration averaged 17.8 vacancies over FY2020. The reduction is equivalent to 1.1 FTE positions.

**Contract Services****(\$100,000)**

The Budget reduces general revenues by \$100,000 for contracted accounting and audit services within Accounts and Control program. This funding was provided as part of the FY2021 Budget as Enacted when the Federal Grants Management office was transferred from the Office of Management and Budget to Accounts and Control. According to the Department, funding for this contracted service is not required in FY2022.

**Pandemic Recovery and Grants Management (restricted receipts)****\$9.1 million**

The Budget increases restricted receipts by \$9.1 million pursuant to the Governor's request to fund the operations, legal, and grants management by the Pandemic Recovery Office (PRO). The Governor intended to use federal funds from the American Rescue Plan Act. The Budget modifies the funding mechanism. Instead the Budget requires that the expenses incurred by the PRO will be billed through an assessment on all grants and the assessment will be maintained in a restricted receipt account.

**COVID-19 Response (federal funds)****(\$347,447)**

The Budget reduces federal funds by \$347,447 reflecting the return of these personnel expenditures to general revenue that were covered by federal funds in FY2021. The FY2021 Budget as Enacted included a shift of personnel expenses from general revenue to federal funds to reflect expenses incurred by the Department of Administration in response to the COVID-19 pandemic and the expenses were covered by available federal stimulus funds. The Governor recommendation assumes that these federal funds will not be available in FY2022, and as a result there is a decrease in federal funds.

**OFFICE OF MANAGEMENT AND BUDGET**

The Office of Management and Budget (OMB) serves as the principal agency for budget, performance management, and federal grants management. OMB includes the following functions:

- **Budget Office:** Provides advice to the Governor relating to the financial management of state government, evaluating necessary resources, analyzing state programs, priorities and alternatives, and suggesting the optimum allocation of resources to meet policy and management goals. The Budget Office also prepares fiscal notes on legislation, participates in the Revenue and Caseload Estimating Conferences, and prepares presentations to bond rating agencies.
- **Director:** Assists departments and agencies with strategic planning and continuous improvement processes to enhance management.
- **Performance Management:** Develops and monitors performance measures for each state agency.
- **Strategic Management:** Assists departments and agencies with strategic planning.
- **Office of Internal Audit:** Conducts audits on any state agency, state entity, or private entity receiving state funding or grants. The OIA evaluates the efficiency of an agency's operations and internal controls, and prevents or detects fraud and mismanagement.

<b>Office of Management and Budget</b>	<b>General Revenue</b>
FY2021 Enacted	\$7,479,409
<i>Target and Other Adjustments</i>	
Personnel	551,638
Information Technology Charges	219,888
Software Maintenance Agreements	69,292
Contract Services	(35,000)
<b>FY2022 Enacted</b>	<b>\$8,285,227</b>
<b>Office of Management and Budget</b>	<b>Other Fund Changes</b>
COVID-19 Response	(\$726,930)
SNAP Fraud Framework Implementation Grant	224,755

**Personnel** **\$551,638**

The Budget increases general revenue by \$551,638 reflecting the restoration of funds that were covered by federal COVID-19 Response appropriations in the previous budget. The FY2021 Budget as Enacted shifted \$726,930 of general revenue funded personnel costs to federal funds for work associated with pandemic response. The FY2022 Budget assumes that these personnel costs cannot be charged to federal funds in FY2022 and shifts the costs back to general revenue, less a portion retained for turnover savings and a reduction of \$126,388 reflecting savings from the Voluntary Retirement Incentive (VRI) program.

**Information Technology Charges** **\$219,888**

The Budget decreases general revenue expenditures to reflect billed amounts for information technology services. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. These expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. The FY2021 Budget as Enacted appropriated \$463,646 for this expense, which is increased by \$219,888 to \$683,534 in the FY2022 budget.

**Software Maintenance Agreements** **\$69,292**

The Budget adds \$69,292 in general revenue for software maintenance agreements for ongoing information technology services related to the Budget Formulation and Management software system used to formulate and prepare reports on budgets.

**Contract Services** **(\$35,000)**

The Budget decreases general revenue by \$35,000 for contracted management consultant services within the Office of Internal Audit (OIA). The FY2021 Budget as Enacted included \$35,000 in general revenue to allow the OIA to conduct an Internal Audit Quality Assurance review, a requirement for OIA to maintain certification from the Institute of Internal Auditors. Funding for this service is not required in FY2022.

**SNAP Fraud Framework Implementation Grant (federal funds)** **\$224,755**

The Budget adds \$224,755 in federal funds reflecting new audit work by the Office of Internal Audit (OIA). OIA is conducting audit work related to the Supplemental Nutrition Assistance Program (SNAP) and is able to charge personnel and operating expenses to the federal grant. In addition, the Governor adds \$241,060 in federal funds in the FY2021 Supplemental Budget for the same purpose. This is not a traditional audit but instead falls under the OIA's responsibility for assisting Department of Human Services (DHS) in combating fraud, waste, and abuse.

In early 2020 OIA applied for a federal grant from the USDA to enhance the states implementation of the SNAP Fraud Framework. The State received the grant in September of 2020. The SNAP Fraud Framework is a documentation of the best practices that the United States Department of Agriculture would like to see in place at states for the prevention, identification, and investigation of fraud within the SNAP program. The State's grant application focused on two of the areas: Framework Training and Data Analytics.

- **Framework Training:** Training classes are being developed for OIA and DHS personnel on the identification and investigation of fraud. The goal of this training is to improve the fraud referrals received from the DHS customer contact workers and to improve the investigative skills of the OIA fraud staff.
- **Data Analytics:** OIA has established a computerized method for the identification of fraud. The second goal of this grant is to enhance the efficiency and effectiveness of this system by including additional data sources and refining the existing fraud lead generating system to improve the quality of the leads.

### CAPITAL ASSET MANAGEMENT AND MAINTENANCE

The Division of Capital Asset Management and Maintenance (DCAMM) centralizes capital assets, capital projects, and state facilities maintenance functions. The division was established under the FY2017 Budget as Enacted. The division consists of the following subprograms: Capital Asset Management and Maintenance, Office of Facilities Management and Maintenance, and the Office of Planning, Design and Construction, and has oversight of the following areas:

- Planning, Design and Construction (PDC) manages new construction and rehabilitation projects.
- Facilities Management and Maintenance (OFMM) maintains State facilities.
- Risk Management
- State Fleet Operations administers the purchase, repair, and disposal of state vehicles and operates 15 state fuel depots.

<b>Capital Asset Management and Maintenance</b>	<b>General Revenue</b>
FY2021 Enacted	\$10,870,867
<i>Target and Other Adjustments</i>	<i>(28,929)</i>
Centralized Services	(1,165,203)
Personnel Adjustments	(321,737)
<b>FY2022 Enacted</b>	<b>\$9,354,998</b>

<b>Capital Asset Management and Maintenance</b>	<b>Other Fund Changes</b>
COVID- 19 Miscellaneous Expenses	\$4,363,888

### **Centralized Service Charges** **(\$1.2 million)**

The Budget removes \$1.2 million in general revenue expenditures for Facilities Management and Information Technology projected costs in FY2022. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. These expenditures were reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. The FY2021 Budget as Enacted appropriated \$8.6 million for these expenses, which is decreased by \$1.2 million to \$7.4 million in the FY2022 Budget as Enacted.

**Personnel Adjustments****(\$321,737)**

The Budget shifts \$488,897 reflecting the general revenue funded salary and benefit costs of the Division Director and the Chief of Strategic Planning over to funding from the DCAMM internal service fund account. The shift will allow the Department to charge some of the personnel costs of these two employees to non-general revenue sources. The reduction is offset by \$167,160 in other salary and benefit adjustments.

**COVID-19 Response (federal funds)****\$4.4 million**

The Budget includes \$4.4 million in federal COVID-19 response funds. The following table illustrates the changes in the federal COVID-19 response funds.

<b>COVID-19 Response</b>	<b>FY2021 Enacted</b>	<b>FY2022 Enacted</b>	<b>Change to Enacted</b>
FEMA: Government Readiness WKS: Emergency Ad Hoc Spending	\$0	\$738,410	\$738,410
FEMA: HHS Readiness WKS: Surge - AHS-1	-	2,100,703	2,100,703
Relief Fund: Government Readiness WKS: Emergency Ad Hoc Spending	-	1,524,775	1,524,775
<b>Total</b>	<b>\$0</b>	<b>\$4,363,888</b>	<b>\$4,363,888</b>

- **COVID Relief – Surge Hospital Operations and Deconstruction:** The Budget includes \$2.1 million for projected expenses for surge hospital operations and deconstruction.
- **COVID Related Expenses:** The Budget includes \$1.5 million in federal funds for projected expenses to be incurred in response to the COVID-19 pandemic during FY2022.
- **COVID Relief Residual Expenses:** The Budget includes \$738,410 in federal funds, reflecting residual Coronavirus Relief Funds (CRF) to be redirected to the Division of Capital Asset Management and Maintenance as a contingency against unforeseen COVID-19 response expenses.

**CENTRAL MANAGEMENT**

Central Management is comprised of three major functions: the Director's Office, the Central Business Office, and the Judicial Nominating Commission.

- The Director's Office provides for the overall operation of the department and assists all Executive branch agencies and to the Office of the Governor.
- The Central Business Office provides financial management assistance to the program areas within the Department of Administration and the Department of Revenue to ensure maximum use of state and federal resources.
- The Judicial Nominating Commission recommends candidates to the Governor to fill vacancies in the Rhode Island Judiciary. The Commission is required by statute to advertise for each judicial vacancy and to actively seek and encourage applications from qualified individuals.

<b>Central Management</b>	<b>General Revenue</b>
FY2021 Enacted	\$2,067,998
<i>Target and Other Adjustments</i>	<i>103,976</i>
Risk Management Unit	292,935
Turnover	69,343
Information Technology Charges	35,427
<b>FY2022 Enacted</b>	<b>\$2,569,679</b>
<b>Central Management</b>	<b>Other Fund Changes</b>
COVID-19	\$261,031,499

**Risk Management Unit****\$292,935**

The Budget includes a new Risk Management Unit within Central Management resulting in an increase of \$292,935 for general revenue funded personnel costs. According to the Department, the increase reflects the addition of an Associate Director – Financial Management position at a cost of \$179,768 and a Principal Insurance Analyst position at a cost of \$113,167. According to the Budget Office, there is a general revenue offset of \$129,080 reflecting 72.9 percent of \$174,064 in associated salary and benefits costs in the Statewide Facility Services ISF, where this work is currently performed.

**Turnover****\$69,343**

The Budget increases general revenue by \$69,343 reflecting lower projected personnel turnover savings as compared to the previous fiscal year.

**Information Technology Charges****\$35,427**

The Budget increases general revenue expenditures to reflect billed amounts for information technology services. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In FY2020, these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. The FY2021 Budget as Enacted appropriated \$81,019 for this expense, which is increased by \$35,427 to \$116,446 in the FY2022 proposed budget.

**COVID-19 Response (federal funds)****\$261.0 million)**

The Budget includes \$261.0 million in federal COVID-19 response funds, reflecting an increase of \$261.0 million from the FY2021 Budget as Enacted, and an increase of \$134.4 million from the Governor's FY2022 budget recommendation. These funds will primarily be allocated towards homeowner and emergency rental assistance. The following table illustrates the changes in the federal COVID-19 response funds.

<b>COVID-19 Response</b>	<b>FY2020 Actual</b>	<b>FY2021 Enacted</b>	<b>FY2022 Governor</b>	<b>FY2022 Enacted</b>	<b>Change to Enacted</b>
ARP ERA: Emergency Rental Assistance	\$0	\$0	\$0	\$114,000,000	\$114,000,000
ARP HAF: Homeowner Assistance Fund	-	-	-	25,000,000	25,000,000
COVID-19 Stimulus Reserve	-	-	5,281,556	-	-
FEMA: Government Readiness WKS: Communications	-	-	90,750	-	-
FEMA: Government Readiness WKS: COVID Administrative Assistance	-	-	-	226,372	226,372
FEMA: Supplies WKS: PPE Warehousing	113,729	-	1,222,363	1,805,127	1,805,127
Relief Fund: COVID-Related Expenses - Central Management	135,070	-	-	-	-
Relief Fund: Emergency Rental Assistance Program (CAA21)	-	-	120,000,000	120,000,000	120,000,000
Relief Fund: Government Readiness WKS: Communications	136,822	-	-	-	-
Relief Fund: Government Readiness WKS: COVID-19 General Financial Management	168,000	-	-	-	-
Relief Fund: Government Readiness WKS: Line of Credit Expenses	550,377	-	-	-	-
Relief Fund: HHS Readiness WKS: Hospital Partnership Grants	95,392,696	-	-	-	-
Relief Fund: Supplies WKS: PPE Warehousing	37,910	-	-	-	-
<b>Total</b>	<b>\$96,534,604</b>	<b>\$0</b>	<b>\$126,594,669</b>	<b>\$261,031,499</b>	<b>\$261,031,499</b>

**DEBT SERVICE**

The Debt Service Payments program funds expenditures for both long- and short-term tax-supported debt obligations of the State. This includes debt service on general obligation bonds as well as lease payments securing certificates of participation issued by the State. The program encompasses leases or trust agreements securing revenue bonds issued by the Rhode Island Convention Center Authority, Rhode Island Refunding Bond Authority, Rhode Island Commerce Corporation, or other obligations that are part of the State's net tax-supported debt.

<b>Debt Service Payments</b>	<b>General Revenue</b>
FY2021 Enacted	\$156,032,478
<i>Target and Other Adjustments</i>	
Other Debt Service Changes	(11,607,649)
General Obligation Bond Changes	5,405,450
Certificates of Participation (COPs)	(4,405,389)
<b>FY2022 Enacted</b>	<b>\$145,424,890</b>

**Other Debt Service Changes** **(\$11.6 million)**

The Budget includes \$46.7 million in general revenue for debt service expenses on five items, reflecting a decrease of \$11.6 million from various adjustments from the FY2021 Budget as Enacted. The significant adjustment is no debt service payment for the 38 Studios Debt Service as the debt is paid in full. All other debt has minor adjustments for FY2022.

<b>Other Debt Service</b>	<b>FY2021 Enacted</b>	<b>FY2022 Enacted</b>	<b>Change</b>
38 Studios Debt Service	\$12.1	\$0.0	(\$12.1)
Convention Center Authority	22.9	22.9	-
EDC - Fidelity Job Rent Credits	-	0.4	0.4
Garrahy Courthouse Garage	1.9	1.7	(0.3)
Historic Structures Tax Credit	19.4	19.4	-
I-195 Land Acquisition	2.0	2.4	0.4
<b>Total</b>	<b>\$58.3</b>	<b>\$46.7</b>	<b>(\$11.6)</b>

*\$ in millions*

*Totals may vary due to rounding.*

**38 Studios Debt Service:** The Budget includes no general revenue for the 38 Studios Debt service. On March 6, 2017, the Rhode Island Commerce Corporation lawsuit settled with all of the named defendants resulting in a net collection of \$52.1 million in settlement payments and earned interest. The net collections are used to offset the annual debt service requirements. The State made the final debt service payment of \$11.8 million in FY2021. The total debt service cost to the state, less settlement collections, is projected at \$35.9 million.

## Rhode Island Commerce Corporation (formerly RIEDC) Job Creation Guaranty Program

FY	Principal	Interest	Total Debt Service	Source of Debt Payment				Cumulative Paid Debt Service	Outstanding Debt Service
				Capitalized Interest	State Appropriation	Interest Earned	Settlements and Other Sources		
2011	-	\$2,639,958	\$2,639,958	\$2,639,958	-	-	-	\$2,639,958	\$109,488,718
2012	-	5,309,412	5,309,412	5,309,413	-	-	-	7,949,370	104,179,306
2013	-	5,309,412	5,309,412	5,309,412	-	-	-	13,258,782	98,869,894
2014	7,440,000	5,086,212	12,526,212	10,094,706	2,500,000	170,000	-	25,784,994	86,343,682
2015	7,885,000	4,626,462	12,511,462	-	8,635,000	889,163	3,196,770	38,296,456	73,832,220
2016	8,360,000	4,139,113	12,499,113	-	12,499,113	1,958	9,926,027	50,795,569	61,333,107
2017	8,860,000	3,589,288	12,449,288	-	-	-	36,274,385	63,244,857	48,883,819
2018	9,455,000	2,923,881	12,378,881	-	-	374,393	-	75,623,738	36,504,938
2019	10,190,000	2,162,638	12,352,638	-	-	1,059,344	-	87,976,376	24,152,300
2020	10,980,000	1,342,300	12,322,300	-	446,819	124,741	1,081,149	100,298,676	11,830,000
2021	11,830,000	-	11,830,000	-	11,812,718	-	-	112,128,676	-
<b>Total</b>	<b>\$75,000,000</b>	<b>\$37,128,676</b>	<b>\$112,128,676</b>	<b>\$23,353,489</b>	<b>\$35,893,650</b>	<b>2,619,599</b>	<b>\$50,478,331</b>	<b>\$112,128,676</b>	

Source: State Budget Office

**Convention Center Authority Debt Service:** Pursuant to a lease agreement dated November 1, 1991, between the Rhode Island Convention Center Authority (Authority) and the State, the Authority leased the Convention Center facilities to the State. As part of the agreement terms, the State obligated itself to make lease payments in an amount sufficient to pay the operating expenses and debt service of the Authority, that are not met by revenue generated by the Authority.

The FY2021 Budget as Enacted includes \$22.9 million in general revenue for debt service that is \$1.5 million more than appropriated in FY2020. This include an increase of \$750,000 for higher projected debt service for the Rhode Island Convention Center due to lost revenues from its closure due to the COVID-19 Pandemic. The FY2021 Supplemental Budget does not change the enacted appropriation. Again due to the prolonged closure caused by the pandemic, the Authority is unable to generate revenue from the venues, requiring the State to include \$22.9 million in general revenue in the FY2022 Budget. This reflects a minor decrease of \$4,231 from the previous fiscal year.

**EDC – Fidelity Job Rent Credits:** The Budget includes \$350,000 for debt service payments relating to the Fidelity Job Credits, reflecting an increase of \$350,000 as compared to the FY2021 Budget as Enacted. Fidelity Investments receives a job credit of \$1,000 per employee for each job over the first 1,000 positions employed at their facility. The job credit calculation occurs on a semi-annual basis, over two credit periods. The first credit period calculates the average number of jobs from March to August. The second credit period covers the average number of jobs from September to February. The FY2021 Budget as Enacted anticipated no Fidelity Job Credit payments. Based on revised average employment reports from Fidelity Investments, the Governor recommends a general revenue appropriation of \$350,000 for FY2022.

**Clifford Street Parking (Garrahy) Garage:** The Budget includes \$1.7 million in general revenue reflecting debt service for the new Clifford Street (Garrahy) Parking Garage. This is a decrease of \$254,730 from the previous year. The FY2016 Budget as Enacted authorized the State to enter into an agreement with the Rhode Island Convention Center Authority (Authority) to develop, construct, and operate a parking garage. The resolution authorized the issuance of up to \$45.0 million in debt to fund the design and construction of a parking garage and retail space on state-owned land on the site of the existing Garrahy Courthouse surface parking lot. The State's support of the debt service is offset each year by revenues generated at the garage. In FY2022, the projected debt service is \$3.0 million, less \$102,421 for renewal and replacement funds. This is offset by the projected State lease payments of \$1.4 million paid by state agencies leasing parking space at the garage. This results in an adjusted debt service cost of \$1.6 million, plus \$102,421 for renewal and replacement funds, or \$1.7 million. It is anticipated that future revenues from the garage over the next few years, will fully cover the debt service costs.



**I-195 Land Acquisition Debt Service:** Total principal issued on the I-195 Land Acquisition is \$38.4 million, and for the first 5-years, the debt service reflected interest-only payments. The principal will be amortized over a 20-year period beginning in year 6, with a balloon payment in year 10. The State has an option at that time to extend the debt an additional 10 years. The capital plan assumes that the State will use the 10-year extension and issue new debt in 2023 in the amount of \$30.1 million.

The debt service in FY2021 is \$4.4 million, projected to be offset by \$2.3 million in land sale proceeds, resulting in a state general revenue appropriation of \$2.0 million. In FY2022, the total debt service is projected to be \$4.4 million and offset by \$2.0 million in land sales resulting in a state general revenue appropriation of \$2.4 million, reflecting an increase of \$351,053 from the previous year. The following table illustrates the projected payments to FY2023.

Fiscal Year	Principal	Interest	Total Debt Service	Estimated Offset	Projected State Appropriation
2021	1.7	2.7	4.4	(2.3)	2.0
2022	1.8	2.6	4.4	(2.0)	2.4
2023	1.9	2.4	4.4	(1.9)	2.4
<b>Total</b>	<b>\$5.4</b>	<b>\$7.7</b>	<b>\$13.1</b>	<b>(\$6.2)</b>	<b>\$6.9</b>

*\$ in millions*

The following table illustrates the projected payments from FY2024 to FY2033.

**Projected Debt Service FY2024 – FY2033**

Fiscal Year	Principal	Interest	Total Debt Service	Estimated Offset	Projected State Appropriation
2024	\$2.4	\$1.5	\$3.9	\$0.0	\$3.9
2025	2.5	1.4	3.9	-	3.9
2026	2.6	1.3	3.9	-	3.9
2027	2.8	1.1	3.9	-	3.9
2028	2.9	1.0	3.9	-	3.9
2029	3.1	0.8	3.9	-	3.9
2030	3.2	0.7	3.9	-	3.9
2031	3.4	0.5	3.9	-	3.9
2032	3.5	0.4	3.9	-	3.9
2033	3.7	0.2	3.9	-	3.9
<b>Total</b>	<b>\$30.1</b>	<b>\$8.8</b>	<b>\$38.9</b>	<b>\$0.0</b>	<b>\$38.9</b>

*\$ in millions*

**General Obligation Bond Changes**

**\$5.4 million**

The Budget includes \$76.0 million in general revenue to fund the costs of the State's general obligation debt service in FY2022, or \$5.4 million more than FY2021 Budget as Enacted.

General Obligation Debt	FY2021 Enacted	FY2022 Enacted	Change
G.O. Bond New Bond Issue Projected Costs	\$0.0	\$4.4	\$4.4
All Other G.O. Bond Adjustments	70.6	71.6	1.0
<b>Total</b>	<b>\$70.6</b>	<b>\$76.0</b>	<b>\$5.4</b>

*\$ in millions*

*Totals may vary due to rounding.*

**New General Obligation Bond Debt:** The debt service projected for FY2022 increases costs by \$4.4 million in general revenue and is based on the issuance of \$135.9 million in bonds in the spring 2021 and a planned

issuance of \$194.2 million the fall of 2021. The projected debt service is based on a 5.0 percent interest rate over a 20-year term. The Budget includes \$76.0 million in general revenue to fund the costs of the State's general obligation debt service in FY2022, or \$5.4 million more than the FY2021 Budget as Enacted. This is largely attributable to new bond issuances (\$4.4 million) and transportation debt service (\$1.9 million).

**Certificates of Participation (COPs)**

**(\$4.4 million)**

The Budget includes \$22.7 million in general revenue to cover the debt service on eight projects financed through certificates of participation (COPs). This reflects a decrease of \$4.4 million from the FY2021 Budget as Enacted.

<b>Certificates of Participation</b>	<b>FY2021 Enacted</b>	<b>FY2022 Enacted</b>	<b>Change</b>
BHDDH - Power Plant	\$2.2	\$0.0	(\$2.2)
COPS - DCYF Training School	4.2	4.2	-
COPS - Energy Conservation	5.0	4.1	(0.9)
COPS - Kent County Courthouse	4.6	4.6	-
COPS - Pastore Hospital Consolidation	1.9	1.9	-
COPS - School for the Deaf	2.5	2.5	-
COPS - Technology	5.0	3.7	(1.3)
COPS - Traffic Tribunal - Debt Service	1.7	1.7	-
<b>Total</b>	<b>\$27.1</b>	<b>\$22.7</b>	<b>(\$4.4)</b>

\$ in millions

Totals may vary due to rounding.

**OFFICE OF ENERGY RESOURCES**

The Office of Energy Resources (OER) and the Energy Efficiency and Resource Management Council (EERMC) were established statutorily in 2006 to replace the former State Energy Office. The OER provides comprehensive integrated development, administration, and oversight of ongoing energy policies, plans, and programs to meet state and federal requirements and to provide policy guidance to executive leadership.

<b>Energy Resources</b>	<b>Other Fund Changes</b>
Regional Greenhouse Gas Initiative	\$2,344,310
Electrify RI - Volkswagen Settlement Fund	(1,180,141)

**Regional Greenhouse Gas Initiative (restricted receipts)**

**\$2.3 million**

The Budget includes \$7.4 million in restricted receipts for grant awards as part of the Regional Greenhouse Gas Initiative (RGGI). This reflects an increase of \$2.3 million from the FY2021 Budget as Enacted. The Regional Greenhouse Gas Initiative (RGGI) is a cooperative effort by Northeastern and Mid-Atlantic states that requires member states to reduce carbon dioxide (CO<sub>2</sub>) emissions from large fossil fuel-fired electric power plants to help address climate change. Central to this initiative is the implementation of a multi-state "cap-and-trade" program with a market-based emissions trading system. The increase in funds were a result of the regional carbon market auctions. The annual RGGI proceeds fluctuate based upon the pricing from the quarterly competitive auctions with regulated energy users within New England and Mid-Atlantic States. OER received more revenues than in past RGGI auction program years.

**Electrify RI - Volkswagen Settlement Fund (restricted receipts)**

**(\$1.2 million)**

The Budget includes \$176,148 in restricted receipts to fund the Electrify RI Electric Vehicle (EV) Charging Station Program, reflecting a reduction of \$1.2 million from the previous year. This initiative is supported by the State's Volkswagen Settlement funds and provides financial incentives to install electric vehicle (EV) charging stations at Rhode Island workplaces, multi-unit dwellings, non-profits, and government-owned properties.

The program is administered by the Rhode Island Office of Energy Resources (OER) to make more charging stations accessible to Rhode Island drivers. The increased availability of charging stations will encourage state residents and businesses to make the switch to electric vehicles to reduce transportation-related carbon emissions and pollutants. This program will help fund the installation of new EV charging stations – including Level II and Direct Current Fast Charging (DCFC).

The funds for Electrify RI come from the Volkswagen Diesel Settlement (VW Settlement) Environmental Mitigation Trust and are being invested according to the state’s Beneficiary Mitigation Plan (BMP) to achieve significant and sustained reductions in diesel emissions and expedite the development and widespread adoption of zero-emission vehicles. The FY2021 supplemental budget includes \$1.4 million in restricted receipts for Electrify RI.

*Analyst Note: In 2016 the Environmental Protection Agency filed a complaint against Volkswagen alleging that they violated the Clean Air Act. During normal operation and use, Volkswagen vehicles emitted levels of nitrogen oxides (NOx) significantly in excess of EPA’s compliance levels. Volkswagen was found guilty and agreed to spend up to \$14.7 billion to settle allegations of cheating emissions. Settlement funds will be used to buy back and / or modify vehicles, and to support national and state-level projects to reduce NOx emissions.*

## GENERAL

The General program reflects funds appropriated to finance expenditures not allocated to other State departments or agencies and not specific to any one program within the Department of Administration. Grants and benefits reflect grants made to certain organizations, which are appropriated by the General Assembly. The General program has no FTE positions.

<b>General</b>	<b>General Revenue</b>
FY2021 Enacted	\$12,794,938
<i>Target and Other Adjustments</i>	-
Library Construction Aid	(600,000)
Tort Awards	250,000
<b>FY2022 Enacted</b>	<b>\$12,444,938</b>

### **Library Construction Aid** **(\$600,000)**

Rhode Island law grants authority to the Office of Library and Information Services to make grants to a municipality or a free public library for construction or capital improvements. Grants are limited to a maximum of 50.0 percent of the total eligible costs as determined by the Office of Library and Information Services and are paid on an installment basis, based on a community’s debt service requirement, for a period of up to 20 years. For FY2022, the Budget includes \$2.1 million, a decrease of \$600,000 from the FY2021 Budget as Enacted. According to the Department, the decrease in funding is a result of the completion of several library construction projects over the past year and because the short term interest rate on an ongoing project is lower than originally projected.

### **Tort Awards** **\$250,000**

The Budget includes \$650,000 in general revenue for court tort awards, an increase of \$250,000 from the FY2021 Budget as Enacted. . Funding in the tort account is used to pay for tort/court award judgments against the State of Rhode Island. The FY2022 appropriation is based on historical expenditures.

**HUMAN RESOURCES**

The Division of Human Resources is composed of eight subprograms: Administrative Services, Classification and Examinations, Equal Employment Opportunity, Outreach and Diversity, Employee Benefits, Training and Development, Employee Services, and Human Resource Service Centers. Its primary mission is to provide cost-effective human resource services to employees, labor, and management to assist them in carrying out the functions and responsibilities of state government.

<b>Human Resources</b>	<b>General Revenue</b>
FY2021 Enacted	\$389,142
<i>Target and Other Adjustments</i>	-
Centralized Service Charges	710,407
<b>FY2022 Enacted</b>	<b>\$1,099,549</b>

**Centralized Service Charges** **\$710,407**

The Budget includes \$1.1 million in general revenue expenditures for Human Resource Service Center and Information Technology projected costs in FY2022. This is a net increase of \$710,407 from the FY2021 Budget as Enacted amount of \$389,142. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. These expenditures were reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency.

**INFORMATION TECHNOLOGY**

The Division of Information Technology (DoIT) program oversees, coordinates, and develops all information technology (IT) resources within the executive branch. All hiring and spending decisions involving IT may only be made with the advice and approval of the Chief Information Officer. Information Technology defines and maintains the architectural standards for hardware, software, networks, and services that guide state investments in IT.

The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. These expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency.

<b>Information Technology</b>	<b>General Revenue</b>
FY2021 Enacted	\$1,297,418
<i>Target and Other Adjustments</i>	-
Information Technology Charges	(576,078)
<b>FY2022 Enacted</b>	<b>\$721,340</b>

<b>Information Technology</b>	<b>Other Fund Changes</b>
Information Technology Investment Fund	\$75,535

**Information Technology Charges** **(\$576,078)**

The Budget decreases general revenue expenditures to reflect billed amounts for information technology services. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In FY2019 these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated

with a particular program or agency. The FY2021 Budget as Enacted appropriated \$1.3 million for this expense, which is decreased by \$576,078 to \$721,340 in FY2022.

**Information Technology Investment Fund (restricted receipts)**

**\$75,535**

The Budget includes \$9.6 million in restricted receipts for the Information Technology Investment Fund (ITIF), reflecting a net increase of \$75,535 in restricted receipts from the FY2021 Budget as Enacted, and an increase of \$7.0 million from the Governor's FY2022 Recommended Budget. The Fund is a restricted receipt account for the State's technology initiatives and improvement projects.

The net change reflects a reduction of \$6.9 million in restricted receipts from the FY2021 Budget as Enacted, offset by increases of \$5.0 million for the Enterprise Resource Planning (ERP) project and \$2.0 million for the an increase Department of Children, Youth, and Families' case management system, RICHIST project.

- **Enterprise Resource Planning (ERP):** The Governor proposed borrowing \$49.8 million in certificates of participation (COPs) to finance a portion of the modernization of the State's decades-old legacy systems for human resources, payroll, grants management, and financial data systems. The current system is outdated, leaving decision makers unable to receive accurate information in a timely manner. The current systems are susceptible to various single points of failure and are at-risk for security breaches. The new system, referred to as the Enterprise Resource Planning System (ERP), will have a total projected cost of \$68.7 million. The Budget modifies the funding mechanism. Instead, the FY2021 Revised Budget transfers \$67.0 million in State revenues to capitalize the State's Information Technology Investment Fund (ITIF) to finance IT projects without issuing debt or incurring interest, including \$50.0 million for ERP. The FY2022 Budget adds \$5.0 million in restricted receipt ITIF funds to finance the first year of the project.
- **DCYF RICHIST Project:** The Governor proposed borrowing \$17.0 million in certificates of participation (COPs) to replace the Department of Children, Youth, and Families' case management system, RICHIST, between FY2022 and FY2024. The Budget modifies the funding mechanism. Instead, the FY2021 Revised Budget transfers \$67.0 million in State revenues to capitalize the State's Information Technology Investment Fund (ITIF) to finance IT projects without issuing debt or incurring interest, including \$17.0 million for RICHIST. The FY2022 Budget adds \$2.0 million in restricted receipt ITIF funds to finance the State's 60.0 percent share of the \$3.3 million in expenses for the first year of the project. The Budget also includes \$1.3 million in federal funds in FY2022 within DCYF.

The Fund is a restricted receipt account for the State's technology initiatives and improvement projects.

The FY2015 Budget as Enacted authorized the Tobacco Settlement Financing Trust to transfer an estimated \$10.0 million to the ITIF from proceeds of the recent issuance of bonds by the Tobacco Settlement Financing Corporation. The ITIF derives funding through the sale of state property as well as from three additional sources.

- In FY2015, 10.0 percent of the \$1.00 surcharge levied on each residence and business telephone line collected to support the E-911 Uniform Emergency Telephone System is deposited into the ITIF, but this was repealed under Article 2 of the FY2020 Budget as Enacted and replaced with a new revenue source derived from 10.0 percent of a \$0.50 fee imposed on land-lines and 10.0 percent of the \$0.75 fee imposed on wireless phone lines. The surcharge change is projected to provide the technology investment fund annually \$1.0 million.
- Article 7 of the FY2019 Budget as Enacted authorized a tiered set of fees for individuals to obtain copies of certain vital records. The fees established are \$5 for mail-in certified records, \$3 for duplicate certified records, and \$2 for walk-in requests for certified records requests. The revenue generated from these fees will be deposited into the Information Technology Infrastructure Fund for purposes of

supporting the Electronic Statewide Registration System (ESRS) at the Department of Health. The proposal projects to generate \$350,351 annually.

- Article 4 of the FY2018 Budget as Enacted established a \$1.50 surcharge on every DMV fee transaction. This surcharge revenue is deposited into the State’s Information Technology Infrastructure Fund (ITIF). Funds generated through the surcharge are specifically used to pay the original and ongoing costs associated with the DMV’s information technology system, known as the Rhode Island Modernization System, or RIMS. Collection of the surcharge was previously authorized through June 30, 2022.
- Article 7 of the FY2020 Budget as Enacted made several changes related to the technology surcharge. The surcharge is increased by \$1.00, for a total of \$2.50 per DMV fee transaction. Revenue from the increase is to be deposited in a new restricted receipt within the DMV to pay for IT project-related payments and/or ongoing maintenance of and enhancements to the DMV’s computer system. The remaining \$1.50 is deposited into the ITIF. The article removes the existing sunset and shifts the remaining \$1.50 from the ITIF to the DMV account beginning on July 1, 2022. Based on DOR projections, \$4.2 million in surcharge revenue, inclusive of the fee increase, will be generated in FY2020. The ITIF will receive \$2.5 million of this revenue and \$1.7 million will be deposited into the DMV restricted receipt account.
- Article 5 of the FY2022 Budget as Enacted requires that \$50.0 million of the total amount available in the Information Technology Investment Fund (ITIF) as of July 1, 2021, be made available to for a new Enterprise Resource Planning System (ERPS) for human resources, information systems, payroll, and financial management; and requires that \$17.0 million of the total amount available in the Information Technology Investment Fund (ITIF) as of July 1, 2021, be made available to replace the Department of Children, Youth, and Families’ case management information system.

The following table illustrates the proposed and approved ITIF projects, funding balance and projected costs:

<b>Information Technology Fund</b>	<b>FY2021</b>	<b>FY2022</b>	<b>FY2023</b>	<b>FY2024</b>	<b>FY2025</b>	<b>FY2026</b>
Total Approved Projects	(\$81,228,818)	(\$75,453,720)	\$0	\$0	\$0	\$0
Projected FY Beginning Balance	2,137,380	75,456,614	68,384,894	43,860,894	24,185,894	9,710,894
Legislative Transfer	67,000,000	-	-	-	-	-
Estimated Sale of Property	8,706,700	1,457,000	1,051,000	-	-	-
E-911 Fees	926,961	925,000	925,000	925,000	925,000	925,000
DMV \$1.50 Surcharge	2,060,421	2,100,000	-	-	-	-
Vital Records Surcharge	400,250	400,000	400,000	400,000	400,000	400,000
<b>Projected FY Ending Balance</b>	<b>\$2,894</b>	<b>\$4,884,894</b>	<b>\$70,760,894</b>	<b>\$45,185,894</b>	<b>\$25,510,894</b>	<b>\$11,035,894</b>
Variance Capital Request to Approved Projects	\$0	\$0	\$0	\$0	\$0	\$0
<b>Capital Budget Requests</b>	<b>\$5,775,098</b>	<b>\$11,953,720</b>	<b>\$26,900,000</b>	<b>\$21,000,000</b>	<b>\$15,800,000</b>	<b>\$1,000,000</b>
<b>Projected Cash Availability</b>	<b>81,231,712</b>	<b>80,338,614</b>	<b>70,760,894</b>	<b>45,185,894</b>	<b>25,510,894</b>	<b>11,035,894</b>

Source: Department of Administration

## LEGAL SERVICES

Legal Services is responsible for establishing, managing and maintaining legal resources to support all departments and agencies within the executive branch. Legal Services manages and assists attorneys within the departments and agencies that provide legal services in programmatic areas.

<b>Legal Services</b>	<b>General Revenue</b>
FY2021 Enacted	\$1,978,549
<i>Target and Other Adjustments</i>	6,469
Personnel Adjustments	210,369
Operating Expenses	73,031
Centralized Services	(6,269)
<b>FY2022 Governor</b>	<b>\$2,262,149</b>

**Personnel Adjustments****\$210,369**

The Budget includes a net general revenue increase of \$210,369 for salary and benefit costs, comprising the addition of \$347,873 for the filling of several vacancies left unfilled in FY2021 that the Department anticipates filling in FY2022. This increase is offset by a general revenue decrease of \$137,504 for turnover savings. According to the Budget Office, the turnover is attributable to the Department's staffing assumptions in FY2022. The Department of Administration averaged 17.8 vacancies over FY2020. Total turnover is equivalent to 1.8 FTE positions.

**Operating Expenses****\$73,031**

The Budget includes a net general revenue increase of \$73,031 for operating expenses. This includes an increase of \$90,000 for computer equipment offset by a decrease of \$10,700 for subscriptions.

**Centralized Services****(\$6,269)**

The Budget decreases general revenue expenditures to reflect billed amounts for information technology services. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In FY2020, these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. The FY2021 Budget as Enacted appropriated \$35,349 for this expense, which is decreased by \$6,269 to \$29,080 in the FY2022 Budget as Enacted.

**LIBRARY AND INFORMATION SERVICES**

The Office of Library and Information Services (OLIS) coordinates inter-library cooperation, maintains and develops the Rhode Island Library Network, operates the Regional Library for the Blind and Physically Handicapped, and promotes overall library development through various grant-in-aid programs for public and institutional libraries.

<b>Library and Information Services</b>	<b>General Revenue</b>
FY2021 Enacted	\$1,605,551
<i>Target and Other Adjustments</i>	(47,678)
Turnover	86,928
Information Technology Charges	(12,786)
Interlibrary Delivery System	8,543
<b>FY2022 Enacted</b>	<b>\$1,640,558</b>

**Library and Information Services****Other Fund Changes**

Library Services Technology	\$2,428,002
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**Turnover** **\$86,928**

The Budget increases general revenue by \$86,928 reflecting lower projected personnel turnover savings as compared to the previous fiscal year. There is a corresponding increase of \$86,928 in federal funds for lower projected turnover savings.

**Information Technology Charges** **(\$12,786)**

The Budget decreases general revenue expenditures to reflect billed amounts for information technology services. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. These expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. The FY2021 Budget as Enacted appropriated \$40,267 for centralized information technology expenses, which is decreased by \$12,786 to \$27,481 in the FY2022 budget.

**Interlibrary Delivery System** **\$8,543**

The Budget includes a net increase of \$8,543 in general revenue for the Interlibrary Delivery System as compared to the previous year. RIGL 29-6-9 requires that the Office of Library and Information Services fund the Interlibrary Delivery System in its entirety. However, the Budget mistakenly shifted \$220,000 from the express delivery line for the LORI delivery system to US Postal Office. According to OLIS all books and magazines use the LORI delivery system. The postage line is used by OLIS to only mail documents. Also there is a corresponding increase of \$65,143 in federal funds.

	FY2021 Enacted	FY2021 Revised	Change	FY2022 Enacted	Change
<b>Interlibrary Delivery System/Postage</b>					
Express Delivery	\$621,810	\$621,810	\$0	\$410,353	(\$211,457)
Postage and Postal Services	1,961	1,961	-	221,961	220,000
<b>Total</b>	<b>\$623,771</b>	<b>\$623,771</b>	<b>\$0</b>	<b>\$632,314</b>	<b>\$8,543</b>

*Analyst note: The Budget placed \$220,000 in general revenue in the wrong budget line. The amount should be under the express delivery line instead of the postage and postal service line.*

**Library Services Technology (federal funds)** **\$2.4 million**

The Budget adds \$2.4 million in federal funds to support innovation and other projects in public libraries. This includes an increase of \$2.2 million in federal funds from the American Rescue Plan Act. This award from the Institute of Museum and Library Services will be administered by the Office of Library and Information Services to support library services throughout the State. In addition, the Budget includes \$125,000 for pass-through Museums for America project grants, an increase of \$86,928 in unachieved turnover savings, and an increase of \$65,143 for express delivery costs for the Interlibrary Delivery System. According to the Department the increase in OLIS' federal award through the Library Services and Technology Act (LSTA) will be used for a competitive grant program for libraries based on the priorities of OLIS' Five Year State Plan for the use of federal LSTA funds; the plan is required and approved by the federal agency charged with disbursing these funds, the Institute of Museum and Library Services, which encourages sub-awards.

**PERSONNEL APPEAL BOARD**

The Personnel Appeal Board hears appeals by any person with provisional, probationary, or permanent status in a position in the classified service aggrieved by an action of the Administrator of Adjudication for the Department of Administration on matters of personnel administration. The Board administers the Merit System Law governing appeals, maintenance of records, reviews, appeals from decisions rendered, and records of cases adjudicated before scheduling a public hearing. The Personnel Appeal Board consists of



five members, not more than three of whom are members of the same political party. The Board has no FTE positions specifically assigned to the program.

<b>Personnel Appeal Board</b>	<b>General Revenue</b>
FY2021 Enacted	\$125,298
<i>Target and Other Adjustments</i>	<i>(5,248)</i>
<b>FY2022 Enacted</b>	<b>\$120,050</b>

## PERSONNEL AND OPERATIONAL REFORMS

The Department of Administration has a centralized account for the statewide personnel and operating savings included in the Budget as Enacted prior to the savings being reflected within the appropriate State agency budgets. Generally, when the savings occur, the Budget Office will distribute and account for the savings within the appropriate departmental budget accounts of the State agencies.

<b>Personnel and Operational Reforms</b>	<b>General Revenue</b>
FY2021 Enacted	\$106,165,000
<i>Target and Other Adjustments</i>	-
Transfer to RICAP Fund	(90,000,000)
Surge Hospital Operations	(11,400,000)
Quarantine and Isolation	(2,600,000)
Government Readiness	(1,865,000)
Legal Software	(300,000)
<b>FY2022 Enacted</b>	<b>\$0</b>

### ***Transfer to RICAP Fund*** ***(\$90.0 million)***

The FY2020 Budget as Enacted transferred \$120.0 million from the Budget Stabilization and Cash Reserve Account for use in balancing that budget. The Rhode Island General Law requires that the repayment be made to the Rhode Island Capital Plan fund in the following fiscal year.

The FY2021 Budget as Enacted included a \$90.0 million repayment and included legislation under Section 18 of Article 1 to delay the remainder of the payback, \$30.0 million, until FY2022. Article 1 of the Governor's FY2021 Supplemental Budget proposed to further delay the RICAP payback to FY2023 and reduced the payback appropriation to \$7.5 million in FY2021, reflecting a \$82.5 million reduction in general revenue in FY2021.

The FY2021 Revised Budget fully reimbursed the State's Budget Stabilization and Cash Reserve Account in FY2021, thus following the requirements of the general law and eliminating the need to appropriate funds for the repayment in FY2022.

### ***Surge Hospital Operations and Deconstruction*** ***(\$11.4 million)***

The Budget decreases general revenues by \$11.4 million for alternate hospital sites, deconstruction, lease costs and other expenses.

### ***Quarantine and Isolation*** ***(\$2.6 million)***

The Budget decreases general revenue by \$2.6 million for quarantine and isolation related expenses, which includes temporary housing for those that cannot isolate in their homes and for individuals and facilities experiencing homelessness.

**Government Readiness****(\$1.9 million)**

The Budget decreases general revenue by \$1.9 million for government readiness related to COVID-19 response services, screening and reconfiguration of lobby and cubicle areas in the state.

**Legal Software****(\$300,000)**

The FY2021 Budget as Enacted included \$300,000 in general revenue for miscellaneous outside legal costs and software as part of the State's COVID-19 Response. The Budget does not include further funding for this item in FY2022.

**COVID-19 Response (federal funds)****(\$202.3 million)**

The Budget does include federal COVID-19 response funds, reflecting a decrease of \$202.3 million from the FY2021 Budget as Enacted. These funds were primarily allocated towards assisting hospital finances, PPE warehousing, and government readiness assistance. The following table illustrates the changes in the federal COVID-19 response funds.

<b>Covid-19 Response</b>	<b>FY2021 Enacted</b>	<b>FY2022 Enacted</b>	<b>Change to Enacted</b>
Relief Fund: HHS Readiness WKS: Hospital Partnership Grants	\$125,000,000	\$0	(\$125,000,000)
Relief Fund: Supplies WKS: PPE Warehousing	53,100,000	-	(53,100,000)
Relief Fund: Government Readiness WKS: Communications	24,200,000	-	(24,200,000)
<b>Total</b>	<b>\$202,300,000</b>	<b>\$0</b>	<b>(\$202,300,000)</b>

- **Hospital Assistance Partnership Program:** The FY2021 Budget as Enacted included \$125.0 million in federal Coronavirus Relief Funds to reflect Phase II of the Hospital Assistance Partnership Program (HAPP) grants. Phase I of the grants totaled \$95.4 million and were paid in FY2020 under the Department's Central Management program. These grants are used to offset the negative impact of the COVID-19 pandemic on hospital finances, including additional costs associated with the treatment of COVID patients and securing personal protective equipment as well as the losses sustained by the suspension of voluntary procedures. The Budget does not include further funding for this item in FY2022.
- **PPE Warehousing:** The FY2021 Budget as Enacted included \$53.1 million in federal Coronavirus Relief Funds for the lease costs to store and warehouse personal protective equipment (PPE) supplies. The Budget does not include further funding for this item in FY2022.
- **Government Readiness:** The FY2021 Budget as Enacted included \$24.2 million in federal Coronavirus Relief Funds for government readiness related to COVID-19 response services including; remote work technology, janitorial, screening and reconfiguration of lobby and cubicle areas in the state. The Budget does not include further funding for this item in FY2022.

**PLANNING**

The Division of Planning is responsible for preparing, adopting, and amending strategic plans for the physical, economic, and social development of the state. The Division is comprised of three subprograms: Statewide Planning, Strategic Planning and Economic Development, and the Water Resources Board.

- Statewide Planning staffs the State Planning Council, which is comprised of state and local government officials, public members, and federal officials in an advisory capacity. The State Planning Council serves as the State's Metropolitan Planning Organization, responsible for planning and prioritizing state and federal transportation funding.
- Strategic Planning and Economic Development uses policy analysis and the planning process to prepare issue briefs and draft strategic plans that address current topics of special interest.

- The Water Resources Board (WRB) manages the planning and development of twenty-nine major water supply systems and the Big River Management Area.

<b>Planning</b>	<b>General Revenue</b>
FY2021 Enacted	\$1,114,044
<i>Target and Other Adjustments</i>	
	(4,510)
Personnel Adjustments	(195,168)
Complete Count (Census 2020)	(190,606)
Information Technology Charges	(59,830)
<b>FY2022 Enacted</b>	<b>\$663,930</b>

<b>Planning</b>	<b>Other Fund Changes</b>
Payment of Sub-awards	(\$820,000)
Management Consultants	(180,000)

***Personnel Adjustments*** ***(\$195,168)***

The Budget decreases general revenue by \$195,168, reflecting a loss of 2.0 FTE positions to retirements through the Voluntary Incentive Retirement (VRI) program, maintaining vacancies on 3.0 FTE positions, and shifting personnel expenses from general revenue to federal funds.

***Complete Count (Census 2020)*** ***(\$190,606)***

The Budget includes a decrease of \$190,606 from the FY2021 Budget as Enacted reflecting the end of funding for the Complete Count Initiative following the conclusion of the 2020 Census. The 2020 Census was critical to the state because the state is in jeopardy of losing a congressional seat due to diminished statewide population count. The FY2020 Budget as Enacted included \$500,000 in general revenue to pay for outreach activities to hard-to-count populations; media buys; distribute information to communities, non-profits, and other partners; and, a coordinated campaign to ensure awareness and visibility. The FY2021 Budget as Enacted included \$190,606 in general revenue largely consisting of a reappropriation of \$140,606 from FY2020 to fund advertising and printing costs of the Complete Count Initiative. This was matched with \$50,000 in new funds in FY2021, bringing the total appropriation to \$190,606.

***Information Technology Charges*** ***(\$59,830)***

The Budget decreases general revenue expenditures to reflect billed amounts for information technology services. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In FY2019 these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. The FY2021 Budget as Enacted appropriated \$77,744 for this expense, which is decreased by \$59,830 to \$17,914 in the FY2022 Budget as Enacted.

***Payment of Sub-awards (other funds)*** ***(\$820,000)***

The Budget contains a net decrease of \$820,000 in Federal Highway Administration (FHWA) funds. In some years, the State is able to draw down more FHWA funds than in other fiscal years: this is largely dependent (to a cap) on the amount of state funds available. When general revenue funds decrease, the State cannot draw down as much from the federal pool. However, it is also variable annually depending on projects: with the Long Range Transportation Plan completed, the State will be drawing down less from the federal pool overall.

**Management Consultants (other funds) (\$180,000)**

The Budget decreases other funds by \$180,000 reflecting the elimination of contracted management consultant costs of \$150,000 from the Federal Highway Administration (FHWA) and \$30,000 from the Federal Transit Administration (FTA) programs related to the Complete Count Initiative (Census 2020 funding). The Complete Count Committee finished its work in December 2020.

**PURCHASING**

The Purchasing division includes procurement, operational support services, standards and specifications development and management, vendor information, and minority business enterprises. The Procurement division solicits bids or requests for proposals for services and supplies, negotiates prices with vendors, and carries out affirmative action programs. Operational support services include purchase order production and record-keeping, bid preparation and opening, requisition tracking, and vendor files. The standards and specifications staff works with agency representatives to develop statewide standards for goods and services to be solicited. The Rhode Island Vendor Information Program (RIVIP) is an electronic system for registering potential bidders and providing bid and other information to vendors and the general public.

<b>Purchasing</b>	<b>General Revenue</b>
FY2021 Enacted	\$3,591,871
<i>Target and Other Adjustments</i>	<i>(30,587)</i>
Information Technology Charges	(151,521)
Personnel Adjustments	(134,227)
<b>FY2022 Enacted</b>	<b>\$3,275,536</b>

<b>Purchasing</b>	<b>Other Fund Changes</b>
Information Technology Charges	(\$102,398)

**Information Technology Charges (\$151,521)**

The Budget increases general revenue expenditures to reflect billed amounts for information technology services. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In FY2019 these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. The FY2021 Budget as Enacted appropriated \$476,980 for this expense, which is decreased by \$151,521 to \$325,459 in the FY2022 Budget as Enacted. There is a corresponding decreases of \$100,000 in restricted receipts and \$2,398 in other funds.

**Personnel Adjustments (\$134,227)**

The Budget decreases general revenue by \$134,227 reflecting a decrease of \$74,857 in savings from the Voluntary Retirement Incentive (VRI) program, a decrease of \$59,313 higher projected personnel turnover savings as compared to the previous fiscal year, and a reduction of \$11,741 for seasonal employees. The decrease in personnel costs is offset by an increase of \$11,684 in other statewide planning value adjustments set by the Budget Office.

**RHODE ISLAND HEALTH BENEFITS EXCHANGE**

As part of the national health care reform and the Affordable Care Act (ACA), the Rhode Island Health Benefits Exchange was created by Executive Order in 2011 as a federally-funded program within the Office of the Governor. The FY2014 Budget as Enacted transferred the program to the Department of Administration. Rhode Island's health benefits exchange (HealthSource RI) became operational in October

2013 and is an online marketplace for individuals, families, and small businesses to compare and purchase health insurance coverage and gain access to tax credits, reduced cost-sharing and public programs such as Medicaid.

<b>Rhode Island Health Benefits Exchange (HealthSource RI)</b>	<b>General Revenue</b>
FY2021 Enacted	\$1,369,654
<i>Target and Other Adjustments</i>	<i>(2,000)</i>
Contract Services	1,546,926
Rental of Outside Property	(94,244)
<b>FY2022 Enacted</b>	<b>\$2,820,336</b>
<b>Rhode Island Health Benefits Exchange (HealthSource RI)</b>	<b>Other Fund Changes</b>
Rhode Island Health Benefits Exchange - federal	\$5,239,671
Rhode Island Health Benefits Exchange - restricted receipts	(\$3,332,655)

### **Contract Services**

**\$1.5 million**

The Budget increases by \$1.5 million in general revenue for contract service expenditures as compared to the FY2021 Budget as Enacted. According to Healthsource RI, the program relies on general revenue and restricted receipts to fund its operations and is allowed to use either funding source to budget and incur expenses. The FY2021 Budget as Enacted used restricted receipts to fund several contracted expenses. As part of the FY2022 Budget, Healthsource RI uses restricted receipts to predominately fund personnel, operating, and other costs, while shifting some of the contracted costs to general revenue.

	<b>FY2021</b>	<b>FY2022</b>	
<b>Contract Services</b>	<b>Enacted</b>	<b>Enacted</b>	<b>Change</b>
Management Consultants	\$20,715	\$2,231,016	\$2,210,301
Communications and Media	500,000	-	(500,000)
IT System Support	526,160	364,110	(162,050)
All Other Services	226,535	225,210	(1,325)
<b>Total</b>	<b>\$1,273,410</b>	<b>\$2,820,336</b>	<b>\$1,546,926</b>

- **Management Services:** HSRI uses both general revenue and restricted receipts interchangeably to fund HSRI and in any given year, the source used to fund expense will vary from general revenue and restricted receipts. In FY2022, the general revenue increase reflects HSRI budgeting the expenses for the vendor NFP-Health under general revenue rather than restricted receipts as was done in FY2021. NFP-Health is responsible for sales, service and billing of HSRI's HSRI for Employers/SHOP small business program.
- **Communications and Media:** RDW Group is the primary vendor for marketing and communication contract services. The vendor operates the HSRI Individual/Family and Small Business Health Options Program (SHOP) open enrollment campaigns and advertisements. The HSRI program still requires the same type of communication services in FY2022. However, in order to reduce the program's FY2022 general revenue request, the Department made reductions to the program budget, marketing being one of them.

*Analyst Note: According to HSRI, there are some funds remaining in FY2021 for marketing expenses that could carry-over into FY2022 marketing, but the program will need to look for funds in FY2022.*

- **IT System Support:** This reflects a \$162,050 general revenue targeted contract reduction for Deloitte that was proposed in the FY2022 Budget request. Deloitte developed and maintains the Integrated

Eligibility System for the State. Also known as RIBridges or UHIP, eligibility is determined for HSRI health plans, Medicaid, SNAP, Childcare, and RIWorks. Deloitte implements any federal changes to regulations and any system process improvements. It is decreasing because the UHIP Executive Leadership reduced funding in order to meet the requested budget cuts.

**Rental of Outside Property** **(\$94,244)**

Presently, the Healthsource RI office is in leased space located at 501 Wampanoag Trail in the City of East Providence. The plan is to relocate Healthsource RI to vacant space within the William Powers Administration building making the need to fund lease costs moot in FY2022. The move is anticipated to occur by the end of 2021. The lease for the Healthsource RI office is divided 65.0 percent general revenue and 35.0 percent restricted receipts. The Budget eliminates \$94,244 in general revenue and there is a corresponding decrease of \$50,756 in restricted receipt for the lease costs.

**Rhode Island Health Benefits Exchange (federal)** **\$5.2 million**

The Budget includes \$5.2 million in federal funds for the Rhode Island Health Benefits Exchange for FY2022. The use of federal funds for the Exchange declined after FY2015. From FY2016 through FY2019, federal funds were primarily used for contract services and personnel. This reflected the shift from federal funding that was provided for the establishment of an Affordable Care Act (ACA)-compliant health benefits exchange, over to a state-operated system. The federal funds provided in FY2019 fund only personnel costs for one FTE position. Through the FY2019 Budget as Enacted, the design, development, and implementation of HealthSource RI has been funded with \$140.9 million in federal grants. In FY2022, federal funds increase \$5.2 million reflecting a recent federal award. The State's application to the federal government sought to waive Patient Protection Affordable Care Act's (PPACA) requirement for the single risk pool to implement a state reinsurance program called the Rhode Island Reinsurance Program for plan years 2020 through 2024. The United States Department of the Treasury's final administrative determination is that Rhode Island's pass-through funding amount is \$5.2 million for calendar year 2020.

HealthSource RI	FY2013 Actual	FY2014 Actual	FY2015 Actual	FY2016 Actual	FY2017 Actual	FY2018 Actual	FY2019 Actual	FY2020 Actual	FY2021 Revised	FY2022 Enacted	Total
Federal Funds	\$21.8	\$47.3	\$48.5	\$17.6	\$3.7	\$1.8	\$0.1	-	0.4	5.2	\$146.5
Restricted Receipts	-	-	-	2.8	5.5	5.3	5.2	8.0	11.9	16.8	55.4
<b>Total</b>	<b>\$21.8</b>	<b>\$47.3</b>	<b>\$48.5</b>	<b>\$20.4</b>	<b>\$9.2</b>	<b>\$7.1</b>	<b>\$5.3</b>	<b>\$8.0</b>	<b>\$12.2</b>	<b>\$22.1</b>	<b>\$201.9</b>

\$ in millions

**Rhode Island Health Benefits Exchange (restricted receipts)** **(\$3.3 million)**

The Budget includes \$16.8 million in restricted receipts for personnel and operating costs. This is a net decrease of \$3.3 million from the FY2021 Budget as Enacted. The significant changes include such items as an increase of \$8.3 million in IT systems support, a reduction of \$2.4 million in management consultant costs and an increase of \$687,159 for personnel costs. The increase in personnel costs reflect the combination of HSRI unfilled positions and personnel costs for the Division of Taxation to manage the mandate program.

**OFFICE OF DIVERSITY, EQUITY, AND OPPORTUNITY**

The mission of the Office of Diversity, Equity, and Opportunity is to create and support a diverse and inclusive state government culture that values and reflects the changing demographics of Rhode Island by advancing equitable and fair opportunities for all Rhode Island citizens to be employed by or doing business with the State of Rhode Island.

The Office of Diversity, Equity, and Opportunity, consists of the following: Director of Diversity, the State Equal Opportunity Office, Minority Business Enterprise Compliance Office, the Outreach and Diversity Office, and an Office of Supplier Diversity.

- Director of Diversity to administer the office.
- The State Equal Opportunity Office ensures federal and State equal opportunity compliance for all units of state government.
- The Minority Business Enterprise Compliance Office is responsible for supporting State laws and policies to ensure full participation of Minority Business Enterprises (MBEs) and Disadvantaged Business Enterprises (DBEs) in state and federally-funded construction programs and projects, and State purchases of goods and services.
- The Outreach and Diversity Office is responsible for creating a culture that values a diverse workforce through diversity training to state employees and assists in recruiting and retaining a diverse workforce.
- Office of Supplier Diversity will complement the work of the Minority Business Enterprise Compliance Office.

<b>The Office of Diversity, Equity, and Opportunity</b>	<b>General Revenue</b>
FY2021 Enacted	\$1,335,476
<i>Target and Other Adjustments</i>	
	<i>(38)</i>
New Administrator Position	140,402
Personnel Adjustments	(110,641)
Information Technology Charges	(67,437)
Operating Adjustments	(51,794)
<b>FY2022 Enacted</b>	<b>\$1,245,968</b>

***New Administrator Position*** ***\$140,402***

The Budget includes \$140,402 in general revenue to support a new 1.0 Administrator State Equal Opportunity position in the Office of Diversity, Equity, and Opportunity. The purpose of the position is to support statewide equal opportunity initiatives. At the time of the budget submission, the position was vacant and was omitted from the budget. The enacted budget replaces the position.

***Personnel Adjustments*** ***(\$110,641)***

The Budget includes a net general revenue decrease of \$110,641 reflecting a reduction of \$65,302 for other statewide planning value adjustments set by the Budget Office, a decrease of \$33,736 in higher projected personnel turnover savings as compared to the previous fiscal year, and a decrease of \$11,603 in savings from the Voluntary Retirement Incentive (VRI) program.

***Information Technology Charges*** ***(\$67,437)***

The Budget decreases general revenue expenditures to reflect billed amounts for information technology services. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. These expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. The FY2021 Budget as Enacted appropriated \$89,032 for this expense, which is decreased by \$67,437 to \$21,595 in the FY2022 Budget as Enacted.

**Operating Adjustments****(\$51,794)**

The Budget decreases general revenue expenditures by \$51,794, reflecting a decrease in anticipated printing expenses and staff training. The Budget includes \$20,088 to cover printing expenses, reflecting a decrease of \$29,794 from the FY2021 Budget as Enacted and no appropriation for staff training, reflecting a decrease of \$22,000 from the previous year.

**CAPITAL PROJECTS**

The Budget includes \$31.6 million in Rhode Island Capital Plan (RICAP) funds for 36 various capital projects in FY2022. This reflects an increase of \$12.0 million from the previous fiscal year. Significant project changes include:

- **New or Increased Capital Projects:** The Budget includes \$6.2 million to fund new projects or increase renovations to existing projects including: \$4.5 million for the new Medical Examiner Building, \$1.5 million for the Shepard Building, and \$150,000 for asset protect at the state office building located at 560 Jefferson Boulevard in the City of Warwick.

<b>New or Increased Capital Projects</b>	<b>FY2021 Enacted</b>	<b>FY2021 Final</b>	<b>Change</b>	<b>FY2022 Enacted</b>	<b>Change to Enacted</b>
RICAP - Medical Examiner Building	\$500,000	\$500,000	\$0	\$4,500,000	\$4,000,000
RICAP -Shepard Building Upgrades	500,000	500,000	-	1,500,000	1,000,000
RICAP - 560 Jefferson Blvd Asset Protection	-	-	-	150,000	150,000
<b>Total</b>	<b>\$1,000,000</b>	<b>\$1,000,000</b>	<b>\$0</b>	<b>\$6,150,000</b>	<b>\$5,150,000</b>

- **Medical Examiner Building:** The Budget includes \$4.5 million in RICAP funds, reflecting an increase of \$4.0 million from the previous fiscal year, for the Phase II build-out of the new Medical Examiner's Building located at 900 Highland Corporate Drive, Cumberland (Building # 3). The Department of Health's Office of the Medical Examiner will relocate to this new building from its present location at the Chapin Health Laboratory on Orms Street in the City of Providence. The State Properties Committee approved the Purchase and Sale Contract related to the purchase of this property on September 1, 2021. The purchase price was \$2,525,000 and the funding source is federal funding. Total cost to renovate the structure is \$5.4 million using federal funds and RICAP funds.

<b>Medical Examiner Building - Construction</b>	<b>Cost</b>
COVID-19 Pandemic Immediate Use	\$316,756
COVID-19 Pandemic Equipment Immediate Use	125,000
Phase II Design Fees	500,000
Phase II Renovation Cost	4,500,000
<b>Total</b>	<b>\$5,441,756</b>

- **Shepard Building Upgrades:** The Budget includes \$1.5 million in RICAP funds, an increase of \$1.0 million from the previous fiscal year, for safety issues related to the building's elevators, roof, and building envelope. The FY2022 Capital Budget recommends RICAP renovation expenditures of \$500,000 in FY2021, \$6.0 million from FY2022 through FY2026, and \$1.6 million in FY2026, for a total expenditure of \$8.1 million over six years.

The Commission on Government Efficiency final report on May 7, 2019, advised that State sell the structure and relocate State agencies and the University of Rhode Island campus to other state or privately owned structures as a means to obtain cash and to eliminate future maintenance issues. However, the State no longer plans to sell the building. The findings from the Efficiency Commission assumed certain commercial real estate sales prices and certain person/square feet



office space ratios that no longer bear out in the post-pandemic landscape. One of advantages of selling the building would have been to avoid some of the deferred maintenance issues, but continued ownership requires the State to address these issues in the capital improvement program.

- **Pastore Center Campus Projects:** The Budget includes \$6.0 million to fund various major maintenance and repairs to 35 structures at the Pastore Government Center. This is an increase of \$2.1 million from the previous year.

<b>Pastore Center Campus Projects</b>	<b>FY2021 Enacted</b>	<b>FY2021 Final</b>	<b>Change</b>	<b>FY2022 Enacted</b>	<b>Change to Enacted</b>
RICAP - Pastore Center Building Demolition	\$0	\$0	\$0	\$1,000,000	\$1,000,000
RICAP - Pastore Center Electric Utility Upgrade	436,760	436,760	-	175,000	(261,760)
RICAP - Pastore Center Master Plan	165,138	165,138	-	116,467	(48,671)
RICAP - Pastore Center Medical Buildings Asset Protection	-	-	-	750,000	750,000
RICAP - Pastore Center Non-Medical Buildings Asset Protection	2,314,240	2,314,240	-	3,170,000	855,760
RICAP - Pastore Center Power Plant	932,503	932,503	-	734,000	(198,503)
RICAP - Pastore Center Water Utility System	100,000	107,681	7,681	100,000	-
<b>Total</b>	<b>\$3,948,641</b>	<b>\$3,956,322</b>	<b>\$7,681</b>	<b>\$6,045,467</b>	<b>\$2,096,826</b>

- **Pastore Center Demolition:** The Budget adds \$1.0 million in RICAP funds for use on vacant structures on the Pastore Center Campus that are scheduled for abatement and demolition. These structures include: the Eastman House, Pinel building, Adolphe Meyer building, Welcome Arnold building, the Pastore laundry structure, and selective demolition on parts of the old power plant. The continued demolition of the vacant unusable structures provides space for future development at the state-owned facility.
- **Pastore Center Medical Building Asset Protection:** The Budget adds \$750,000 in RICAP funds for Pastore Center Medical Buildings asset protection expenses related to the Benton, Mathais, and Adolphe Meyer Hospitals is required for FY2022 and is unavailable from existing proceeds from the Certificate of Participation previously authorized and issued for the Hospital Reorganization.
- **Capitol Hill Campus Projects:** Includes \$4.8 million, a decrease of \$163,098 from the previous year, to fund various infrastructure upgrades to structures listed as the Capitol Hill Campus, including the Cannon Building, Old State House, Chapin Health Lab, State Office Building (DOT), and the William Powers Building.

<b>Capital Hill Campus Projects</b>	<b>FY2021 Enacted</b>	<b>FY2021 Final</b>	<b>Change</b>	<b>FY2022 Enacted</b>	<b>Change to Enacted</b>
RICAP - Cannon Building	\$500,000	\$330,000	(\$170,000)	\$800,000	\$300,000
RICAP - Chapin Health Laboratory	550,000	550,000	-	500,000	(50,000)
RICAP - State House Renovations	1,510,696	1,510,696	-	1,478,000	(32,696)
RICAP - State Office Building	100,000	100,000	-	100,000	-
RICAP - Old State House	1,519,815	1,519,815	-	100,000	(1,419,815)
RICAP - Williams Powers Building	760,587	760,587	-	1,800,000	1,039,413
<b>Total</b>	<b>\$4,941,098</b>	<b>\$4,771,098</b>	<b>(\$170,000)</b>	<b>\$4,778,000</b>	<b>(\$163,098)</b>

- **William Powers Building:** The William Powers Building located in Providence houses the Department of Administration, the Department of Revenue, and some smaller state agencies. The Budget includes \$1.8 million in RICAP funds in FY2022 that include HVAC upgrades, cafeteria renovations, establishing a central building monitoring system (BMS), design work for window and exterior envelop repairs, garage safety and other security issues.

- **Rhode Island Convention Center Authority Venues:** The Budget includes \$4.6 million in RICAP funds for continued asset protection, upgrades, renovations, and funding of the renewal and replacement bond covenant for the Dunkin Donuts Center. This is an increase of \$3.6 million from the previous year.

<b>RI Convention Center Authority Venues</b>	<b>FY2021 Enacted</b>	<b>FY2021 Final</b>	<b>Change</b>	<b>FY2022 Enacted</b>	<b>Change to Enacted</b>
RICAP - Dunkin Donuts Center	\$0	\$0	\$0	\$2,300,000	\$2,300,000
RICAP - Rhode Island Convention Center Authority	1,000,000	1,000,000	-	2,000,000	1,000,000
RICAP - Veterans Auditorium	-	-	-	285,000	285,000
<b>Total</b>	<b>\$1,000,000</b>	<b>\$1,000,000</b>	<b>\$0</b>	<b>\$4,585,000</b>	<b>\$3,585,000</b>

- **Dunkin Donuts Center:** The Budget includes \$2.3 million in RICAP funds for continued asset protection, upgrades, renovations, and funding of the renewal and replacement bond covenant for the Dunkin Donuts Center. Due to the COVID-19 Pandemic the facility was closed to the general public during FY2021 and used as a staging and vaccination venue as part of the State's response to the pandemic. There were no asset protection funds therefore this appropriation appears as an increase of \$2.3 million from the previous year.
- **Rhode Island Convention Center Authority:** The Budget includes \$2.0 million in RICAP funds for continued asset protection, upgrades, renovations, The Rhode Island Convention Center (RICC) in Providence is owned and operated by the Rhode Island Convention Center Authority (RICCA), but leased to the State through a sublease agreement implemented in November 1991. The Convention Center opened in December 1993 and as the facility ages into its fourth decade, an asset protection and preventive maintenance program is required to maintain the facility.
- **Miscellaneous Capital Projects:** The Budget includes \$10.1 million to fund various major maintenance and repairs to 17 statewide projects or structures. This is an increase of \$1.4 million from the previous year.

<b>Miscellaneous Capital Projects</b>	<b>FY2021 Enacted</b>	<b>FY2021 Final</b>	<b>Change</b>	<b>FY2022 Enacted</b>	<b>Change to Enacted</b>
RICAP - Accessibility - Facility Renovations	\$1,057,621	\$1,057,621	\$0	\$1,000,000	(\$57,621)
RICAP - Arrigan Center	-	-	-	197,500	197,500
RICAP - BHDDH DD & Community Facilities - Asset Protection	200,000	200,000	-	300,000	100,000
RICAP - BHDDH DD & Community Homes - Fire Code	1,619,702	1,619,702	-	325,000	(1,294,702)
RICAP - BHDDH DD Regional Facilities - Asset Protection	300,000	300,000	-	450,000	150,000
RICAP - BHDDH Group Homes	500,000	500,000	-	750,000	250,000
RICAP - BHDDH Substance Abuse Asset Protection	250,000	250,000	-	375,000	125,000
RICAP - Big River Management Area	100,000	100,000	-	250,000	150,000
RICAP - Cranston Street Armory	37,396	37,396	-	325,000	287,604
RICAP - Energy Efficiency Improvements - Statewide	194,329	194,329	-	1,250,000	1,055,671
RICAP - Environmental Compliance	182,280	182,280	-	400,000	217,720
RICAP - Information Operations Center	736,171	550,000	(186,171)	800,000	63,829
RICAP - Replacement of Fueling Tanks	300,000	300,000	-	800,000	500,000
RICAP - Stat Office Reorganization & Relocation	1,952,765	1,952,765	-	500,000	(1,452,765)
RICAP - Washington County Government Center	427,467	327,467	(100,000)	500,000	72,533
RICAP - Zambarano Buildings	250,000	250,000	-	1,350,000	1,100,000
RICAP - Security Measures State Buildings	588,719	588,719	-	500,000	(88,719)
<b>Total</b>	<b>\$8,696,450</b>	<b>\$8,410,279</b>	<b>(\$286,171)</b>	<b>\$10,072,500</b>	<b>\$1,376,050</b>

- **Cranston Street Armory:** The Budget includes \$325,000 in RICAP funds for continued asset protection/structural stabilization work on the facility, design and engineering work for the structure's exterior envelope, and funds for a study on the reuse of the structure.
- **State Office Reorganization and Relocation:** The capital plan includes RICAP funding of \$2.0 million in FY2021, \$500,000 in FY2022, and \$500,000 in FY2023 and in FY2024 to continue redesigning and relocating state office personnel to provide for more workspace efficiency and

modernization. Current projects include reorganizing human resources, relocating Vital Records from the Cannon Building to the Pastore Campus in Cranston, and relocating the Department of Human Services office from a privately owned structure on Elmwood Avenue in Providence to state-owned buildings.

- **Zambarano Utilities and Infrastructure:** The Budget increases the appropriation from \$350,000 to \$1.4 million, an increase of \$1.0 million in RICAP funding for various asset protection for buildings, roads, parking areas, open space and utilities at the Zambarano Campus in Burrillville.



## Department of Business Regulation

Expenditures By Program	FY2020	FY2021	FY2021	Change from		FY2022	Change from	
	Actual	Enacted	Revised	Enacted	Enacted	Enacted	Enacted	Enacted
Central Management	\$2.9	\$5.4	\$3.1	(\$2.4)	-43.3%	\$3.2	(\$2.2)	-40.4%
Banking Regulation	1.6	1.6	1.6	(0.0)	-1.5%	1.7	0.0	2.9%
Board of Accountancy	0.0	0.0	0.0	-	0.0%	0.0	-	0.0%
Commercial Licensing, Gaming & Athletics	1.7	2.0	1.9	(0.1)	-3.0%	1.9	(0.0)	-0.4%
Building, Design & Fire Professionals	7.9	8.2	8.7	0.5	6.5%	8.8	0.6	7.6%
Insurance Regulation	5.4	5.9	5.4	(0.5)	-7.7%	6.2	0.3	5.2%
Office of Cannabis Regulation	0.9	1.4	1.0	(0.4)	-29.5%	1.2	(0.2)	-18%
Office of Health Insurance Commissioner	2.5	2.3	2.5	0.1	5.8%	2.3	(0.1)	-2.6%
Securities Regulation	0.8	0.9	0.6	(0.3)	-29.2%	0.8	(0.1)	-8.9%
<b>Total</b>	<b>\$23.6</b>	<b>\$27.8</b>	<b>\$24.9</b>	<b>(\$2.9)</b>	<b>-10.5%</b>	<b>\$26.1</b>	<b>(\$1.6)</b>	<b>-5.8%</b>

Expenditures By Source								
	FY2020	FY2021	FY2021	Change from		FY2022	Change from	
	Actual	Enacted	Revised	Enacted	Enacted	Enacted	Enacted	Enacted
General Revenue	\$15.7	\$17.5	\$15.1	(\$2.4)	-13.8%	\$19.2	\$1.8	10.1%
Federal Funds	2.2	3.2	4.0	0.8	23.9%	0.3	(2.9)	-90.6%
Restricted Receipts	0.4	0.1	0.1	0.0	0.4%	0.1	(0.0)	-7%
Other Funds	5.3	7.0	5.7	(1.3)	-18.3%	6.5	(0.5)	-6.5%
<b>Total</b>	<b>\$23.6</b>	<b>\$27.8</b>	<b>\$24.9</b>	<b>(\$2.9)</b>	<b>-10.5%</b>	<b>\$26.1</b>	<b>(\$1.6)</b>	<b>-5.8%</b>

Authorized FTE Levels	161.0	161.0	161.0	-	-	162.0	1.00	0.6%
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\$ in millions. Totals may vary due to rounding.

The Department of Business Regulation (DBR) implements state laws mandating the regulation and licensing of designated businesses, professions, occupations, and other specified activities. The Department is composed of nine programs: Central Management, Banking Regulation, Board of Accountancy, Commercial Licensing and Gaming and Athletics Licensing, Division of Building, Design and Fire Professionals, Insurance Regulation, Office of the Health Insurance Commissioner, Securities Regulation, and the Office of Cannabis Regulation.

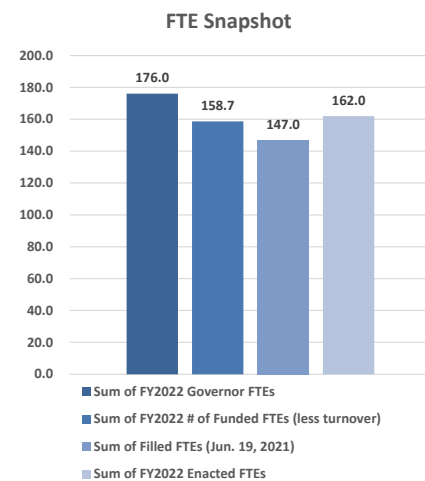
### MAJOR ISSUES AND TRENDS

The FY2022 Budget as Enacted allocates funding for the nine programs within the Department of Business Regulation: Central Management, Banking Regulation, the Board of Accountancy, Commercial Licensing, Gaming, and Athletics, Building, Design and Fire Professionals, Insurance Regulation, the Office of Cannabis Regulation, the Office of the Health Insurance Commissioner, and Securities Regulation. The Budget includes an all funds decrease of \$1.6 million, or 5.8 percent, from the FY2021 Budget as Enacted and a \$1.8 million general revenue increase as compared to the FY2021 Budget as Enacted. The increase is primarily caused by a shift back to general revenue for expenses that were previously allocated to Coronavirus Relief Funds.

The Budget adds 1.0 FTE to provide the bomb squad with an additional technician to meet accreditation requirements.

### CENTRAL MANAGEMENT

Central Management is composed of the Director's Office, and separate units for budgeting, regulatory standards, compliance, and enforcement. The specific functions include conducting administrative and rate hearings; providing legal services to the Director and Deputy Directors; compiling, submitting, and



monitoring the budgets of the respective divisions; approving vouchers and contracts; and providing management services.

<b>Central Management</b>	<b>General Revenue</b>
FY2021 Enacted	\$4,536,139
<i>Target and Other Adjustments</i>	<i>17,051</i>
COVID-19 Enforcement and Inspection	(1,700,000)
Personnel Expenditures	160,837
Turnover	149,311
Centralized Service Charges	69,346
<b>FY2022 Enacted</b>	<b>\$3,232,684</b>

**COVID-19 Enforcement and Inspection** **(\$1.7 million)**

The Budget reduces general revenues by \$1.7 million for COVID-19 related expenditures. The FY2021 Budget as Enacted allocated \$1.7 million for enforcement and inspection to ensure compliance with COVID-19 related regulations. In FY2022, these activities are funded fully through federal funds.

**Personnel Adjustments** **\$160,837**

The Budget increases general revenues by \$160,837 for various statewide personnel adjustments. The adjustments include decreased costs in health plans, offset by increases in wages and retirement contributions.

**Turnover** **\$149,311**

The FY2021 Budget as Enacted included \$149,311 within Central Management in turnover savings which are eliminated in the FY2022 Budget. The eliminated savings are equivalent to 1.1 FTEs. The agency averaged 14.4 vacancies over FY2021.

**Centralized Service Charges** **\$69,346**

The Budget increases general revenue expenditures by \$69,346 to reflect billed amounts for human resources, capital asset management and maintenance and information technology services. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. These expenditures are reflected in each agency based on actual use, showing the true costs associated with a particular program or agency. Centralized service charges are increased by \$69,346 to \$1.4 million in the FY2022 Budget.

## BANKING REGULATION

Banking Regulation provides regulatory oversight of state-chartered financial institutions, credit unions, Rhode Island bank holdings companies, and licensees through financial examinations and reviews to determine compliance with state banking laws, financial solvency, and safety and soundness operations.

<b>Banking Regulation</b>	<b>General Revenue</b>
FY2021 Enacted	\$1,573,138
<i>Target and Other Adjustments</i>	<i>(836)</i>
Personnel Expenditures	48,522
<b>FY2022 Enacted</b>	<b>\$1,620,824</b>

**Personnel Expenditures** **\$48,522**

The Budget increases general revenue by \$48,522 to fully fund the 13.0 FTE positions within the Division of Banking Regulation. In the FY2021 Budget as Enacted, the positions were erroneously underfunded and the increase fully funds the Division's 13.0 FTEs. The increase also eliminates \$16,222 in turnover savings within the Division to reflect current turnover projections.

**BOARD OF ACCOUNTANCY**

The Board of Accountancy is an autonomous board that is responsible for the licensing of certified public accountants, public accountants, partnerships, corporations, and sole proprietorships. It processes applications and fees and issues initial certificates and permits to regulated businesses, occupations, and professions. The Board of Accountancy is 100.0 percent funded by general revenues. The FY2015 Budget as Enacted eliminated the sole Administrative Aide position for the program. Administrative responsibilities are assigned to other staff as needed. The remaining funds in the program support operating costs, such as national Certified Public Accountant (CPA) Society dues, legal expenses, and printing and mailings.

<b>Board of Accountancy</b>	<b>General Revenue</b>
FY2021 Enacted	\$5,883
<i>Target and Other Adjustments</i>	-
<b>FY2022 Enacted</b>	<b>\$5,883</b>

**COMMERCIAL LICENSING AND GAMING AND ATHLETICS LICENSING**

The Division of Commercial Licensing and Gaming and Athletics Licensing is responsible for the licensing and regulation of auto body and auto glass repair shops, auto salvage yards, constables, health clubs, mobile food establishments, liquor enforcement, mobile and manufactured homes, real estate appraisers and agents, and other occupational licenses to protect the health, safety, and welfare of the public.

<b>Commercial Licensing and Gaming and Athletics Licensing</b>	<b>General Revenue</b>
FY2021 Enacted	\$1,008,450
<i>Target and Other Adjustments</i>	622
Personnel Adjustments	44,215
<b>FY2022 Enacted</b>	<b>\$1,053,287</b>

**Personnel Adjustments** **\$44,215**

The Budget increases general revenues by \$44,215 for various statewide personnel adjustments. The adjustments include decreased costs in health plans, offset by increases in wages and retirement contributions.

**DIVISION OF BUILDING, DESIGN AND FIRE PROFESSIONALS**

The FY2019 Budget as Enacted established the Division of Building, Design, and Fire Professionals to consolidate the Office of the State Fire Marshal, the Fire Safety Code Board of Review and Appeal, the Office of the State Building Commissioner, the Board of Registration for Professional Engineers, Board of Registration for Professional Land Surveyors, Board of Examination and Registration of Architects, the Board of Examiners of Landscape Architects and the Contractors' Registration and Licensing Board. The Division provides a single point of contact for building and construction professionals seeking state approvals.

<b>Division of Building, Design and Fire Professionals</b>	<b>General Revenue</b>
FY2021 Enacted	\$4,293,409
<i>Target and Other Adjustments</i>	137,082
Shift from COVID-19 Funding	1,175,642
Turnover	661,135
Bomb Squad	238,315
Centralized Service Charges	102,375
Fire and Building Code Updates	90,000
<b>FY2022 Enacted</b>	<b>\$6,697,958</b>

**Shift from COVID-19 Funding****\$1.2 million**

The Budget increases general revenues by \$1.2 million to reflect a shift to general revenue for personnel expenditures. The FY2021 Budget as Enacted shifted personnel to COVID-19 related activities, and were therefore eligible for reimbursement through Coronavirus Relief Funds. The Budget shifts the personnel costs back from federal funds to general revenues.

**Turnover****\$661,135**

The FY2021 Budget as Enacted included \$661,135 within the Division of Building, Design and Fire Professionals in turnover savings which are eliminated in the FY2022 Budget. The eliminated savings are equivalent to 4.7 FTEs. The agency averaged 14.4 vacancies over FY2021.

**Bomb Squad****\$238,315**

The Budget adds \$238,315 in general revenues for personnel and operating costs within the Bomb Squad. The funding includes \$144,000 for operating costs and \$94,315 for 1.0 FTE technician. Currently, the Bomb Squad meets the FBI's requirement of six technicians for the State with four full-time technicians and two volunteer technicians. With the retirement of one volunteer technician, the Bomb Squad requires an additional FTE to retain FBI accreditation. The increase in operating costs will cover the expenses to furnish the new bomb tech with safety equipment.

**Centralized Service Charges****\$102,375**

The Budget increases general revenue expenditures by \$102,375 to reflect billed amounts for human resources, capital asset management and maintenance and information technology services. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. These expenditures are reflected in each agency based on actual use, showing the true costs associated with a particular program or agency. The FY2021 Budget as Enacted appropriated \$90,110 for the centralized services, increased to \$192,485 in the FY2022 Budget.

**Fire and Building Code Updates****\$90,000**

The Budget includes an additional \$90,000 for the Building Code Commission to adopt new building code books and train staff on the building code updates. Updates are made to the code every three years and were last made in 2018.

**INSURANCE REGULATION**

Insurance Regulation conducts financial examinations of domestic insurance companies to ensure compliance with state and federal insurance statutes and regulations. The division also issues licenses for insurance companies, producers, adjusters and appraisers, and reviews rate and form filings of the life, accident and health, and property and casualty lines of business for compliance with state statutes and regulations. The division monitors and introduces legislation to maintain accreditation by the National Association of Insurance Commissioners.

<b>Insurance Regulation</b>	<b>General Revenue</b>
FY2021 Enacted	\$3,650,200
<i>Target and Other Adjustments</i>	<i>101,918</i>
Shift from COVID-19 Funding	222,500
Insurance Regulators	181,752
VRI Savings	(162,544)
Turnover	158,313
<b>FY2022 Enacted</b>	<b>\$4,152,139</b>
<b>Insurance Regulation</b>	<b>Other Fund Changes</b>
Actuary Services	\$168,312



**Shift from COVID-19 Funding** **\$222,500**

The Budget increases general revenues by \$222,500 to reflect a shift to general revenue for personnel expenditures. The FY2021 Budget as Enacted shifted personnel to COVID-19 related activities, and were therefore eligible for reimbursement through Coronavirus Relief Funds. The Budget shifts the personnel costs back from federal funds to general revenues.

**Insurance Regulators** **\$181,752**

The Budget adds \$181,752 in general revenue to allow for 2.0 FTE Insurance Examiner positions to be filled. The Department has been relying on contractors to meet insurance examination requirements, as there has not been enough staffing to fulfill the workload and also train new individuals. Continuing to outsource the work would require current examiners to oversee the work of outside contractors, putting the Division in violation of the union contract. The additional staffing will allow the Department to complete insurance examinations without relying on outside contractors.

**VRI Savings** **(\$162,544)**

The Budget includes \$162,544 in Voluntary Retirement Incentive (VRI) Savings. The State initiated a VRI payment to active State employees as of January 4, 2021, who had a full benefit retirement date on or before December 31, 2020. The VRI is intended to achieve strategic and budgetary objectives by refilling 70.0 percent of the resulting vacancies at 80.0 percent of the previous employee's cost for the first year, while allowing the State to recognize the long-term service of its employees and provide them with the flexibility to retire.

**Turnover** **\$158,313**

The FY2021 Budget as Enacted included \$158,313 within the Insurance Regulation Division in turnover savings which are eliminated in the FY2022 Budget. The eliminated savings are equivalent to 1.1 FTEs. The agency averaged 14.4 vacancies over FY2021.

**Actuary Services (restricted receipts)** **\$168,312**

The Budget includes \$1.7 million for actuary services within the Insurance Regulation division, an increase of \$168,312 to fund a 10.0 percent contractually-required inflationary increase.

**OFFICE OF CANNABIS REGULATION**

The FY2020 Budget established the Office of Cannabis Regulation within the Department of Business Regulation. The division is responsible for licensing the medical marijuana program, cannabidiol (CBD) products and would be responsible for the proposed adult-use marijuana market. The division is funded entirely by restricted receipts. After all expenditures are paid, the remaining funds are transferred to the general fund.

<b>Office of Cannabis Regulation</b>	<b>Other Fund Changes</b>
Medical Marijuana Program	(\$248,447)

**Medical Marijuana Program (restricted receipts)** **(\$248,447)**

The Budget reduces restricted receipts by \$248,447 within the medical marijuana program, including a \$200,000 decrease in software maintenance agreements and \$15,000 in staff training.

**OFFICE OF HEALTH INSURANCE COMMISSIONER**

The Office of the Health Insurance Commissioner (OHIC) was established by legislation in 2004 to broaden the accountability of health insurers operating in the State of Rhode Island. Through FY2011, this sub-program was contained in the Insurance Regulation program; however, it became a stand-alone program in the FY2012 Budget as Enacted.

The Health Insurance Commissioner is appointed by the Governor with the advice and consent of the Senate. OHIC regulates health insurers and hospital/medical service corporations, including company licensure, form and rate filing for regulatory compliance, and financial and market condition examinations. The Office is also engaged in policy and legislative development, rate hearing administration, regulatory development and promulgation, consumer affairs, and provider affairs.

<b>Office of the Health Insurance Commissioner</b>	<b>General Revenue</b>
FY2021 Enacted	\$1,710,887
<i>Target and Other Adjustments</i>	<i>17,847</i>
VRI Savings	(69,021)
<b>FY2022 Enacted</b>	<b>\$1,659,713</b>

**VRI Savings** **(\$69,021)**

The Budget includes \$69,021 in Voluntary Retirement Incentive (VRI) Savings. The State initiated a VRI payment to active State employees as of January 4, 2021, who had a full benefit retirement date on or before December 31, 2020. The VRI is intended to achieve strategic and budgetary objectives by refilling 70.0 percent of the resulting vacancies at 80.0 percent of the previous employee's cost for the first year, while allowing the State to recognize the long-term service of its employees and provide them with the flexibility to retire.

## SECURITIES REGULATION

Securities Regulation is responsible for the registration of certain securities, and the licensing and regulation of broker-dealers, sales representatives, certain investment advisers, and certain investment adviser representatives.

<b>Securities Regulation</b>	<b>General Revenue</b>
FY2021 Enacted	\$691,321
<i>Target and Other Adjustments</i>	<i>2,351</i>
Turnover	123,446
<b>FY2022 Governor</b>	<b>\$817,118</b>

**Turnover** **\$123,446**

The FY2021 Budget as Enacted included \$123,446 within Securities Regulation turnover savings which are eliminated in the FY2022 Budget. The eliminated savings are equivalent to 0.9 FTEs. The agency averaged 14.4 vacancies over FY2021.

## Department of Labor and Training

Expenditures By Program	FY2020	FY2021	FY2021	Change from		FY2022	Change from	
	Actual	Enacted	Revised	Enacted	Enacted	Enacted	Enacted	Enacted
Central Management	\$0.7	\$0.9	\$0.9	\$0.0	0.1%	\$0.8	(\$0.0)	-3.8%
Income Support	1,674.2	1,606.0	2,870.3	1,264.3	78.7%	903.6	(702.4)	-43.7%
Injured Workers Services	9.3	12.0	12.0	0.0	0.2%	11.2	(0.8)	-6.6%
Labor Relations Board	0.4	0.4	0.4	0.0	0.2%	0.4	0.0	8.6%
Workforce Development Services	24.0	27.0	29.1	2.1	7.8%	19.8	(7.2)	-26.6%
Governor's Workforce Board	21.5	63.0	45.0	(18.0)	-28.6%	29.4	(33.6)	-53.3%
Workforce Regulation and Safety	3.2	3.1	3.1	0.0	0.3%	3.5	0.4	12.4%
<b>Total</b>	<b>\$1,733.3</b>	<b>\$1,712.3</b>	<b>\$2,960.7</b>	<b>\$1,248.4</b>	<b>72.9%</b>	<b>\$968.7</b>	<b>(\$743.6)</b>	<b>-43.4%</b>

Expenditures By Source								
General Revenue	\$14.0	\$14.1	\$14.1	\$0.0	0.1%	\$15.4	\$1.2	8.8%
Federal Funds	1,052.9	1,044.6	2,284.4	1,239.8	118.7%	435.8	(608.9)	-58.3%
Restricted Receipts	28.5	26.3	26.7	0.4	1.5%	27.9	1.6	6.0%
Other Funds	637.9	627.3	635.4	8.2	1.3%	489.7	(137.6)	-21.9%
<b>Total</b>	<b>\$1,733.3</b>	<b>\$1,712.3</b>	<b>\$2,960.7</b>	<b>\$1,248.4</b>	<b>72.9%</b>	<b>\$968.7</b>	<b>(\$743.6)</b>	<b>-43.4%</b>

Authorized FTE Levels	390.7	425.7	425.7	-	-	462.7	37.0	8.7%
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\$ in millions. Totals may vary due to rounding.

The Department of Labor and Training is charged with providing an array of employment and training services to Rhode Islanders and administering the laws pertaining to workforce regulation, safety and labor law enforcement. The Department consists of six divisions: Central Management, Income Support, Injured Workers Services, the Labor Relations Board, Workforce Development Services and Workforce Regulation and Safety.

### MAJOR ISSUES AND TRENDS

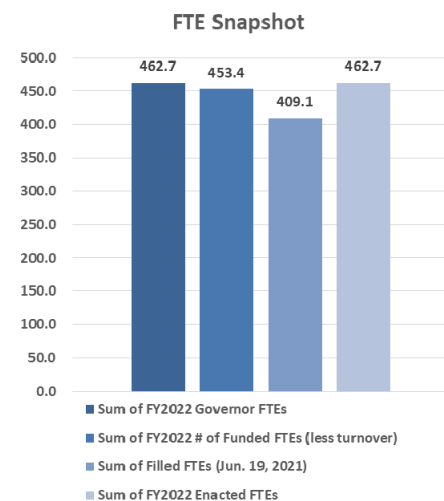
The Budget includes \$968.7 million in total expenditures for FY2022, including \$15.4 million in general revenue, an increase of \$1.2 million over the FY2021 enacted level.

The majority of the general revenue increase, \$600,000, is related to additional funding within the Governor's Workforce Board to support enhanced training for direct care and support services staff. The Budget also includes an additional \$487,534 in Workforce Regulation and Safety to support the hiring of 2.0 FTE positions to work on misclassification fraud investigations and fraud efforts

The increase in restricted receipts is mostly associated with an additional \$1.1 million that will be used to support the Employer Tax Unit. The Budget includes the transfer of this Unit from the Department of Revenue to the Department of Labor and Training. The Budget also includes \$1.5 million in federal funds and \$1.1 million in other funds for this transfer.

The decrease in federal and other funds are related to funding that was provided to support unemployment insurance during the COVID-19 pandemic. The Department experienced additional demand for unemployment benefits resulting in the need for additional funding.

The Budget authorizes 462.7 positions in FY2022, an increase of 37.0 FTE positions from the FY2021 Enacted levels. This includes



an additional 2.0 FTE investigatory positions within the Workplace Fraud Unit which enforces laws pertaining to the misclassification of employees, wage and hour issues, and the State's prevailing wage requirements for public works construction projects. The Budget also includes an additional 35.0 FTE positions related to the transfer of the Employer Tax Unit from the Department of Revenue.

### CENTRAL MANAGEMENT

The Central Management program is responsible for supervising, coordinating, and monitoring all departmental functions. The Central Management program provides leadership, management, strategic planning, and control of departmental activities.

<b>Central Management</b>	<b>General Revenue</b>
FY2021 Enacted	\$676,044
<i>Targets and Other Adjustments</i>	
Centralized Service Charges	306
<b>FY2022 Enacted</b>	<b>\$712,826</b>

#### **Centralized Service Charges** **\$36,476**

The Budget includes \$641,357 in general revenue expenditures for Information Technology, Capital Assets Management, and Human Resource Service Center projected costs in FY2022. This is an increase of \$36,476 from the FY2021 Budget as Enacted amount of \$604,881. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In FY2019 these expenditures were reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. The Budget increases these costs for FY2022.

	<b>FY2021</b>	<b>FY2022</b>	<b>Change from</b>	
<b>Centralized Service Charges</b>	<b>Enacted</b>	<b>Enacted</b>	<b>Enacted</b>	
Information Technology	\$364,205	\$364,205	\$0	-
Capital Asset Management	185,745	222,221	36,476	19.6%
Human Resources	54,931	54,931	-	-
<b>Total</b>	<b>\$604,881</b>	<b>\$641,357</b>	<b>\$36,476</b>	<b>6.0%</b>

### GOVERNOR'S WORKFORCE BOARD

The Governor's Workforce Board (GWB) was created by the General Assembly in 2011 to be the lead coordinator for all workforce development efforts in the State. The GWB manages partnerships with workforce partners to invest in impactful workforce development including:

- **Real Jobs Rhode Island (RJRI):** Created by the Governor in 2015, the RJRI program invests in sector-based intermediaries who serve as RJRI Partners and enables them to design and implement their own initiatives to serve their industry's needs.
- **Real Pathways RI:** The Real Pathways program supports partnerships between public, private, and nonprofit agencies, and focuses on populations with barriers to employments, such as veterans and homeless. The program also focuses on areas in the state with above average concentrations of poverty and unemployment.
- **Real Skills for Youth:** The Real Skills for Youth program was developed in 2018 and focuses on preparing youth for success in college and careers through career exposure, skill-building, and work-based learning.

Article 11 of the FY2019 Budget included an adjustment to the Job Development Assessment, for tax year 2019 only, allowing the Department to divert an amount, up to 75.0 percent of the Employment Security Fund's investment earnings for 2018, to the Job Development Fund (JDF). Since 1989 Rhode Island employers have paid a Job Development Assessment (JDA) to support workforce development activities. The JDA is collected with the State's payroll and unemployment insurance taxes.

The FY2019 adjustment holds both employers and employees harmless as it does not increase an employer's total unemployment tax liability but alters where the funds are deposited. For tax year 2019 only, less money was deposited into the Employment Security Trust Fund and more was directed towards the Job Development Fund.

The FY2021 Budget includes the Governor's Workforce Board as a separate program, rather than a subprogram under Workforce Development Services.

<b>Governor's Workforce Board</b>	<b>General Revenue</b>
FY2021 Enacted	\$5,450,000
<i>Targets and Other Adjustments</i>	
Direct Care and Support Service Staff Training	600,000
<b>FY2022 Enacted</b>	<b>\$6,050,000</b>
<b>Governor's Workforce Board</b>	
Back to Work RI (federal funds)	<b>Other Funds</b> (\$35,463,850)

***Direct Care and Support Service Staff Training*** **\$600,000**

The Budget includes \$600,000 in general revenue to support enhanced training for direct care and support services staff. This enhanced training is intended to improve the quality of care of nursing facility residents as required in the Nursing Home Staffing and Quality Care Act, passed by the House and Senate in May 2021. The Act requires that each nursing facility have the necessary nursing service staff, both licensed and non-licensed, on a twenty-four hour basis.

***Back to Work RI (federal funds)*** **(\$35.5 million)**

The FY2021 Budget as Enacted included \$45.0 million for the Back to Work RI program. The FY2022 Budget includes \$9.5 million, a decrease of \$35.5 million, for Back to Work RI. This is a funding shift from FY2021.

The program partnered with employers to help Rhode Island residents who were impacted by COVID-19 secure employment. As of December 11, 2020, the Back to Work RI program has helped over 2,000 people secure new unemployment within 50 companies.

The Back to Work RI program leveraged existing RJRI platforms to provide a timely response in job training during the pandemic. Work done through this program will continue through the existing RJRI platform.

## **INCOME SUPPORT**

The Income Support program encompasses all functions and activities related to the Unemployment Insurance program, which provides temporary income support to workers who have lost employment through no fault of their own; Temporary Disability Insurance (TDI), which provides benefits to individuals who are unable to work due to non-work related illness or injury; and, the Police and Firefighters' Relief Funds, which provide financial compensation to police officers, firefighters, or their families for death or disabling injuries.

<b>Income Support</b>	<b>General Revenue</b>
FY2021 Enacted	\$3,811,689
<i>Targets and Other Adjustments</i>	
Police and Firefighters' Relief Fund	1,478
Unemployment Insurance Benefit Statistics	(11,500)
<b>FY2022 Enacted</b>	<b>Informational</b>
	<b>\$3,801,667</b>

<b>Income Support</b>	<b>Other Funds</b>
Unemployment Benefits (federal funds/other funds)	(698,482,697)
Employer Tax Unit (federal funds/restricted receipts/other funds)	\$3,745,387

**Police and Firefighters' Relief Fund** **(\$11,500)**

The Budget includes a decrease of \$11,500 in general revenue for Police and Firefighters' annuity and tuition benefits, reflecting a decline in the need of services. This reflects a decrease of \$20,000 in annuity benefits paid to the families of deceased or injured firefighters. This decrease is partially offset by an increase of \$8,500 in annuities and tuition benefits paid to the families of deceased police officers

	FY2021 Enacted	FY2022 Enacted	Change
<b>Police Officers' Relief Fund</b>			
Police Officer Annuities	\$700,000	\$707,000	\$7,000
Tuition Benefits	150,000	151,500	1,500
Supplemental Pension	-	-	-
<b>Total</b>	<b>\$850,000</b>	<b>\$858,500</b>	<b>\$8,500</b>
<b>Firefighters' Relief Fund</b>			
Firefighter Annuities	\$2,520,000	\$2,500,000	(\$20,000)
Tuition Benefits	330,000	330,000	-
Supplemental Pension	-	-	-
<b>Total</b>	<b>\$2,850,000</b>	<b>\$2,830,000</b>	<b>(\$20,000)</b>
<b>Grand Total</b>	<b>\$3,700,000</b>	<b>\$3,688,500</b>	<b>(\$11,500)</b>

Under RIGL 45-19, the spouse of a deceased police officer or firefighter receives an annual annuity of \$3,600 per year for as long as they remain unmarried, or if there is no spouse a total sum not exceeding \$10,000 is payable to the parent(s) of the deceased police officer or firefighter. In addition, an annuity of \$1,200 per year is paid to each widow or widower for each child of a deceased firefighter or police officer who is under the age of 18. Also under current law, children of deceased firefighters or police officers are eligible to receive up to four years of free tuition at the University of Rhode Island, Rhode Island College, or the Community College of Rhode Island. This tuition benefit is also available to any firefighter or police officer that is permanently disabled in the line of duty.

**Unemployment Insurance Benefit Statistics** **Informational**

Rhode Island currently ranks roughly in the middle of states for UI benefits paid nationally, and has the fifth highest average UI benefits paid in New England.

12 Months Ending 1st Quarter 2021

**Average UI Benefits Paid**

State	Amount	New England	National
Massachusetts	\$7,319	1	5
Connecticut	6,712	2	7
Vermont	5,235	3	17
Maine	4,785	4	21
<b>Rhode Island</b>	<b>4,636</b>	<b>5</b>	<b>24</b>
New Hampshire	2,968	6	43

Source: US Dept. of Labor/UI Data Summary

12 Months Ending 1st Quarter 2021

**Average Weekly UI Benefits Paid**

State	Amount	New England	National
Massachusetts	\$502.33	1	1
<b>Rhode Island</b>	<b>394.71</b>	<b>2</b>	<b>14</b>
Vermont	381.31	3	15
Connecticut	362.73	4	22
Maine	338.34	5	28
New Hampshire	278.89	6	40

Source: US Dept. of Labor/UI Data Summary

As of January 1, 2021

**Maximum Weekly UI Benefit**

State	Amount	New England	National
Massachusetts	\$855	1	1
Connecticut	667	2	6
<b>Rhode Island</b>	<b>599</b>	<b>3</b>	<b>10</b>
Vermont	531	4	16
Maine	462	5	27
New Hampshire	427	6	35

Source: US Dept. of Labor

As of January 1, 2021

**Maximum Weekly UI Benefit with Dependents Allowance**

State	Rate	New England	National
Massachusetts	\$1,282	1	1
<b>Rhode Island</b>	<b>748</b>	<b>2</b>	<b>4</b>
Connecticut	724	3	6
Maine	693	4	8
Vermont*	531	5	22
New Hampshire*	427	6	35

\* No dependent's benefit provision

Source: US Dept. of Labor

**Unemployment Benefits (federal funds/other funds)****(\$698.5 million)**

The FY2022 Budget includes \$405.8 million in federal funds and \$284.1 million in other funds for unemployment insurance benefits, this is a decrease of \$567.5 million in federal funds and \$131.0 million in other funds from the FY2021 Budget as Enacted. These additional funds were required in FY2021 due to the COVID-19 pandemic. The Department experienced an uptick in individuals applying for unemployment insurance requiring additional federal funds to meet the demand for the additional claims.

The federal government also made a number of changes to unemployment insurance regulations as a result of the pandemic, including increasing the length of time a person may collect unemployment insurance up to 79 weeks and including an additional supplemental payment for eligible individuals. Beginning in April 2020 the Department of Labor and Training was authorized to provide supplemental payments to individuals collecting unemployment. This additional payment was \$600/week from April 4, 2020 through July 31, 2020. An additional payment of \$300/week began again on January 2, 2021, and has been extended through September 4, 2021, at a rate of \$300/week.

As of July 16, 2021, the Unemployment Insurance Trust Fund had a balance of \$149.24 million compared to \$524.3 million in March 2020 and the State has paid \$709.8 million in benefits out of the UI Trust fund and \$2.9 billion in benefits from federal unemployment insurance funds. The UI Trust fund is at a low of \$108.7 million in May 2021 and has been increasing since.

	As of March 9, 2020	As of July 16, 2021	Difference
<b>UI Trust Fund Balance</b>	\$524,279,400	\$149,178,604	(\$375,100,796) -71.5%

As of July 16, 2021	
Amount Paid out of UI Trust Fund	\$709,847,429
Federal UI Benefits Paid	\$2,932,570,514
<b>Total</b>	<b>\$3,642,417,943</b>

**Employer Tax Unit (federal funds/restricted receipts/other funds)****\$3.7 million**

The Budget includes an additional \$1.5 million in federal funds, \$1.1 million in other funds, and \$1.1 million in restricted receipts to support the relocation of the Employer Tax Unit from the Department of Revenue to the Department of Labor and Training. This transfer includes 35.0 FTE positions. The Employer Tax Unit administers the unemployment tax, the temporary disability tax, and the job development assessment tax. These taxes are used to fund Unemployment Insurance (UI) benefits and Temporary Disability Insurance (TDI) benefits. Although the Employer Tax Unit has been housed in DOR, the funding they collect is used for DLT benefit programs. The transfer is intended to centralize the unit's efforts related to UI and TDI benefits.

**INJURED WORKERS SERVICES**

The Injured Workers Services program operates the State's Workers' Compensation System. The Donley/Arrigan Rehabilitation Center provides evaluations, therapy, and counseling for workers injured on the job. A Workers' Compensation Education Unit provides information to workers and employers regarding workers' compensation laws and regulations. This program has no general revenue funding.

<b>Injured Workers Services</b>	<b>Other Funds</b>
Arrigan Center (restricted receipts)	(\$379,996)
Second Injury Fund Operation (restricted receipts)	(\$159,337)

**Arrigan Center (restricted receipts)****(\$379,996)**

The Budget includes a decrease of \$379,996 in restricted receipts for the Arrigan Center. The Department anticipated opening an additional South County Arrigan Center in FY2021; however, this center will not be opening and the additional building and equipment costs have been removed.

The Arrigan Center is a non-profit outpatient rehabilitation facility located in Providence. The Arrigan Center provides services as a benefit of the State's Worker's Compensation system, therefore no fees are charges to patients and insurance authorization is not required for treatment.

**Second Injury Fund Operation (restricted receipts)****(\$159,337)**

The Budget includes a restricted receipt decrease of \$159,337 for the Second Injury Fund. This fund covers work-related injuries that, when combined with a pre-existing disability, produces either a total disability or a more permanent disability than would have resulted from the subsequent injury alone. The reduction is related to a decrease in eligible persons participating in the program.



**LABOR RELATIONS BOARD**

The Labor Relations Board is a semi-autonomous body that makes public sector bargaining unit determinations, oversees collective bargaining elections, and investigates charges of unfair labor practices. The Board is comprised of seven members, one of which is designated as the chairperson. The board members are compensated, but do not participate in the State Retirement System and are not considered State employees.

<b>Labor Relations Board</b>	<b>General Revenue</b>
FY2021 Enacted	\$374,938
<i>Targets and Other Adjustments</i>	
Personnel	\$10,075
VRI Savings	88,645
<b>FY2022 Enacted</b>	<b>(\$66,294)</b>

**Personnel** **\$88,645**

The Budget includes an increase of \$88,645 in general revenues for personnel costs within the Labor Relations Board. This increase supports the 2.0 FTE staff members that work for the Labor Relations Board as well as the paid board members. The FY2021 Budget inadvertently decreased salary and benefits for these positions, the FY2022 Budget returns funds to FY2020 actual levels.

**VRI Savings** **(\$66,294)**

The Budget includes general revenue savings of \$66,294 within the Labor Relations Board from the voluntary retirement incentive (VRI). The State initiated a VRI payment to active State employees as of January 4, 2021, who had a full benefit retirement date on or before December 31, 2020. The VRI is intended to achieve strategic and budgetary objectives by refilling 70.0 percent of the resulting vacancies at 80.0 percent of the previous employee's cost for the first year, while allowing the State to recognize the long-term service of its employees and provide them with the flexibility to retire.

**WORKFORCE DEVELOPMENT SERVICES**

The Workforce Development Services program works to administer employment and training programs to match job-seekers with suitable employment. The Employment Services subprogram provides a variety of services including, employment counseling, occupational exploration, career guidance, and referrals to training programs. The Workforce Innovation and Opportunity Act subprogram provides employment and training programs to prepare youth, unskilled adults, and dislocated workers for re-entry into the labor force. The Trade Adjustment Assistance (TAA) subprogram provides benefits and educational assistance to workers who have lost their jobs or whose hours have been reduced due to increased imports or a shift in production out of the United States. The Department works with the U.S. Department of Labor to file petitions on behalf of affected workers. The Alternative Trade Adjustment Assistance program provides support services to individuals who are 50 years or age and older. The RI Works program provides services to beneficiaries of Temporary Assistance for Needy Families (TANF).

<b>Workforce Development Services</b>	<b>General Revenue</b>
FY2021 Enacted	\$704,517
<i>Targets and Other Adjustments</i>	
Inmate Post-Release Employment Services	200,381
<b>FY2022 Enacted</b>	<b>\$904,898</b>
<b>Workforce Development Services</b>	
Federal Assistance and Grants (federal funds)	(5,798,729)

***Inmate Post-Release Employment Services*** **\$200,381**

The Budget includes an additional \$200,381 to support 1.5 FTE positions within the Department of Labor and Training. The Governor’s Budget included funding to support a partnership between the Department of Labor and Training and the Department of Corrections, but did not include funding for the positions that will be needed to support this partnership within DLT. No additional FTE positions will be required. The partnership will focus on providing resources to help incarcerated inmates navigate programs and increase access to employment once they are released.

***Federal Assistance and Grants (federal funds)*** **(\$5.8 million)**

The Budget includes \$12.4 million, a decrease of \$5.8 million from FY2021 enacted levels, in federal funds for workforce development programs primarily due to expiring grants. Some of these grants include:

- **America’s Promise:** Provides funding to assist workers in gaining experience and skills that allow the worker to upgrade their position in high-growth employment sectors of the economy. This grant ends in FY2021 and the FY2022 Budget does not include any funding, resulting in a \$830,823 decrease from enacted levels
- **National Health Emergency Opioid Crisis Grant:** This grant provides support through the Governor’s Recovery Through Opportunity (RTO) program, which provides training and services to workers impacted by the opioid crisis. The program also works to build a skilled workforce in professions necessary to impact the cause and treatment of the opioid crisis. This grant ends in FY2021 and the FY2022 Budget does not include any funding, resulting in a \$1.8 million decrease from enacted levels.
- **Dislocated Worker Grants:** This grant provides funding for significant dislocation events. DLT’s Rapid Response team provides services for closing businesses and dislocated workers. This grant ends in FY2021 and the FY2022 Budget does not include any funding, resulting in a \$1.8 million decrease from enacted levels.

## **WORKFORCE REGULATION AND SAFETY**

The Workforce Regulation and Safety Program is comprised of multiple units that work to enforce laws relating to professional regulation, labor standards, occupational health and safety, and certification of weights and measures. The Labor Standards unit enforces labor laws and provides worker protections. The Occupational Safety unit enforces laws relating to safety compliance, elevators, boilers, hazardous substances, and weights and measures. The Trade Licensing Unit licenses technical professions and monitors and enforces trade laws pertaining to electricians, hoisting engineers, pipefitters, refrigeration technicians, sprinkler fitters, plumbers, sheet metal workers, and telecommunications technicians. The Registered Apprenticeship unit registers apprenticeship training programs. The Prevailing Wage unit works to prevent unfair compensation and worker exploitation.

<b>Workforce Regulation and Safety</b>	<b>General Revenue</b>
FY2021 Enacted	\$3,103,811
<i>Targets and Other Adjustments</i>	<i>(64,604)</i>
Personnel	497,718
VRI Savings	(46,960)
<b>FY2022 Enacted</b>	<b>\$3,489,965</b>

**Personnel** **\$497,718**

The Budget includes an additional \$497,718 in general revenue for personnel expenditures. This includes an additional \$167,748 to support the hiring of 2.0 FTE positions to work on misclassification fraud investigations and fraud efforts. The remaining increase fully funds the Program's personnel through general revenues. In the past this program has been partially supported through Tardy and Interest funding restricted receipts.

Fully funding this program with general revenue would allow all Tardy and Interest restricted receipt funding to support UI Administration. The Tardy and Interest restricted receipt account is funded via penalties and interest on employers' taxes (i.e. Unemployment Insurance, Temporary Disability Insurance, and Job Development Fund) when paid late.

**VRI Savings** **(\$46,960)**

The Budget includes general revenue savings of \$46,960 within Workforce Regulation and Safety from the voluntary retirement incentive (VRI). The State initiated a VRI payment to active State employees as of January 4, 2021, who had a full benefit retirement date on or before December 31, 2020. The VRI is intended to achieve strategic and budgetary objectives by refilling 70.0 percent of the resulting vacancies at 80.0 percent of the previous employee's cost for the first year, while allowing the State to recognize the long-term service of its employees and provide them with the flexibility to retire.

**CAPITAL PROJECTS**

The Budget includes no capital projects in DLT in FY2022. Starting in FY2020, the Department of Administration began overseeing all of the Department of Labor and Training's facilities.



## Department of Revenue

Expenditures By Program	FY2020	FY2021	FY2021	Change from		FY2022	Change from	
	Actual	Enacted	Revised	Enacted	Enacted	Enacted	Enacted	Enacted
Director of Revenue	\$2.0	\$1.9	\$48.7	\$46.7	2,402.0%	\$1.8	(\$0.2)	-7.8%
Division of Collections	0.7	0.8	0.6	(0.2)	-19.1%	0.8	0.0	4.9%
Lottery Division	268.2	434.6	434.7	0.1	0.0%	434.2	(0.4)	-0.1%
Municipal Finance	2.3	2.1	2.0	(0.2)	-8.0%	133.7	131.5	6188.2%
Office of Revenue Analysis	0.8	0.9	0.8	(0.1)	-7.9%	0.9	0.0	0.5%
Registry of Motor Vehicles	29.3	32.8	32.6	(0.1)	-0.4%	32.5	(0.3)	-0.9%
State Aid	150.3	198.2	198.0	(0.1)	(0.0)	200.6	2.5	1.2%
Taxation	31.0	35.5	35.0	(0.4)	-1.3%	35.0	(0.4)	-1.2%
<b>Total</b>	<b>\$484.4</b>	<b>\$706.7</b>	<b>\$752.5</b>	<b>\$45.7</b>	<b>6.5%</b>	<b>\$839.6</b>	<b>\$132.8</b>	<b>18.8%</b>

### Expenditures By Source

General Revenue	\$210.2	\$127.2	\$126.5	(\$0.7)	-0.6%	\$267.9	\$140.6	110.5%
Federal Funds	1.7	138.1	185.7	47.5	34.4%	\$132.4	(5.7)	-4.1%
Restricted Receipts	3.2	5.6	4.4	(1.1)	-20.6%	\$4.9	(0.7)	-11.7%
Other Funds	269.3	435.8	435.9	0.0	0.0%	\$434.4	(1.5)	-0.3%
<b>Total</b>	<b>\$484.4</b>	<b>\$706.7</b>	<b>\$752.5</b>	<b>\$45.7</b>	<b>6.5%</b>	<b>\$839.6</b>	<b>\$132.8</b>	<b>18.8%</b>

Authorized FTE Levels	602.5	602.5	602.5	-	-	570.5	(32.0)	-5.3%
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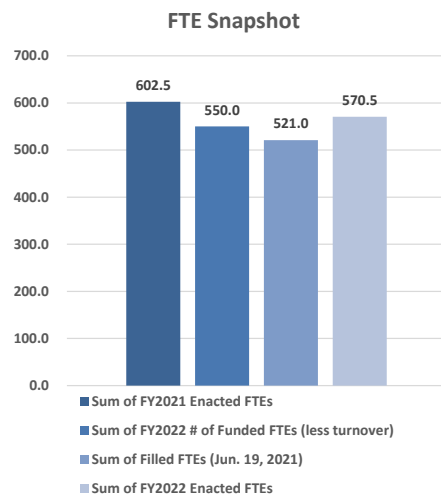
\$ in millions. Totals may vary due to rounding.

The Department of Revenue (DOR) was created as a separate department within the executive branch of government as part of the FY2007 Budget as Enacted. The Department is headed by a Director who is appointed by the Governor subject to the advice and consent of the Senate. The Department has eight program functions consisting of the Director's Office, the Division of Collections, the Lottery Division, Municipal Finance (formerly property valuation), the Office of Revenue Analysis (ORA), the Division of Motor Vehicles (DMV), the State Aid program, and the Division of Taxation.

### MAJOR ISSUES AND TRENDS

The FY2021 Revised Budget includes \$752.5 million from all funds, \$45.7 million more than the enacted level and \$268.0 million more than actual expenditures in FY2020. These large net increases are primarily the result of pandemic-related spending changes. Casino and gaming activity was severely curtailed in FY2020 as a result of pandemic restrictions, with commissions and prize payments down \$64.8 million from FY2019. The 2021 May Revenue Estimating Conference estimated prize payments would grow 66.0 percent to \$162.7 million in FY2021 as the State starts to recover and gambling increases. Also contributing to the net all funds increase in FY2021 is an additional \$47.9 million for State Aid programs administered by the Division of Municipal Finance. The net increase includes an \$88.7 million State Aid general revenue savings made possible by the addition of \$136.5 million in federal Coronavirus Relief Funds (CRF) for cities and towns.

The \$45.7 million net increase in the FY2021 Revised Budget as compared to the FY2021 enacted level is also related to pandemic spending changes. The Governor tasked DOR with distributing \$46.1 million in CRF funds to provide direct relief payments to assist businesses impacted by pandemic restrictions. An additional \$625,000 of CRF was used to repair damage to the offices of Division of Taxation.



The Budget also includes a net \$140.6 million increase in general revenue (\$132.8 net all funds increase) for the DOR and a net reduction of 32.0 FTE positions in FY2022. Major budget initiatives include:

- **Division of Collections:** Article 3 reauthorizes the Department of Revenue (DOR) Central Collections Unit (CCU) by extending the statutory sunset date of June 30, 2021, to June 30, 2023. The Division was established in July 2018 to assist state agencies in the collection of debts owed to the State.
- **License Plate Reissuance Delay:** The Governor delays the license plate reissuance from June 1, 2020, to July 1, 2022. Under RIGL 33-3-33, the DMV is required to issue new reflective license plates for all registered vehicles every 10 years. This would be the ninth time the mandated reissuance has been delayed since it was first required in 2011. The delay is estimated to reduce general revenue collections by \$3.4 million in FY2022. There are no funds provided in FY2022 to implement the reissuance.
- **CDL Road Test Administration:** The Governor transfers the administration of skills testing for commercial driver licensing (CDL) from the Community College of Rhode Island (CCRI) to the Division of Motor of Motor Vehicles (DMV). The Budget provides \$132,961 in personnel and operating expenses to the DMV in FY2022 for this new responsibility. These costs are offset by a \$32,101 reduction in payments made by the DMV to CCRI and \$100,000 in expected general revenue from testing fees.
- **State Aid:** The Budget includes \$198.1 million in general revenue across the three major Direct State Aid programs in FY2022. The FY2021 Budget as Enacted appropriated federal Coronavirus Relief Funds for these programs in addition to general revenue. These federal funds are not available in FY2022. The following tables summarize FY2021 and FY2022 appropriations by program:

Source	Payment in Lieu of Taxes	Distressed Communities Relief Fund	Motor Vehicle Excise Tax	Proportional Aid	FY2021 Total
General Revenue	\$19.2	\$2.6	\$37.7	-	\$59.5
CRF Muni Aid	26.9	9.8	74.8	-	111.5
<b>Subtotal</b>	<b>\$46.1</b>	<b>\$12.4</b>	<b>\$112.6</b>	<b>-</b>	<b>\$171.0</b>
CRF Muni Aid (Bonus)	4.6	1.4	11.2	7.8	25.0
<b>Total</b>	<b>\$50.7</b>	<b>\$13.8</b>	<b>\$123.8</b>	<b>\$7.8</b>	<b>\$196.1</b>

*\$ in millions*

Source	Payment in Lieu of Taxes	Distressed Communities Relief Fund	Motor Vehicle Excise Tax	Proportional Aid	FY2022 Total	Change v. FY2021
General Revenue	\$46.1	\$12.4	\$139.7	-	\$198.1	\$138.6 232.9%
CRF Muni Aid	-	-	-	-	-	(111.5) -100.0%
<b>Subtotal</b>	<b>\$46.1</b>	<b>\$12.4</b>	<b>\$139.7</b>	<b>-</b>	<b>\$198.1</b>	<b>\$27.1 15.8%</b>
CRF Muni Aid (Bonus)	-	-	-	-	-	(25.0) -100.0%
<b>Total</b>	<b>\$46.1</b>	<b>\$12.4</b>	<b>\$139.7</b>	<b>-</b>	<b>\$198.1</b>	<b>\$2.0 1.0%</b>

*\$ in millions*

- **Employer Tax Unit:** Article 3 of the Budget transfers the Employer Tax Unit and 35.0 FTE positions from the Department of Revenue (DOR) to the Department of Labor and Training (DLT). The transfer is intended to centralize the unit's efforts related to UI and TDI benefits. The Employer Tax Unit administers the unemployment tax, the temporary disability tax, and the job development assessment

tax. These taxes are used to fund Unemployment Insurance (UI) benefits and Temporary Disability Insurance (TDI) benefits.

### DIRECTOR OF REVENUE

The Office of the Director is responsible for the administration of the Department. Functions include personnel management and legal support for the Department of Revenue.

<b>Director of Revenue</b>	<b>General Revenue</b>
FY2021 Enacted	\$1,945,426
<i>Target and Other Adjustments</i>	
	(8,760)
Internal Service Charges - Human Resources	(143,681)
<b>FY2022 Enacted</b>	<b>\$1,792,985</b>

#### **Internal Service Charges – Human Resources** **(\$143,681)**

The Budget includes a \$143,681 reduction in general revenue centralized services spending as compared to the FY2021 enacted level. The savings reflects the office's adjusted percentage share of human resources services based on its activity in FY2021.

### DIVISION OF COLLECTIONS

The Division of Collections was established in FY2019 to assist State agencies in the collection of delinquent debt. The Division enters into agreements with willing State agencies to transfer the debts to the Division, which are remitted back to the appropriate agency once successfully recovered.

<b>Division of Collections</b>	<b>General Revenue</b>
FY2021 Enacted	\$790,223
<i>Target and Other Adjustments</i>	
	(5,000)
Salary and Benefits Changes	43,546
Reauthorization	Informational
<b>FY2022 Enacted</b>	<b>\$828,769</b>

#### **Salary and Benefits Changes** **\$43,546**

The Budget includes a net \$43,546 increase in general revenue for personnel costs within the Division of Collections. The Division has 8.0 FTE positions, including 1.0 Chief of Legal Services that runs the unit. Included in these funds is the restoration of \$10,250 in general revenue personnel expenditures that were removed as savings from the FY2021 Budget as Enacted related to furloughed employees eligible to participate in the State's Workshare program. Two employees in the Division of Collections participated in the program. The Workshare program allowed the State to achieve savings in the wake of the devastating financial impact of COVID-19. Through this program, eligible full-time employees were allowed to work 60.0 percent of their regular weekly hours (three business days) from June 14, 2020, to September 5, 2020. The remaining \$33,296 is related to other statewide changes in healthcare and fringe benefits, and other personnel changes.

#### **Reauthorization** **Informational**

Article 3 reauthorizes the Department of Revenue Central Collections Unit (CCU) by extending the statutory sunset date of June 30, 2021, to June 30, 2023. The FY2019 Budget as Enacted established the CCU as a three-year demonstration pilot designed to improve the collection of delinquent debts owed to State agencies. The CCU relies on agencies to voluntarily engage with it and enter into Memorandums of Understanding (MOUs) for its services. Implementation of the program began on July 1, 2018, and is set to expire on June 30, 2021. The program required several months to fully operationalize and the first revenues collected occurred in January 2019. The unit began in 2018 with a budget of \$601,755 in general

revenue and 7.0 FTE positions. In FY2021, it operated with 8.0 FTE positions and \$792,634. For FY2022, the Governor is recommending 8.0 FTE positions and a budget of \$828,769.

RIGL 42-142-8(q) sets the expiration date for the Collections Unit pilot at June 30, 2021. Article 3 extends this to June 30, 2023.

### LOTTERY DIVISION

The Rhode Island Lottery was created in 1974 and was transferred into the Department of Revenue in 2006. The Lottery is responsible for promoting and selling games, including Daily Numbers, Keno, instant games (scratch tickets), multi-state pool games (PowerBall and MegaMillions), and Lucky 4 Life regional game, as well as the authorization and licensing of video lottery terminals (VLTs), table games, and sports betting at Twin River Lincoln and Tiverton. No general revenues support the Division; it is entirely funded with other funds derived from Lottery sales.

<b>Lottery Division</b>	<b>Other Funds</b>
FY2021 Enacted	\$434,567,292
<i>Target and Other Adjustments</i>	<i>(44,067)</i>
Reduced Marketing Costs	(360,000)
Salary and Benefits Changes	52,628
<b>FY2022 Enacted</b>	<b>\$434,215,853</b>

#### ***Reduced Marketing Costs (other funds)*** ***(\$360,000)***

The Budget reduces marketing and print advertising costs from the Lottery Fund by \$360,000 for FY2022. According to the Office of Management and Budget (OMB), the Lottery Division is eliminating or reducing several media campaigns in the coming fiscal year. The Division does not anticipate that the reduction will negatively impact overall gaming activity. There is a corresponding increase in the transfer from the Lottery Fund to the General Fund.

#### ***Salary and Benefits Changes (other funds)*** ***\$52,628***

The Budget provides a net \$52,628 in additional personnel expenditures in FY2022 within the Lottery Division compared to the FY2021 Budget as Enacted. The Division has 106.0 FTE positions. Included in these funds is the restoration of \$35,222 in general revenue personnel expenditures that were included as savings in the FY2021 Budget as Enacted related to furloughed employees eligible to participate in the State's Workshare program. Six employees in the Lottery Division participated in the program. The Workshare program allowed the State to achieve savings in the wake of the devastating financial impact of COVID-19. Through this program, eligible full-time employees were allowed to work 60.0 percent of their regular weekly hours (three business days) from June 14, 2020, to September 5, 2020. The remaining \$17,406 is related to other statewide changes in healthcare and fringe benefits, and other personnel changes.

### DIVISION OF MUNICIPAL FINANCE

The Division of Municipal Finance (DMF) assists municipalities by providing data analysis and technical assistance as well as training on financial reporting, tax levy, and property valuation issues. The Division calculates the equalized property valuation information and State Aid distributions. The Motor Vehicle Value Commission is staffed by the Division and sets vehicle values that are subject to the motor vehicle excise tax. The Division plays an important role in administering the State's fiscal stability statutes. These laws provide a tiered set of interventions, from budget commissions to receiverships, when a municipality experiences financial distress.



<b>Municipal Finance</b>	<b>General Revenue</b>
FY2021 Enacted	\$2,125,828
<i>Target and Other Adjustments</i>	(20,591)
Assistance and Grants Changes	(421,466)
Salary and Benefits Changes	34,397
<b>FY2022 Enacted</b>	<b>\$1,718,168</b>

<b>Municipal Finance</b>	<b>Federal Funds</b>
Local Fiscal Recovery Fund	\$131,957,594

**Assistance and Grants Changes** **(\$421,466)**

The Budget eliminates \$681,689 in general revenue from the Division's assistance and grants budget. The FY2021 Budget as Enacted included a one-time appropriation of \$681,689 to assist the City of Central Falls with operating and personnel costs as part of the State's ongoing financial partnership with the City following its emergence from bankruptcy in 2012. This appropriation is not included in FY2022. The Budget also includes \$260,223 in general revenue to pay the State's annually-required contribution towards the City of Central Falls pension liability. The payment is made by the Division to the Employee's Retirement System of Rhode Island.

**Salary and Benefits Changes** **\$34,397**

The Budget provides a net \$34,397 in additional personnel expenditures in FY2022 within the Division of Municipal Finance compared to the FY2021 Budget as Enacted. The Division has 10.0 authorized FTE positions. Included in these funds is the restoration of \$31,775 in general revenue personnel expenditures that were removed as savings from the FY2021 Budget as Enacted related to furloughed employees eligible to participate in the State's Workshare program. Four employees in the Division of Municipal Finance participated in the program. The Workshare program allowed the State to achieve the savings in the wake of the devastating financial impact of COVID-19. Through this program, eligible full-time employees were allowed to work 60.0 percent of their regular weekly hours (three business days) from June 14, 2020, to September 5, 2020. The remaining \$2,622 are related to other statewide changes in healthcare and fringe benefits, and other personnel changes.

**Local Fiscal Recovery Fund (federal funds)** **\$132.0 million**

The Budget includes \$132.0 million in pass-through federal funds related to pandemic recovery. The American Rescue Plan Act of 2021 (ARP) established the Local Fiscal Recovery Fund within the U.S. Department of Treasury to assist local-level jurisdictions with pandemic recovery. Congress appropriated \$536.8 million for Rhode Island municipalities under the program. These funds are to support public health expenditures, address negative economic impacts caused by the public health emergency, replace lost public sector revenue, provide premium pay for essential works, and invest in water, sewer, and broadband infrastructure.

The funding will be disbursed in two tranches, with 50.0 percent, or \$132.0 million, being made available in FY2022 and the balance disbursed the following year. According to guidance from Treasury, Local Fiscal Recovery Funds are allocated across three categories – county-level, non-entitlement unit level, and entitlement unit level. Treasury disburses funds directly to entitlement unit level governments while county and non-entitlement level unit funding must be appropriated by the General Assembly. Entitlement communities in Rhode Island include Cranston, East Providence, Pawtucket, Providence, Warwick, and Woonsocket.

**OFFICE OF REVENUE ANALYSIS**

The Office of Revenue Analysis (ORA) analyzes the State's tax systems and revenue streams. The Office prepares the biennial Tax Expenditures Report, cost-benefit analyses of tax proposals, and fiscal notes for

revenue-related legislation. The Office houses, and is the primary operator of, the State's sales tax and personal income tax models.

<b>Office of Revenue Analysis</b>	<b>General Revenue</b>
FY2021 Enacted	\$884,638
<i>Target and Other Adjustments</i>	
Salary and Benefits Changes	8,513
Training Expenses	(4,000)
<b>FY2022 Enacted</b>	<b>\$889,151</b>

**Salary and Benefits Changes** **\$8,513**

The Budget includes an additional \$8,513 in personnel costs within ORA for FY2022. According to the Department, the increase reflects statewide benefit changes, planned step increases, and other updated planning values. The Budget includes the Office's existing 6.0 FTE positions and reduces turnover savings by \$5,496.

**Training Expenses** **(\$4,000)**

The Budget provides \$1,000 in general revenue in FY2022 to fund ORA training expenses, \$4,000 less than the FY2021 enacted level. According to the DOR, the FY2021 funding was to pay for staff travel to conferences and registration fees. With pandemic limitations on such activity, the DOR plans to accomplish staff training in less expensive methods such as video conferencing events.

## DIVISION OF MOTOR VEHICLES

The Division of Motor Vehicles (DMV) is responsible for issuing, suspending, and revoking all motor vehicle licenses and registrations and for the motor vehicle inspection program. The Division operates a main branch in Cranston, with satellite branches in Middletown, Wakefield, Warren, Westerly, and Woonsocket. Additionally, AAA offers some DMV services at select branch locations.

<b>Registry of Motor Vehicles</b>	<b>General Revenue</b>
FY2021 Enacted	\$29,288,918
<i>Target and Other Adjustments</i>	
CDL Transfer	938,590
Real ID	104,465
License Plate Reissuance Delay	Informational
<b>FY2022 Enacted</b>	<b>\$30,331,973</b>

**CDL Transfer** **\$104,465**

Article 3 shifts the administration of the commercial driver's license (CDL) road test from the Community College of Rhode Island (CCRI) to the Division of Motor Vehicles (DMV), effective January 1, 2022. This transfer impacts expenditures and revenues at both the DMV and CCRI. CCRI currently collects and retains approximately \$200,000 in restricted receipt revenue from a \$100 CDL road test fee. Under Article 3, this revenue would instead be collected by the DMV and deposited into the General Fund. Because the effective date of the article is January 1, 2022, the amount deposited as general revenues would be half of the annual revenue collected from the fee, or \$100,000, in FY2022. The Budget also includes \$132,961 for six months of additional personnel expenditures at the DMV required to administer the road testing. These expenditures are for 3.0 FTE positions, including 2.0 Senior Motor Vehicle Examiners and 1.0 Customer Service Specialist III. The Budget also adds \$3,605 for operating expenses.

## FY2022 Net Fiscal Impact - Article 3 CDL Transfer

Budget Initiative	Expenditures	Revenues	Net Fiscal Impact
DMV - Personnel	\$132,961	-	(\$132,961)
DMV - Operating	3,605	-	(3,605)
Transfer of CDL Fee Restricted Receipt Revenue to General Fund	-	\$100,000	\$100,000
Elimination of School Bus Training Payments to CCRI	(32,101)	-	32,101
<b>Total</b>	<b>\$104,465</b>	<b>\$100,000</b>	<b>(\$4,465)</b>

A base commercial driver's license (CDL) permits the licensee to operate large, heavy, or hazardous materials vehicles for commercial purposes. In addition to the base CDL, licensees may obtain additional endorsements such as semi-trailer (T), school bus driver (S), or passenger vehicle (P). To obtain these endorsements, an individual must possess a valid CDL and typically pass both a written and driving test.

Testing and licensing standards for the base CDL and accompanying endorsements are developed by the Federal Motor Carrier Safety Administration (FMCSA) at the U.S. Department of Transportation (USDOT). States are required to ensure that their testing and licensing procedures conform to these standards and are subject to compliance reviews by FMCSA. States failing to administer written and road tests in accordance to these regulations risk losing up to 6.0 percent of their federal highway funding.

In addition to the base CDL and endorsement for school bus drivers, Rhode Island law requires an individual to attend and pass a 10-hour school bus driver certification course. Every five years, an individual must attend a 3-hour refresher course to renew the license.

Currently, training for the base CDL and accompanying endorsements are provided by private truck driving schools. CCRI also provides preparation classes for the base CDL, as well as the 10-hour and 3-hour school bus driver certification classes and tests. These classes are conducted at all three of its campuses. The written test for the CDL and its endorsements are administered by the DMV. CCRI currently administers the CDL road test on behalf of the DMV, which would shift to the DMV under Article 3.

According to the DMV and the State's Office of Management and Budget (OMB), this shift would improve oversight and customer service.

- **Oversight:** Road testing for the CDL is closely regulated and audited by USDOT. Ensuring compliance with FMCSA standards is the responsibility of the DMV. Currently, because DMV staff are not present when CDL road testing occurs, they cannot guarantee that standards are being met. In-housing the road testing function mitigates the risk of non-compliant testing.
- **Customer Service and Efficiencies:** According to the DMV, Article 3 changes would improve customer service and create efficiencies. FMCSA rules require that an individual taking the road test present proof of insurance, copies of relevant permits, and proof of registration. If a customer does not bring these materials, the test cannot be taken. The DMV would be able to provide the individual with these materials at the time of the test, allowing the test to go forward. Similarly, upon successful completion of the test, the DMV would be able to provide the license to the customer immediately.

**Real ID****Informational**

Real ID is a minimum security standard for the issuance of driver's licenses and state-issued identification cards that is mandated by Congress and regulated by the U.S. Department of Homeland Security (DHS). Congress enacted the Real ID Act in 2005 which prohibits federal agencies from accepting, for official purposes, licenses or ID cards from states that do not meet these standards. Rhode Island is currently among 25 states that have a waiver from complying with the law. The waiver was originally set to end in October 2020. In response to the pandemic, the U.S. Department of Homeland Security (DHS) extended the enforcement deadline in March 2020, to October 1, 2021. DHS extended the date again in April 2021, to May 2023.

The DMV began issuing Real ID driver's licenses and identification cards beginning in December 2018. Individuals are not required to have a Real ID; it is only necessary when interacting with federal agencies, and even then there are others forms of ID, such as passports, that are accepted. Because of this, the DMV estimates that just over half of current license/ID holders will eventually need a Real ID. Real IDs will be issued as part of a standard driver's license renewal (\$61.50 renewal fee) or may be obtained sooner by purchasing a duplicate license (\$25.00 duplicate fee).

### **License Plate Reissuance Delay**

Under RIGL 31-3-33, the DMV is required to issue new reflective license plates for all registered vehicles every ten years in order to reduce fraud, improve public safety and law enforcement, and to generate revenue. The reissuance was first scheduled to take place in September 2011. It has been delayed 8 times since, with a myriad of different rationales (see table).

The most recent change to the reissuance date was made in Article 7 of the FY2020 Budget as Enacted, which set June 1, 2020, as the new implementation date. Article 7 of the FY2020 Budget as Enacted also changed the fee for the plates from \$6.00 per reissued set to \$8.00. In January 2020, just prior to the COVID-19 pandemic emergency, the Division had reported that the DMV and its vendor, 3M were still in the early stages of preparing to implement. According to the Department, the complications surrounding operations during the COVID-19 pandemic made the implementation of the reissuance impractical in the near term.

Article 6 extends the reissuance deadline from June 1, 2020, to July 1, 2022. The Budget does not include any implementation expenditures in FY2022. The Budget assumes a \$3.4 million reduction in registration fee revenue in FY2022.

Session	Date	Delay Date	Reason
2011	9/2011	9/2013	\$3.3 million savings initiative
2013	9/2013	9/2015	Budget reduction target initiative
2015	9/2015	7/2016	Need to align plate design w/ state tourism campaign
2016	7/2016	4/2017	RIMS - Staff would have to be taken away from implementation
2017	4/2017	1/2019	Launch of RIMS System/Reprogramming legacy IT system
2018	1/2019	1/2020	Real ID - Staff would have to be taken away from implementation
2019	1/2020	6/2020	Governor had proposed eliminating the reissuance altogether. By the time Budget was enacted, it was too late to timely implement
2020	6/2020	No new date	Delay due to impact of the pandemic
2021	6/2020	7/2022	Delay due to impact of the pandemic

### **Informational**

### **STATE AID**

The Budget funds a number of State Aid payments. State aid is administered by staff in the Division of Municipal Finance.

*(Additional information on the aid programs can be found in the Municipal Aid section of this report.)*

State Aid	General Revenue
FY2021 Enacted	\$60,630,671
<i>Target and Other Adjustments</i>	-
Motor Vehicle Excise Phase Out	101,928,356
Payments in Lieu of Tax Exempt Property	26,885,544
Distressed Communities Relief Fund	9,804,363
Property Revaluation Program	385,067
<b>FY2022 Enacted</b>	<b>\$199,634,001</b>

### **Motor Vehicle Excise Phase Out**

**\$102.0 million**

The General Assembly enacted legislation in 2017 to phase out the motor vehicle excise tax by 2024. Municipalities are reimbursed annually for lost revenue. For FY2022, the Budget includes \$139.7 million in total general revenue reimbursement funding for cities and towns, consistent with the current law, \$102.0 million more than the FY2021 enacted level. The FY2021 Budget as Enacted appropriated both general revenue and federal Coronavirus Relief Funds (CRF) to meet \$112.6 million in statutorily-required FY2021 reimbursements to cities and towns, saving \$74.8 million in general revenue. The General Assembly also

appropriated an additional \$11.2 million in CRF funds in FY2021 that was distributed to municipalities according to the phase-out formula. Funding for the phase-out is restored as general revenue only in FY2022.

<b>Motor Vehicle Excise Tax Phase Out</b>				
<b>Source</b>	<b>FY2021</b>	<b>FY2022</b>	<b>Change</b>	
General Revenue	\$37,728,007	\$139,656,362	\$101,928,355	270.2%
COVID Muni Aid	74,838,213	-	(74,838,213)	-100.0%
<b>Subtotal</b>	<b>\$112,566,220</b>	<b>\$139,656,362</b>	<b>\$27,090,142</b>	<b>24.1%</b>
COVID Muni Aid Bonus	11,189,907	-	(11,189,907)	-100.0%
<b>Total</b>	<b>\$123,756,127</b>	<b>\$139,656,362</b>	<b>\$15,900,235</b>	<b>12.8%</b>

### **Payment in Lieu of Tax Exempt Property**

**\$26.9 million**

The Budget includes \$46.1 million in general revenue for the State's PILOT program in FY2022, \$26.9 million more than the FY2021 enacted level. Current law requires reimbursement at 27.0 percent of forgone tax revenue, but allows for a ratable reduction if the appropriation is less than this amount. The Budget for FY2022 represents a rate of 26.01 percent. The FY2021 Budget as Enacted appropriated both general revenue and federal Coronavirus Relief Funds (CRF) to meet the \$46.1 million required to level-fund the program relative to FY2020, saving \$26.9 million in general revenue. The General Assembly also appropriated an additional \$4.6 million in CRF funds in FY2021 that was distributed to municipalities according to the PILOT formula. Funding for the program is restored as general revenue only in FY2022.

<b>Payment in Lieu of Taxes Program</b>				
<b>Source</b>	<b>FY2021</b>	<b>FY2022</b>	<b>Change</b>	
General Revenue	\$19,203,960	\$46,089,504	\$26,885,544	140.0%
COVID Muni Aid	26,885,544	-	(26,885,544)	-100.0%
<b>Subtotal</b>	<b>\$46,089,504</b>	<b>\$46,089,504</b>	<b>-</b>	<b>-</b>
COVID Muni Aid Bonus	4,614,456	-	(4,614,456)	-100.0%
<b>Total</b>	<b>\$50,703,960</b>	<b>\$46,089,504</b>	<b>(\$4,614,456)</b>	<b>-9.1%</b>

### **Distressed Communities Relief Fund**

**\$9.8 million**

The Budget includes \$12.4 million in general revenue for the Distressed Community Relief Fund in FY2022, \$9.8 million more than the FY2021 enacted level. The FY2021 Budget as Enacted appropriated both general revenue and federal Coronavirus Relief Funds (CRF) to meet the \$12.4 million required to level-fund the program relative to FY2020, saving \$9.8 million in general revenue. The General Assembly also appropriated an additional \$1.4 million in CRF funds in FY2021 that was distributed to municipalities according to the Distressed Community Relief program formula. Funding for the program is restored as general revenue only in FY2022.

<b>Distressed Community Relief Program</b>				
<b>Source</b>	<b>FY2021</b>	<b>FY2022</b>	<b>Change</b>	
General Revenue	\$2,580,095	\$12,384,458	\$9,804,363	380.0%
COVID Muni Aid	9,804,363	-	(9,804,363)	-100.0%
<b>Subtotal</b>	<b>\$12,384,458</b>	<b>\$12,384,458</b>	<b>-</b>	<b>-</b>
COVID Muni Aid Bonus	1,445,637	-	(1,445,637)	-100.0%
<b>Total</b>	<b>\$13,830,095</b>	<b>\$12,384,458</b>	<b>(\$1,445,637)</b>	<b>-10.5%</b>

### **Property Revaluation Program**

**\$385,067**

The Budget includes \$1.5 million for the Property Revaluation program in FY2022, an increase of \$385,067 from the FY2021 enacted level. The change is based on anticipated reimbursements, which are required by law. The following communities will be reimbursed for statistical updates in FY2022: Coventry, Gloucester, Portsmouth, Richmond, Warren, and West Greenwich. Full revaluations will occur in Charlestown, Cumberland, Hopkinton, and North Providence.

**DIVISION OF TAXATION**

The Division of Taxation assesses and collects taxes while also enforcing the State's tax laws. It is responsible for promulgating rules and regulations and preparing taxpayer forms and instructions; registering and recording taxpayer accounts; assessing and collecting taxes due; and enforcing non-compliance through collections, audits, and liens.

<b>Taxation</b>	<b>General Revenue</b>
FY2021 Enacted	\$31,562,909
<i>Target and Other Adjustments</i>	
Salary and Benefits Changes	189,605
Information Technology System Changes	1,264,626
Employer Tax Unit	(344,067)
<b>FY2022 Enacted</b>	<b>Informational</b>
	<b>\$32,673,073</b>

**Salary and Benefits Changes****\$868,728**

The Budget includes a net \$868,728 increase in general revenue for personnel costs within the Division of Taxation. The Division has 217.0 FTE positions. Included in these funds is the restoration of \$825,479 in general revenue personnel expenditures that were reduced as savings from the FY2021 Budget as Enacted related to furloughed employees eligible to participate in the State's Workshare program. There were 135.0 employees in the Division of Taxation that participated in the program. The Workshare program allowed the State to achieve savings in the wake of the devastating financial impact of COVID-19. Through this program, eligible full-time employees were allowed to work 60.0 percent of their regular weekly hours (three business days) from June 14, 2020, to September 5, 2020. The remaining \$43,249 are related to other statewide changes in healthcare and fringe benefits, and other personnel changes.

**Information Technology System Changes****\$145,753**

The Budget includes a net increase of \$145,753 related to the maintenance and operations of the Division's IT system, known as the State Tax Administration and Revenue System (STAARS). In December 2017, Taxation went live with STAARS after five years of phased-in development. The system centralizes all taxpayer information in one computer system and assists in the administration of 57 different taxes and fees amounting to nearly \$3.0 billion in revenue annually. STAARS was originally paid for using certificates of participation (COPs), which were authorized up to \$25.0 million. The net increase in general revenue operating and contract services expenses in FY2022 includes a \$1.8 million increase to pay the estimated costs for licenses and support needs of the system and a \$1.6 million reduction in spending on computer hardware and software upgrades and other IT charges.

**Employer Tax Unit****Informational**

Article 3 authorizes the transfer of the Employer Tax Unit from the Department of Revenue (DOR) to the Department of Labor and Training (DLT). The Employer Tax Unit administers the unemployment tax, the temporary disability tax, and the job development assessment tax. These taxes are used to fund Unemployment Insurance (UI) benefits and Temporary Disability Insurance (TDI) benefits. Although the Employer Tax Unit has been housed in DOR, the funding they collect is used for DLT benefit programs. The transfer is intended to centralize the unit's efforts related to UI and TDI benefits. The transfer includes 35.0 FTE positions. The Employer Tax Unit is already funded by DLT. The FY2022 Budget includes \$3.7 million in funding including \$1.5 million in federal funds, \$1.1 million in restricted receipts and \$1.1 million in other funds.

## Legislature

Expenditures By Program	FY2020	FY2021	FY2021	Change from		FY2022	Change from	
	Actual	Enacted	Enacted	Enacted		Enacted	Enacted	
Auditor General	\$5.0	\$6.0	\$6.0	\$0.0	0.3%	\$5.8	(\$0.2)	-2.8%
Fiscal Advisory Staff	1.8	2.0	2.0	0.0	0.3%	2.1	0.1	5.8%
General Assembly	7.2	6.4	7.1	0.8	12.1%	6.6	0.2	3.6%
Joint Comm. on Legislative Services	24.8	26.8	26.9	0.1	0.3%	27.2	0.4	1.3%
Legislative Council	4.2	4.9	4.9	0.0	0.3%	4.9	(0.0)	-0.5%
Special Legislative Commissions	0.0	0.0	0.0	-	-	0.0	-	-
<b>Total</b>	<b>\$43.0</b>	<b>\$46.1</b>	<b>\$47.0</b>	<b>\$0.9</b>	<b>1.9%</b>	<b>\$46.6</b>	<b>\$0.5</b>	<b>1.1%</b>

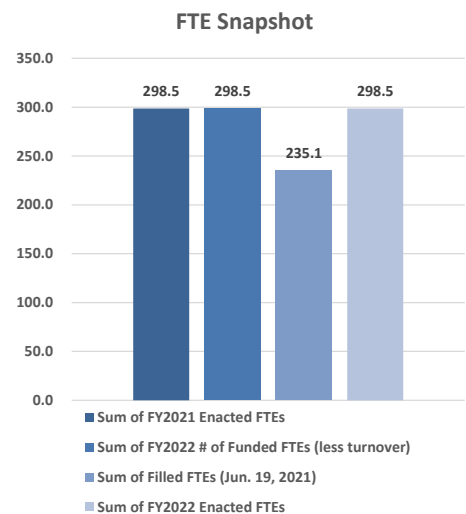
Expenditures By Source								
General Revenue	\$41.5	\$44.3	\$44.4	\$0.1	0.3%	\$44.8	\$0.6	1.3%
Federal Funds	0.0	-	0.8	0.8	-	-	-	-
Restricted Receipts	1.6	1.8	1.8	0.0	0.3%	1.8	(0.1)	-3.1%
<b>Total</b>	<b>\$43.0</b>	<b>\$46.1</b>	<b>\$47.0</b>	<b>\$0.9</b>	<b>1.9%</b>	<b>\$46.6</b>	<b>\$0.6</b>	<b>1.1%</b>

Authorized FTE Levels	298.5	298.5	298.5	-	-	298.5	-	-
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\$ in millions. Totals may vary due to rounding.

The Rhode Island General Assembly enacts laws, develops state policy, and evaluates programs through the appropriation process. The General Assembly consists of six programs which assist in executing its constitutional role:

- The General Assembly consists of two chambers, with the Senate composed of 38 members and the House of Representatives with 75 members. The General Assembly meets annually.
- The House Fiscal Advisory Staff provides fiscal research support to the House membership and the House Finance Committee.
- The Legislative Council develops legislation and researches various issues for Senate and House members.
- The Joint Committee on Legislative Services is the administrative arm of the General Assembly.
- The Office of the Auditor General conducts financial reviews and evaluations of state programs and completes annual post-audits for the State.
- Special Legislative Commissions include study commissions and task forces established by the General Assembly to analyze various public policy issues.



### MAJOR ISSUES AND TRENDS

The Budget includes \$46.6 million for the Legislature in FY2022, including \$44.8 million in general revenue. Restricted receipts total \$1.8 million and are dedicated to the Auditor General's office. These funds are derived from a 0.5 percent audit fee that is assessed on all federal grants in State departments and are used to finance personnel costs associated with the Auditor General's annual Single Audit Report. The Budget provides for 298.5 FTE positions for FY2021 and FY2022, consistent with the FY2021 Budget as Enacted.

- **General Revenue:** The Budget provides \$44.8 million in general revenue for the General Assembly in FY2022 and \$44.4 million in FY2021, \$561,227 and \$125,210 more than the enacted levels, respectively. The additional \$561,227 in FY2022 primarily reflects the restoration of personnel expenditures that were included as savings in the FY2021 Budget as Enacted related to furloughed employees eligible to participate in the State's Workshare program. The Workshare program allowed the State to achieve the savings in the wake of the devastating financial impact of COVID-19. Through this program, eligible full-time employees were allowed to work 60.0 percent of their regular weekly hours (three business days) from June 14, 2020, to September 5, 2020. 151.0 employees of the General Assembly participated in the program. The \$125,210 increase in FY2021 is related to an increase in payroll benefit assessments over the last nine pay periods of the fiscal year.
- **Federal Funds:** The FY2021 Revised Budget provides \$762,422 in federal Coronavirus Relief Funds (CRF) to support operational changes made necessary by the pandemic, including leasing Veterans Memorial Auditorium and Rhode Island College's Sapinsley Hall for legislative sessions.



## Lieutenant Governor

<b>Expenditures By Program</b>	<b>FY2020 Actual</b>	<b>FY2021 Enacted</b>	<b>FY2021 Revised</b>	<b>Change from Enacted</b>	<b>FY2022 Enacted</b>	<b>Change from Enacted</b>
Lieutenant Governor	\$1.1	\$1.1	\$1.0	(\$0.1) -12.3%	\$1.2	0.04 3.5%
<b>Expenditures By Source</b>						
General Revenue	\$1.1	\$1.1	\$1.0	(\$0.1) -12.3%	\$1.2	0.04 3.5%
Authorized FTE Levels	8.0	8.0	8.0	-	8.0	-

*\$ in millions. Totals may vary due to rounding.*

The Office of the Lieutenant Governor is one of the five general offices subject to voter election under the Constitution of Rhode Island. The Lieutenant Governor fulfills the executive responsibilities of the Governor upon his/her death, resignation, impeachment or inability to serve. The Lieutenant Governor serves on the Rhode Island Emergency Management Advisory Council (Chair); the Small Business Advocacy Council (Chair); and the Long-Term Care Coordinating Council (Chair), and the Office initiates legislation and assumes advocacy and leadership roles in several policy areas such as emergency management, veterans affairs, education, economic development, the environment, long-term care, health care and elderly affairs. The Office also serves as a liaison between citizens and state agencies.

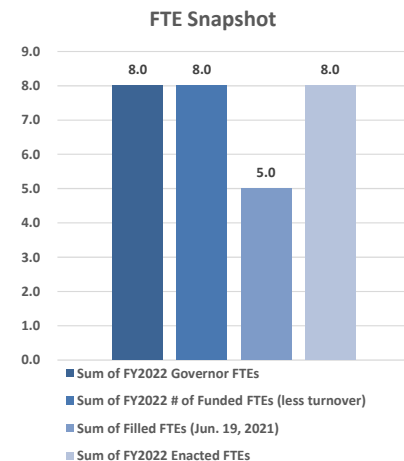
### MAJOR ISSUES AND TRENDS

The Office of the Lieutenant Governor's budget is financed entirely by general revenue. The FY2021 Budget as Enacted includes \$1.1 million in general revenue. The FY2021 Revised Budget includes a decrease of \$140,000 for turnover offset by an increase of \$3,687 to cover the payroll assessed fringe benefit assessment costs required for the last nine payroll periods to finance the ongoing Voluntary Retirement Incentive Program. The assessed fringe benefit personnel expense is a bi-weekly assessment of 3.95 percent charged to direct salaries.

The Budget includes \$1.2 million for FY2022, reflecting an increase of \$27,473 in salary and benefit costs, an increase of \$15,465 for contracted legal services, and an increase of \$10,992 for centralized information technology adjustments.

On March 2, 2021, Lieutenant Governor Daniel McKee assumed the position of Governor upon the resignation of the incumbent Governor. On April 14, 2021, Sabina Matos was sworn in as the State's new Lieutenant Governor. During the transition period, the number of filled FTE positions dropped to zero employees by March 13, 2021. As of June 19, 2021, there are 5.0 filled FTE position.

The Budget includes 8.0 FTE positions for FY2021 and FY2022, consistent with the enacted budget.



<b>Lieutenant Governor</b>	<b>General Revenue</b>
FY2021 Enacted	\$1,145,231
<i>Target and Other Adjustments</i>	-
Personnel Adjustments	27,473
Contracted Services	15,465
Centralized Service Charges	10,992
<b>FY2022 Enacted</b>	<b>\$1,199,161</b>

**Personnel Adjustments****\$27,473**

The Budget increases general revenue expenditures reflecting statewide planning value adjustments set by the Budget Office that translates into an effective salary and benefit increase of 2.6 percent as compared to the FY2021 Budget as Enacted.

<b>Personnel Adjustments</b>	<b>FY2021 Enacted</b>	<b>FY2022 Governor</b>	<b>Change</b>
Assessed Fringe Benefits	\$25,554	\$26,194	\$640
Defined Contribution Plan	6,840	7,002	162
Dental Insurance	4,441	4,846	405
Employees' Retirement	178,037	185,746	7,709
FICA: Medicare	9,555	9,614	59
FICA: Social Security	39,495	40,975	1,480
Longevity Pay	7,093	7,093	-
Medical Insurance	89,148	92,837	3,689
Medical Insurance Waiver Bonus	1,001	1,001	-
Payroll Accrual	3,851	3,873	22
Regular Wages	639,810	656,056	16,246
Retiree Health Insurance	38,020	35,014	(3,006)
Vision Insurance	774	841	67
<b>Total</b>	<b>\$1,043,619</b>	<b>\$1,071,092</b>	<b>\$27,473</b>

**Contracted Services****\$15,465**

The Budget increases general revenue expenditures by \$15,465, reflecting an increase for outside legal costs impacting the agency. The Office has incurred legal expenses over the past several years, for drafting legislation, Access to Public Records Act (APRA) requests, and general legal assistance for the office. The following table illustrates the legal expenses incurred by the Office over the past five years.

	<b>FY2017</b>	<b>FY2018</b>	<b>FY2019</b>	<b>FY2020</b>	<b>FY2021</b>	<b>FY2022</b>
Legal Service Expenses	\$112,849	\$45,486	\$54,151	\$47,326	\$32,535	\$48,000

**Centralized Service Charges****\$10,992**

The Budget increases general revenue expenditures to reflect billed amounts for information technology services. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In FY2019 these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. The FY2021 Budget as Enacted appropriated \$28,013 for centralized information technology expenses, which increased by \$10,992 to \$39,005 in the FY2022 budget.

## Office of the Secretary of State

Expenditures By Program	FY2020	FY2021	FY2021	Change from		FY2022	Change from	
	Actual	Enacted	Revised	Enacted	Enacted	Enacted	Enacted	Enacted
Administration	\$3.4	\$4.0	\$4.0	\$0.0	0.3%	\$3.6	(\$0.4)	-9.5%
Corporations	2.5	2.5	2.5	0.01	0.3%	2.5	0.1	2.8%
State Archives	0.6	0.7	0.7	0.0	0.3%	0.7	(0.0)	-1.6%
Elections and Civics	4.7	6.7	6.7	0.0	0.0%	3.9	(2.8)	-42.0%
State Library	0.7	0.7	0.7	0.0	0.1%	0.8	0.1	7.3%
Office of Public Information	0.4	0.5	0.5	0.0	0.2%	0.5	0.0	6.8%
<b>Total</b>	<b>\$12.2</b>	<b>\$15.1</b>	<b>\$15.1</b>	<b>\$0.0</b>	<b>0.1%</b>	<b>\$12.1</b>	<b>(\$3.0)</b>	<b>-20.2%</b>

Expenditures By Source								
General Revenue	\$9.3	\$12.3	\$12.3	\$0.0	0.2%	\$9.8	(\$2.5)	-20.5%
Federal Funds	2.5	2.3	2.3	-	0.0%	1.8	(0.5)	-20.1%
Restricted Receipts	0.5	0.5	0.5	0.0	0.2%	0.5	(0.1)	-12.9%
Operating Transfers from Other Funds	-	-	-	-	-	-	-	-
<b>Grand Total</b>	<b>\$12.2</b>	<b>\$15.1</b>	<b>\$15.1</b>	<b>\$0.0</b>	<b>0.1%</b>	<b>\$12.1</b>	<b>(\$3.0)</b>	<b>-20.2%</b>

Authorized FTE Levels	59.0	59.0	59.0	-	-	59.0	-	-
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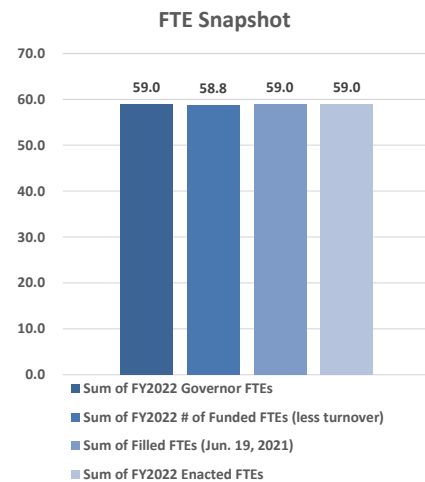
\$ in millions. Totals may vary due to rounding.

The Secretary of State is one of five general officers subject to voter election under the Constitution of Rhode Island. The Office of the Secretary of State prepares for state and local elections, manages the State's records, and provides public information about state government. The Office's budget consists of six divisions including Administration, Corporations, State Archives, State Library, Elections and Civics, the Office of Public Information, and one internal service funded section (Record Center).

### MAJOR ISSUES AND TRENDS

The FY2021 Revised Budget is unchanged from the budget as enacted, with an all funds appropriation of \$15.1 million. For FY2022, all fund expenditures decrease by \$3.0 million, reflecting decreases of \$2.5 million in general revenue, primarily for election expenses that occurred in FY2021. These expenses increase in odd-numbered fiscal years when there is a general election.

The Budget includes 59.0 FTE positions in FY2021 and in FY2022, consistent with the enacted level.



**ADMINISTRATION**

The Administration program provides operational support for the Office, including personnel management; fiscal management and budget preparation; information technology support; constituent affairs response; communications and media relations; and, policy development and legislative affairs.

<b>Administration</b>	<b>General Revenue</b>
FY2021 Enacted	\$4,013,532
<hr/>	
<i>Target and Other Adjustments</i>	<i>65,007</i>
Computer Equipment Maintenance	(219,570)
Personnel Adjustments	(148,449)
Computer Equipment	(44,550)
Contracted Services	(32,112)
<b>FY2022 Enacted</b>	<b>\$3,633,858</b>

**Computer Equipment Maintenance** **(\$219,570)**

The FY2021 Budget as Enacted included \$279,294 for the Business Services Corporation to upgrade and modernize the current corporations database/online filing system. The Office of the Secretary of State anticipates that the project will be completed in FY2021 and further funding for the project is not required in FY2022. The Budget decreases general revenue by \$219,570.

**Personnel Adjustments** **(\$148,449)**

The Budget includes \$2.9 million in general revenue for personnel costs within the Administration program, resulting in a net decrease of \$148,449. The net change reflects the increase of \$253,184 in unachieved turnover savings, offset by salary and benefit reductions to match actual needs within the program as well as statewide planning value adjustments set by the Budget Office.

**Computer Equipment** **(\$44,550)**

The Budget includes \$7,450 in general revenue to purchase computer equipment. This reflects a decrease of \$44,550 from the FY2021 Budget as Enacted. Over the past two fiscal years, the Budgets included \$176,750 to replace the server infrastructure, purchase computer monitors, computer replacements, database server, and hard drive updates. These expenses are not required in FY2022 and are reflected in the proposed budget.

**Contracted Services** **(\$32,112)**

The Budget includes \$35,715 in general revenue for contracted services, reflecting a decrease of \$32,112 for IT System Design consultants from the FY2021 Budget as Enacted. The decrease reflects a one-time expenditure related to the Open Government and Corporations database that is not required in FY2022.

**CORPORATIONS**

The Corporations Division is the official State repository for business and commercial records, and maintains a searchable database that includes articles of incorporation and entity annual reports. The Division also houses the First Stop Information Center, a referral service for existing and potential small business owners; the Uniform Commercial Code Unit for tangible property lien tracking; and, a Notary and Trademark application program.

<b>Corporations</b>	<b>General Revenue</b>
FY2021 Enacted	\$2,470,702
<i>Target and Other Adjustments</i>	<i>(6,000)</i>
Personnel Adjustments	117,959
Records Scanning Project	(34,000)
Operating Adjustments	(9,376)
<b>FY2022 Enacted</b>	<b>\$2,539,285</b>

**Personnel Adjustments** **\$117,959**

The Budget provides a net general revenue increase of \$117,959 for personnel costs within the Corporations program. This increase, as compared to the FY2021 Budget as Enacted, reflects no turnover savings and no funds for seasonal employees as the Secretary's Office did not request funding for this expense in FY2022. In addition, the Budget adds \$45,611 for LIUNA pension system costs and includes a net decrease of \$72,508 for various adjustments including upgrading 3.0 Administrative Assistant positions into 1.0 Data Entry Team Leader, 1.0 Document Processor/Counter Team Lead, and 1.0 Notary Trademark and Authentication position.

<b>Personnel Expenses</b>	<b>FY2020 Actual</b>	<b>FY2021 Enacted</b>	<b>FY2021 Revised</b>	<b>Change</b>	<b>FY2022 Enacted</b>	<b>Change</b>
Turnover	\$0	(\$156,856)	(\$156,856)	\$0	\$0	\$156,856
Retirement: LIUNA	23,784	-	-	-	45,611	45,611
Seasonal/Special Salaries/Wages	-	12,000	12,000	-	-	(12,000)
All Other Personnel	1,973,329	2,130,070	2,136,613	6,543	2,057,562	(72,508)
<b>Total</b>	<b>\$1,997,113</b>	<b>\$1,985,214</b>	<b>\$1,991,757</b>	<b>\$6,543</b>	<b>\$2,103,173</b>	<b>\$117,959</b>

**Records Scanning Project** **(\$34,000)**

The Budget decreases general revenue by \$34,000 reflecting reduced expenses for the business records scanning project, including the temporary contract staff. The proposed reduction provides an appropriation of \$36,000 in FY2022, the amount requested by the Office of the Secretary of State.

Pursuant to Chapters 7-1 through 7-6 of the Rhode Island General Laws, the Office of the Secretary of State stores records that document the existence of various business entities, including some that date back to 1741. The imaging and matching of approximately 38,000 active files, each containing up to 1,000 pages, will enable the viewing of those files online and provide for greater transparency of businesses in Rhode Island. The Office projected that it would take more than twenty years to complete the project utilizing only existing staff and scanning hardware; an unacceptable timeline to gain efficiencies and expand services to the public. To expedite the project, the FY2019 Budget as Enacted included \$30,940 to lease two scanners and hire two temporary staff. Funding for the project continued with \$58,000 in FY2020 and \$70,000 in FY2021. The Office states that the business services scanning project is mostly complete, but there is some additional work to finalize the project and outstanding expenses that need to be paid. The Office expects the project to be finished by the end of the year.

**Operating Adjustments** **(\$9,376)**

The Budget decreases general revenue by \$9,376 for operating adjustments within the Corporations program, mainly for computer supplies and equipment.

<b>Operating Expenses</b>	<b>FY2020 Actual</b>	<b>FY2021 Enacted</b>	<b>FY2021 Revised</b>	<b>Change</b>	<b>FY2022 CSL</b>	<b>FY2022 Enacted</b>	<b>Change</b>
Computer Supplies, Software, and Equipment	1,801	\$35,200	\$35,200	\$0	\$5,200	\$2,500	(\$32,700)
Internet Services	30,150	17,417	17,417	-	15,078	26,000	8,583
Rental of Outside Property	157,900	179,546	179,546	-	172,255	186,837	7,291
Postage and Postal Svcs	52,408	50,000	50,000	-	50,000	55,500	5,500
All Other Operating	98,981	79,325	79,325	-	73,925	81,275	1,950
<b>Total</b>	<b>341,240</b>	<b>\$361,488</b>	<b>\$361,488</b>	<b>\$0</b>	<b>\$316,458</b>	<b>\$352,112</b>	<b>(\$9,376)</b>

## STATE ARCHIVES

The State Archives Division is the official repository for preserving and maintaining the permanent records of State government. The Division sets regulations for state document retention, and assists state agencies with records management. Since 1992, the Division has also operated the Local Government Records Program, which is now largely funded with the Historical Records Trust restricted receipt account.

<b>State Archives</b>	<b>General Revenue</b>
FY2021 Enacted	\$185,503
<i>Target and Other Adjustments</i>	<i>(3,931)</i>
Staffing Base Adjustment	85,549
Relocation Costs	(23,167)
<b>FY2022 Enacted</b>	<b>\$243,954</b>

<b>State Archives</b>	<b>Other Fund Changes</b>
Historical Records Trust	Informational

### **Staffing Base Adjustment** **\$85,549**

Pursuant to the Governor's Budget Amendment dated May 21, 2021, the Budget increases general revenue by \$85,549, to fund a projected deficit in general revenue and over-projection of restricted receipts for the Historical Records Trust.

The Budget uses the Historical Records Trust to fund certain personnel and operating costs in the State Archives program. The Historical Records Trust account restricted receipt portion is funded by collecting a \$4 fee per instrument for recording (for example, contracts for sale of land or letters of attorney) from municipalities to assist local governments with preservation of public records in their custody or care. Revenue generated from the Trust helps to fund operating costs in the State Archives program.

For FY2022, the Governor included \$158,405 in general revenue and \$532,697 in restricted receipts. The Office of the Secretary of State argues that the restricted receipt amount is overstated by \$85,549 and that the projected collections will not cover the State Archive expenses in FY2022. The budget amendment adds \$85,549 in general revenue and decreases restricted receipts by the same amount.

### **Relocation Costs** **\$23,167**

The Budget decreases general revenue by \$23,167 (\$49,834 all funds) to fund the relocation costs of the State Archives from the present location at 337 Westminster Street, Providence to 33 Broad Street (One Weybosset Hill) in Providence. The General Assembly approved the 10-year lease at this property as part of the FY2020 Supplemental Budget. There is a corresponding decrease of \$26,667 in restricted receipts for the relocation costs.

**Historical Records Trust (restricted receipts)****Informational**

The Budget uses the Historical Records Trust to fund certain personnel and operating costs in the State Archives program. The Historical Records Trust account is funded by collecting a \$4 fee per instrument for recording (for example, contracts for sale of land or letters of attorney) from municipalities to assist local governments with preservation of public records in their custody or care. Revenue generated from the Trust helps to fund operating costs in the State Archives program.

Historic Records Trust	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
Collections	\$466,886	\$379,423	\$415,273	\$476,078	\$471,342	\$482,704	\$454,299	\$478,343
Expenditures	470,308	378,549	409,008	413,839	429,350	468,039	439,634	532,697

Source: Office of the Secretary of State and Budget Database

Collections for FY2021 and FY2022 are agency projections.

*Analyst Note: It appears that the HRT will experience a deficit based on the projected collections and expenses in FY2022. Two major cost increases that are paid by the HRT are the rental cost of the State Archives and additional costs for office supplies and equipment.*

**ELECTIONS AND CIVICS**

The Elections Division promotes voter registration and turnout; maintains the State's central voter registration system; publishes guides and handbooks; explains how to run for office and how to register and vote; and provides descriptions of state referenda questions. The Division is charged with developing, printing, and distributing ballots, including candidate certification. Increases in operating supplies and expenses, primarily printing, postage and postal services, are expected during a general election year.

Elections and Civics	General Revenue
FY2021 Enacted	\$4,416,794
<i>Target and Other Adjustments</i>	<i>(15,411)</i>
Election Costs	(2,334,012)
<b>FY2022 Enacted</b>	<b>\$2,067,371</b>

Elections and Civics	Other Fund Changes
CARES Election Grant	(\$1,877,774)
Federal HAVA Grant	\$1,420,845

**Election Costs (\$2.3 million)**

The Budget includes \$1.3 million in general revenue for election expenses, a decrease of \$2.3 million as compared to the FY2021 Budget as Enacted, reflecting that FY2022 is not in the general election cycle. Printing, mailing of ballots and referenda materials, and advertising expenses increase in odd-numbered fiscal years when there is a statewide election or on the general election cycle which will occur again in FY2023. In addition, election costs increased in FY2021 to cover a special statewide bond referenda and increased in response to conducting elections during the COVID-19 Pandemic that were not covered under federal COVID CARES Act funds.

<b>Election Costs</b>	<b>FY2018 Actual</b>	<b>FY2019 Actual</b>	<b>FY2020 Actual</b>	<b>FY2021 Enacted</b>	<b>FY2021 Revised</b>	<b>FY2022 Enacted</b>	<b>Change</b>
Ballot Printing	\$33,484	\$646,191	\$21,602	\$955,000	\$955,000	\$0	(\$955,000)
Election/Referenda Mailing	10,141	54,212	22,174	760,000	760,000	-	(760,000)
Special Election and Mail Ballots	(1)	-	-	321,085	-	-	(321,085)
Computer Supplies and Equipment	1,021	(13)	27	196,000	196,000	2,000	(194,000)
Clerical Services	-	16,496	-	28,000	28,000	-	(28,000)
Legal/Advertising	96,769	104,789	89,656	110,000	50,000	50,000	(60,000)
Software Maintenance Agreements	568,986	585,029	621,036	1,249,575	1,249,575	1,233,648	(15,927)
<b>Total</b>	<b>\$710,400</b>	<b>\$1,406,704</b>	<b>\$754,495</b>	<b>\$3,619,660</b>	<b>\$3,238,575</b>	<b>\$1,285,648</b>	<b>(\$2,334,012)</b>

**COVID-19 Response - Miscellaneous Expenses (federal funds) (\$1.9 million)**

The Budget includes a decrease of \$1.9 million in federal funds for the Office of the Secretary of State reflecting funds not required in FY2022 as part of the Office's election response during COVID-19.

**Federal HAVA Grant (federal funds) \$1.4 million**

The Office of the Secretary of State received two federal Help America Vote Act (HAVA) awards to assist the state with the upcoming federal 2020 elections. The first award predates the COVID-19 pandemic in 2018 and was intended to modernize the election systems, the second award was authorized for the same purposes, to modernize and secure the 2020 federal election cycle. Total federal HAVA awards received is \$6.2 million.

A total of \$2.3 million has been appropriated with another \$1.8 million included in the FY2021 Revised Budget. The Budget includes \$1.8 million for FY2022, leaving the award balance of \$330,083 that must be expended on state election assistance items prior to September 2024.

<b>HAVA Award Revenue</b>	
2018 HAVA Award	\$3,000,000
2020 HAVA Award	3,216,181
<b>Total HAVA Award</b>	<b>\$6,216,181</b>
<b>Expenditures</b>	
FY2019 Actual	\$907,311
FY2020 Actual	1,358,787
FY2021 Revised	1,810,000
FY2022 Enacted	1,810,000
<b>Total</b>	<b>\$5,886,098</b>
<b>HAVA Award Balance</b>	<b>\$330,083</b>

**STATE LIBRARY**

The State Library provides reference and research services about law, legislation, rules and regulations, government reports, and state history. The Library is an official Federal Government Publications Depository and State Publications Clearinghouse.



<b>State Library</b>	<b>General Revenue</b>
FY2021 Enacted	\$716,227
<i>Target and Other Adjustments</i>	98
Personnel Adjustments	52,360
<b>FY2022 Enacted</b>	<b>\$768,685</b>

**Personnel Adjustments** **\$52,360**

The Budget increases general revenues by \$52,360 reflecting \$44,311 in unrealized turnover savings as compared to the previous fiscal year, and \$8,049 in general revenue to fund the pension liability with state employee members in the Laborers International Union of North America (LIUNA) to account for the recalculation and compensation to affected LIUNA members for longevity and overtime payments back to January 1, 2012.

**OFFICE OF PUBLIC INFORMATION**

The Office of Public Information is designed to make government more open and accessible. State law requires many documents to be filed with the Office, including lobbying disclosures, public meeting notices and minutes, disclosure of state government consultants, and appointments to boards and commissions.

<b>Office of Public Information</b>	<b>General Revenue</b>
FY2021 Enacted	\$486,575
<i>Target and Other Adjustments</i>	(6,786)
Rhode Island 250th Anniversary Commission	100,000
Software Maintenance Agreements	(50,000)
Turnover	24,129
Rhode Island Government Owner's Manual	(17,000)
Legal Expenses	(15,000)
<b>FY2022 Enacted</b>	<b>\$521,918</b>

**Rhode Island 250<sup>th</sup> Anniversary Commission** **\$100,000**

The Budget adds \$100,000 in general revenue to support the work of the Rhode Island Semiquincentennial Commission commemorating the 250<sup>th</sup> Anniversary of the founding of the United States. Funding will be used to contract an employee as well as to conduct marketing, advertising, and pay for operating supplies.

**Software Maintenance Agreements** **(\$50,000)**

The Budget decreases general revenues by \$50,000 reflecting the completion of the Open Meetings computer application.

*Analyst Note: In FY2020, the Office of the Secretary of State (Office) used \$34,650 in general revenue to fund the Open Meetings computer application as a contracted service expense. The FY2021 Budget as Enacted included \$50,000 to complete the project. However, as of April 14, 2021, no funds have been expended from this appropriation. But, the Office has expended \$18,187 and pre-encumbered \$34,650 in FY2021 under contracted services, which does not have an appropriation in FY2021. The Office states that no funds are required for the project in either FY2021 or FY2022.*

**Turnover** **\$24,129**

The Budget increases general revenue by \$24,129, reflecting unrealized turnover savings as compared to the previous fiscal year.

**Rhode Island Government Owner's Manual** **(\$17,000)**

The Budget decreases general revenue by \$17,000 for printing services related to the Rhode Island Government Owner's Manual. The 300-page directory is published every two years to reflect the results of the November election. It includes contact information for hundreds of officials, including Congressional delegates, general officers, members of the General Assembly, as well as city and town councils. The printing of the manual is not required in FY2022.

**Legal Costs** **(\$15,000)**

The Budget decreases general revenue by \$15,000 for legal costs within this program, commensurate to projected expenditures. The FY2021 Budget as Enacted included \$30,000 for legal and the Office has only expended \$11,041. Expenditures in the preceding fiscal years legal expenses include \$3,310 in FY2020, \$24,936 in FY2019, and \$16,262 in FY2018.

**RECORDS CENTER**

The Records Center is an internal service program funded with internal service funds (Records Center Fund or RCF); no general revenues fund program activities. The RCF funds approximately 60.0 percent of the personnel costs of the State Archives program.

The inactive records of state agencies are stored at the State Records Center, administered by the Public Records Administration. Inactive records are records that departments and agencies no longer require immediate access to, but that are not yet eligible for disposal because of administrative, fiscal or legal requirements. Access to these records is provided only through the expressed permission of the originating state agency.

	FY2020	FY2021	FY2021		FY2022	Change from
Records Center Fund - ISF	Actual	Enacted	Revised	Change	Enacted	Enacted
Personnel	\$311,532	\$502,177	\$503,997	\$1,820	\$506,084	\$3,907
Contract Services	(12)	36,667	36,667	-	17,500	(19,167)
Operations	483,232	545,826	545,826	-	536,475	(9,351)
Capital Equipment	-	2,000	2,000	-	-	(2,000)
<b>Total</b>	<b>\$794,752</b>	<b>\$1,086,670</b>	<b>\$1,088,490</b>	<b>\$1,820</b>	<b>\$1,060,059</b>	<b>(\$26,611)</b>

**CAPITAL PROJECTS**

The Capital Budget includes an expenditure of \$170,000 in Rhode Island Capital Plan (RICAP) funds in FY2023 to purchase 200 Automark voting tables and 500 privacy booths with 200 booth leg extenders. The Office of the Secretary of State is statutorily responsible to purchase the State's voting equipment. The Budget includes the expense of this item under RICAP because, according to the Budget Office, it is a one-time purchase of durable equipment.

## Office of the General Treasurer

Expenditures By Program	FY2020	FY2021	FY2021	Change from		FY2022	Change from		
	Actual	Enacted	Revised	Enacted		Enacted	Enacted		
General Treasurer	\$3.4	\$3.6	\$3.7	\$0.1	2.8%	\$3.5	(\$0.0)	-0.6%	
Employees' Retirement System	10.8	13.1	13.1	0.0	0.2%	13.6	0.5	4.1%	
Unclaimed Property	24.7	25.8	31.2	5.4	21.0%	28.9	3.1	12.2%	
Crime Victim Compensation Program	1.6	2.2	2.1	(0.0)	-1.4%	1.8	(0.4)	-17.2%	
<b>Total</b>	<b>\$40.4</b>	<b>\$44.5</b>	<b>\$50.0</b>	<b>\$5.5</b>	<b>12.3%</b>	<b>\$47.8</b>	<b>\$3.3</b>	<b>7.4%</b>	
<b>Expenditures By Source</b>									
General Revenue	\$3.0	\$3.0	\$3.4	\$0.4	14.5%	\$3.2	\$0.2	7.8%	
Federal Funds	1.1	1.0	1.0	-	0.0%	0.7	(0.3)	-27.7%	
Restricted Receipts	35.8	39.9	44.8	5.0	12.4%	43.2	3.3	8.4%	
Other Funds	0.6	0.6	0.7	0.1	0.2	0.6	0.0	0.8%	
<b>Grand Total</b>	<b>\$40.4</b>	<b>\$44.5</b>	<b>\$50.0</b>	<b>\$5.5</b>	<b>12.3%</b>	<b>\$47.8</b>	<b>\$3.3</b>	<b>7.4%</b>	
Authorized FTE Levels	89.0	89.0	89.0	-	-	89.0	-	-	

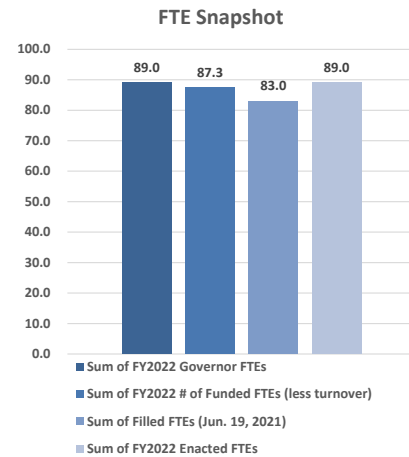
*\$ in millions. Totals may vary due to rounding.*

The Rhode Island Constitution establishes the Office of the General Treasurer, one of five general offices subject to voter election. The General Treasurer is charged with the safe and prudent management of the State's finances. The Treasury budget includes Treasury operations, the Employees' Retirement System of Rhode Island, the Unclaimed Property program, and the Crime Victims Compensation program. Treasury also manages the Abraham Touro Fund and the Childhood Disease Fund. The General Treasurer's operations excluding the State House office, are located at the state-owned building at 50 Service Road Warwick.

### MAJOR ISSUES AND TRENDS

The Budget includes \$50.0 million in FY2021, of which \$3.4 million (6.8 percent) is general revenue. This reflects an all fund increase of \$5.5 million from the FY2021 Budget as Enacted. The increase includes \$442,632 in general revenue, \$5.0 million in restricted receipts, \$1,034 in federal funds, and \$101,668 in other funds. The revised budget added \$435,000 in general revenue to compensate for the declining restricted receipts court revenue and federal funds.

The FY2022 Budget includes \$47.8 million, of which \$3.2 million (6.7 percent) is general revenue. This reflects an all funds increase of \$3.3 million from the FY2021 Budget as Enacted. The increase includes \$242,116 in general revenue, \$3.3 million in restricted receipts, and \$5,473 in other funds. Offsetting these changes is a decrease of \$280,133 in federal funds. The Budget provides 89.0 FTE positions in FY2021 and in FY2022, consistent with the enacted level.



**GENERAL TREASURY**

The General Treasury program provides administrative support to the entire agency to ensure operational efficiency and fiscal integrity.

<b>General Treasury</b>	<b>General Revenue</b>
FY2021 Enacted	\$2,589,787
<i>Target and Other Adjustments</i>	<i>(43,406)</i>
Contract Services	35,750
<b>FY2022 Enacted</b>	<b>\$2,582,131</b>

**Contract Services****\$35,750**

The Budget increases general revenue expenditures by \$35,750 for contracted services. The FY2021 Budget as Enacted appropriated \$168,750 for these expenses, which increased by \$35,750 to \$204,500 in the FY2022 Budget as Enacted. The largest increase for IT Systems Support reflects a service agreement that Treasury entered with Stonewall Solutions for support with Help Desk, server/system operational support, document collaboration, analysis and assistance, application database support, and cybersecurity evaluation and implementation.

<b>Contract Services</b>	<b>FY2021 Enacted</b>	<b>FY2022 Enacted</b>	<b>Change</b>
Accounting/Auditing	\$44,000	\$40,000	<i>(\$4,000)</i>
Financial Services	94,750	110,000	<i>15,250</i>
IT System Support	-	25,000	<i>25,000</i>
Legal Services	30,000	29,500	<i>(500)</i>
<b>Total</b>	<b>\$168,750</b>	<b>\$204,500</b>	<b>\$35,750</b>

**EMPLOYEES' RETIREMENT SYSTEM**

The Employees' Retirement System of Rhode Island (ERSRI) administers retirement, disability, survivor, and death benefits to eligible state employees and public school teachers. Participating municipal employees are covered under the Municipal Employees' Retirement System (MERS). ERSRI also administers the judicial and state police retirement plans, and the Teachers' Survivor Benefit program for teachers who are not covered under Social Security. Personnel and operating expenses of ERSRI are funded through a restricted receipt account pursuant to RIGL 36-8-10.1 for administrative and operating expenses of the retirement system.

<b>Employees' Retirement System</b>	<b>Other Fund Changes</b>
Contract Services	\$536,536
Centralized Service Adjustment	(52,170)

**Contract Services (restricted receipts)****\$536,536**

The Budget includes an increase of \$536,536 in restricted receipt expenditures for IT systems support related to the new Ariel 360 computer system. Morneau Shepell is the computer system vendor that is providing the system and portal upgrades. The software is used to manage the retirement operations and upgrades are being implemented to improve workflow, administration, and user interface.

**Centralized Service Adjustment (restricted receipts)****(\$52,170)**

The Budget decreases restricted receipt expenditures by \$52,170 to reflect the decentralization of statewide services provided by and previously centralized in the Department of Administration. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. As of FY2019, these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or

agency. The FY2021 Budget as Enacted appropriated \$227,170 for these expenses, which is reduced by \$52,170 to \$175,000 in the FY2022 Budget as Enacted.

### UNCLAIMED PROPERTY

The Unclaimed Property program is responsible for collecting abandoned property and acts as custodian for both tangible and intangible property. The mission of the program is to return the abandoned property to its rightful owners.

<b>Unclaimed Property</b>	<b>Other Fund Changes</b>
Revenue Collections and Expenditures	\$3,046,988
Contracted Services	110,000
Turnover	(41,983)

#### ***Revenue Collections and Expenditures (restricted receipts)*** **\$3.0 million**

The Budget adjusts the projected revenue collections and expenditures to the Unclaimed Property Program impacting claim payments, change in liability, and the surplus transfer to the General Fund. These changes were testified to at the May 2021 Revenue Estimating Conference. The transfer to the General Fund decreases by \$3.0 million, based on the calculations included in the Budget. There is an increase of \$100,000 in projected claim payouts. The change in liability (the amount required by general accounting rules that the fund must carry forward to the next fiscal year for claim payouts), decreases \$953,012 and the surplus transfer to the general fund increases by \$3.9 million, resulting in a net increase of \$3.0 million. [\$100,000 + (\$953,012) + \$3,900,000 = \$3,046,988].

#### ***Contracted Services (restricted receipts)*** **\$110,000**

The Budget includes an increase of \$110,000 in restricted receipts for contracted information technology system support expenditures, reflecting the addition of another third party auditor to further seek out unclaimed property around the nation by auditing various financial industries.

#### ***Turnover (restricted receipts)*** **(\$41,983)**

The Budget decreases restricted receipts by \$41,983 reflecting higher projected personnel turnover savings as compared to the previous fiscal year. The Office of the General Treasurer averaged 3.8 vacancies over FY2020. The reduction is equivalent to 0.3 FTE position.

### CRIME VICTIM COMPENSATION PROGRAM

The Crime Victims Compensation program compensates innocent victims of violent crimes for certain expenses that are attributable to the crime. Compensation may be used to cover funeral, medical, and counseling expenses incurred by victims or their family members. The maximum award for each criminal incident is capped at \$25,000.

<b>Crime Victim Compensation Program</b>	<b>General Revenue</b>
FY2021 Enacted	\$396,407
<i>Target and Other Adjustments</i>	<i>24,881</i>
Crime Victims Claim Payments	224,891
<b>FY2022 Enacted</b>	<b>\$646,179</b>

<b>Crime Victim Compensation Program</b>	<b>Other Fund Changes</b>
Crime Victims Claim Payments (restricted receipts)	(\$370,000)
Crime Victims Claim Payments (federal funds)	(268,007)

**Crime Victims Claim Payments****\$224,891**

The Budget includes general revenue appropriations for claim payments of \$55,109 in FY2021 and \$280,000 in FY2022. The recommended appropriation for FY2022 does reflect an increase of \$224,891 over the FY2021 Budget as Enacted.

**Crime Victims Claim Payments (restricted receipts)****(\$370,000)**

The Budget includes \$555,000 in restricted receipts for claims and settlement payouts in FY2022, reflecting a decrease of \$370,000 from the FY2021 Budget as Enacted, but is \$313,000 more than the \$242,000 requested by Treasury. This decrease of reflects lower projected receipts from court ordered restitution payments to victims of violent crime.

The FY2021 Budget as Enacted included \$925,000 for restricted receipt claim payments that was based on passage of the Governor's proposed statutory change under Article 3, Section 4 of the FY2021 budget. The proposed change would have reprioritized the court order restitution payments to victims of violent crime. The Governor recommended the statutory change as a mechanism to stem declining revenue from court imposed fees. However, the statutory change was not adopted or included in the final budget but due to an oversight, the increased appropriation of restricted receipt claim payments was kept in the final budget.

According to the Budget Office, the restricted receipt claim payment appropriations were still kept at the higher amounts, again as an oversight to not realizing the statutory change did not occur and that construction of the Budget largely took the approach with all agencies that unless there were substantial reasons to make changes, most accounts were funded at the Enacted level.

*Analyst Note: The proposed language in the FY2021 Budget, Article 3, Section 4, reprioritized payments of court costs related to prosecutions to place a higher priority on the Crime Victims Compensation Fund. Due to the decriminalization of certain misdemeanors, there has been a decrease in court costs paid to the Crime Victim Compensation Program.*

The following table illustrates the trend of declining revenue from the court fees from FY2013 to FY2021. Note that the projection for FY2022 shows a slight increase in the fees from the previous year. The projection for FY2022 is based on the assumption that where the state court system was shut down by the COVID-19 pandemic and thereby reducing case processing and restitution payments, the reopening of the courts would return the restitution payments back to a level similar to FY2019 and FY2020.

<b>Court Revenue</b>	<b>Amount</b>
FY2012	\$1,079,792
FY2013	858,955
FY2014	809,288
FY2015	785,967
FY2016	838,621
FY2017	584,405
FY2018	536,217
FY2019	425,746
FY2020	368,660
FY2021	214,052
<i>FY2022</i>	<i>400,007</i>

*Projected revenue in italics*

**Crime Victims Claim Payments (federal funds)****(\$268,007)**

The Budget includes \$421,993 in federal funds for claims and settlement payouts in FY2022, reflecting a decrease of \$268,007 from the FY2021 Budget as Enacted. The U.S. Department of Justice handles the administration of the program on the federal level which provides federal funds based on a percentage of State funds used to pay claims paid.

## Board of Elections

<b>Expenditures By Program</b>	<b>FY2020 Actual</b>	<b>FY2021 Enacted</b>	<b>FY2021 Revised</b>	<b>Change from Enacted</b>		<b>FY2022 Enacted</b>	<b>Change from Enacted</b>	
Board of Elections	\$2.5	\$4.0	\$3.5	(\$0.5)	-12.5%	\$2.7	(\$1.3)	-32.8%
<b>Expenditures By Source</b>								
General Revenue	\$2.5	\$4.0	\$3.5	(\$0.5)	-12.5%	\$2.7	(\$1.3)	-32.8%
Federal Funds	0.0	-	-	-	-	-	-	-
<b>Total</b>	<b>\$2.5</b>	<b>\$4.0</b>	<b>\$3.5</b>	<b>(\$0.5)</b>	<b>-12.5%</b>	<b>\$2.7</b>	<b>(\$1.3)</b>	<b>-32.8%</b>
Authorized FTE Levels	13.0	13.0	13.0	-	-	13.0	-	-

\$ in millions. Totals may vary due to rounding.

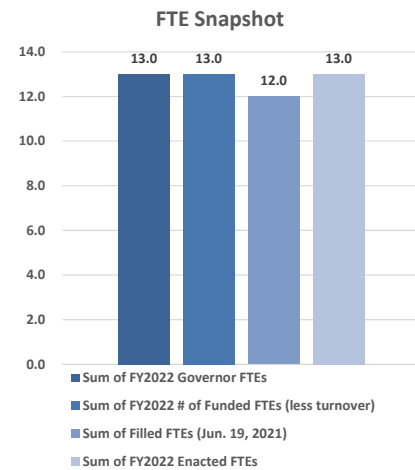
The Board of Elections supervises all elections and state and local referenda. The Board oversees voter registration and public education activities and provides all registration materials used in the State. The Board supervises and monitors the campaign finance activities of candidates, political action committees, and state vendors.

### MAJOR ISSUES AND TRENDS

The Budget includes \$3.5 million in FY2021, reflecting a net decrease of \$494,984. The decrease is comprised of \$500,000 in unspent funds based on the 3<sup>rd</sup> quarter report offset by an increase of \$5,016 to cover the payroll assessed fringe benefit assessment costs required to finance the ongoing Voluntary Retirement Incentive Program. The assessed fringe benefit personnel expense is a bi-weekly assessment of 3.95 percent charged to direct salaries.

For FY2022, the Budget includes \$2.7 million in general revenue, which is \$1.3 million less than the FY2021 Budget as Enacted. The decrease is largely attributable to temporary employees, voting equipment transportation, printing, and postage expenses that are not required in a non-general election year.

The Budget includes 13.0 FTE positions in FY2021 and FY2022, consistent with the enacted level.



<b>Central Management</b>	<b>General Revenue</b>
FY2021 Enacted	\$3,972,921
<i>Target and Other Adjustments</i>	<i>(76,436)</i>
General Election Adjustments	(1,302,487)
Centralized Services	77,770
<b>FY2022 Enacted</b>	<b>\$2,671,768</b>

### General Election Adjustments

**(\$1.3 million)**

The Budget decreases general revenue expenditures by \$1.3 million to reflect personnel, contracted services, and operating expenditures for voter operating supplies and expenses that are not required in a non-general election year. In addition, contract services decrease reflecting vendor support costs incurred on Election Day for voting machines and electronic poll books that are not relevant in FY2022. These expenses increase in odd-numbered fiscal years when there is a statewide general election; more so every 4<sup>th</sup> year when the constitutional offices are up for election and/or during a presidential election primary.

<b>Election Costs</b>	<b>FY2021 Enacted</b>	<b>FY2021 Revised</b>	<b>Change</b>	<b>FY2022 Enacted</b>	<b>Change</b>
Seasonal/Special Salaries/Wages	\$613,487	\$613,487	\$0	\$21,000	(\$592,487)
Express Delivery	265,000	265,000	-	-	(265,000)
Contract Services	223,000	223,000	-	55,000	(168,000)
Miscellaneous Expenses	177,000	177,000	-	40,000	(137,000)
Postage and Postal Svcs	95,000	95,000	-	20,000	(75,000)
Printing - by State Agencies	15,000	15,000	-	15,000	-
Printing - Outside Vendors	75,000	75,000	-	10,000	(65,000)
<b>Total</b>	<b>\$1,463,487</b>	<b>\$1,463,487</b>	<b>\$0</b>	<b>\$161,000</b>	<b>(\$1,302,487)</b>

**Centralized Services****\$77,770**

The Budget increases general revenue expenditures reflecting billed amounts for information technology and facilities management services. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In FY2019 these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. The FY2021 Budget as Enacted appropriated \$60,600 for these expenses, which is increased by \$77,770 to \$138,370 in the FY2022 budget.



## Ethics Commission

<b>Expenditures By Program</b>	<b>FY2020 Actual</b>	<b>FY2021 Enacted</b>	<b>FY2021 Revised</b>	<b>Change from Enacted</b>		<b>FY2022 Enacted</b>	<b>Change from Enacted</b>	
RI Ethics Commission	\$1.8	\$1.9	\$1.9	\$0.0	0.3%	\$1.9	(0.0)	-1.7%
<b>Expenditures By Source</b>								
General Revenue	\$1.8	\$1.9	\$1.9	\$0.0	0.3%	\$1.9	(0.0)	-1.7%
Authorized FTE Levels	12.0	12.0	12.0	-	-	12.0	-	-

\$ in millions. Totals may vary due to rounding.

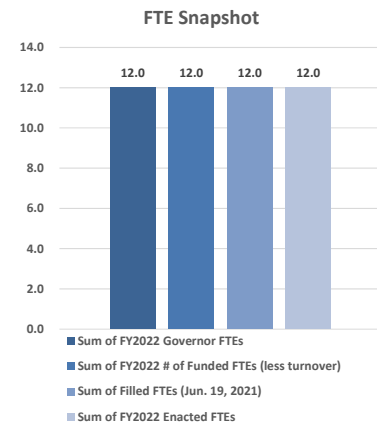
The Rhode Island Ethics Commission is responsible for adopting and disseminating the Rhode Island Code of Ethics, issuing advisory opinions to public officials and employees, enforcing financial disclosure policies and maintaining financial disclosure records, investigating and adjudicating complaints alleging violation of the Code of Ethics, and educating the general public as to the requirements of the Code of Ethics. The Commission is headed by an Executive Director/Chief Prosecutor.

### MAJOR ISSUES AND TRENDS

The revised budget includes \$1.9 million for FY2021. The revised budget increases general revenue by \$5,741 to cover the payroll assessed fringe benefit assessment costs required for the last nine payroll periods to finance the ongoing Voluntary Retirement Incentive Program. The assessed fringe benefit personnel expense is a bi-weekly assessment of 3.95 percent charged to direct salaries.

The FY2022 Budget includes \$1.9 million, which is a decrease of \$32,850 (1.7 percent) from the FY2021 Budget as Enacted. This includes a net decrease of \$47,537 in personnel costs, reflecting statewide planning value adjustments offset by VRI savings, an increase of \$9,909 for centralized services, an increase of \$5,000 for rental costs, and a net decrease of \$222 for other operating adjustments.

The Budget includes 12.0 FTE positions in FY2021 and FY2022, consistent with the enacted level.



<b>RI Ethics Commission</b>	<b>General Revenue</b>
FY2021 Enacted	\$1,900,201
<i>Target and Other Adjustments</i>	
Personnel Adjustments	(222)
Centralized Services	(47,537)
Rental of Outside Property	9,909
<b>FY2022 Enacted</b>	<b>\$1,867,351</b>

***Personnel Adjustments*** ***(\$47,537)***

The Budget decreases general revenue expenditures by a net \$47,537. This reflects an increase of \$24,562 for statewide planning value adjustments set by the Budget Office, offset by a reduction of \$72,099 reflecting voluntary retirement incentive (VRI) savings achieved in the agency.

***Centralized Service Charges*** ***\$9,909***

The Budget increases general revenue expenditures by \$9,909 to reflect the decentralization of statewide services provided by and previously centralized in the Department of Administration. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. Beginning in FY2019 these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. The FY2021 Budget as Enacted appropriated \$55,708 for these expenses, which is increased by \$9,909 to \$65,617 in the FY2022 Budget as Enacted.

***Rental of Outside Property*** ***\$5,000***

The Commission's office is located at 40 Fountain Street in the City of Providence. The current 10-year lease was last renewed on April 30, 2011, and has an expiration date of November 30, 2021. Article 11 of the FY2022 Budget as Enacted authorizes the Commission to enter in a new 10-year lease at the same location. The new lease increased the annual rent. The FY2022 Budget as Enacted includes \$117,000, reflecting an increase of \$5,000 from the previous year.

## Office of the Governor

Expenditures By Program	FY2020	FY2021	FY2021	Change from		FY2022	Change from		
	Actual	Enacted	Revised	Enacted		Enacted	Enacted		
Governor	\$6.6	\$6.5	\$6.5	\$0.0	0.3%	\$6.7	\$0.2	3.7%	
<b>Expenditures By Source</b>									
General Revenue	\$5.5	\$6.5	\$6.5	\$0.0	0.3%	\$6.7	\$0.2	3.7%	
Federal Funds	1.1	-	-	-	-	-	-	-	
<b>Total</b>	<b>\$6.6</b>	<b>\$6.5</b>	<b>\$6.5</b>	<b>\$0.0</b>	<b>0.3%</b>	<b>\$6.7</b>	<b>\$0.2</b>	<b>3.7%</b>	
Authorized FTE Levels	45.0	45.0	45.0	-	-	45.0	-	-	

\$ in millions. Totals may vary due to rounding.

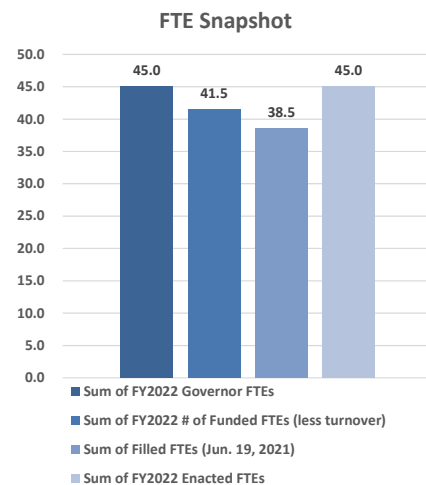
The Office of the Governor is one of five general offices subject to voter election under the Constitution of Rhode Island. The Office is responsible for directing the executive branch of government, including the preparation and submission of the annual state budget.

### MAJOR ISSUES AND TRENDS

The FY2021 Revised Budget for the Office of the Governor is \$6.5 million in general revenue, \$21,470 more than the amount appropriated in the FY2021 Budget as Enacted. The increase covers the payroll assessed fringe benefit assessment costs required for the last nine payroll periods to finance the ongoing Voluntary Retirement Incentive Program. The assessed fringe benefit personnel expense is a bi-weekly assessment of 3.95 percent charged to direct salaries.

The FY2022 Budget includes \$6.7 million in general revenue, reflecting a \$244,611 (3.7 percent) increase from the previous year. The majority of this funding (95.0 percent) supports personnel costs. The Budget includes 45.0 FTE positions in both FY2021 and FY2022, consistent with the enacted budget.

On March 2, 2021, Lieutenant Governor Daniel McKee assumed the position of Governor upon the resignation of the incumbent Governor.



<b>Governor</b>	<b>General Revenue</b>
FY2021 Enacted	\$6,459,015
<i>Target and Other Adjustments</i>	
Personnel Adjustments	232,917
Centralized Services	11,694
Contingency Fund	<i>Informational</i>
<b>FY2022 Enacted</b>	<b>\$6,703,626</b>

### Personnel Adjustments

**\$232,917**

The Budget includes \$6.1 million in general revenue for salary and benefits, resulting in a net increase of \$232,917 from the previous fiscal year. The increase in personnel expenses reflects increases in statewide planning value adjustments set by the Budget Office, such as health benefit costs and retirement contribution rates as well as a reduction of \$480,977 for projected turnover savings. The increase in personnel costs translates into an effective salary and benefit increase of 4.0 percent as compared to the FY2021 Budget as Enacted.

The projected turnover savings of \$480,977 for FY2022 equates to 3.6 FTE positions. This is \$150,791 or 1.3 FTE positions less than the \$631,768 turnover savings amount included in the FY2021 Budget as Enacted. As of the June 19, 2021, payroll period, the Office averaged 37.6 filled FTE positions over 26 payroll periods, leaving on average, 7.4 FTE positions vacant. The following table illustrates the history of filled FTE positions within the Office of the Governor, over the past seven fiscal years. On average, the Office experience has been 6.5 vacant FTE positions.

<b>Governor's Office</b>	<b>Authorized FTEs</b>	<b>Average Filled FTEs</b>	<b>Average FTE Vacancies</b>
FY2015	45.0	38.1	6.9
FY2016	45.0	40.1	4.9
FY2017	45.0	39.6	5.4
FY2018	45.0	38.9	6.1
FY2019	45.0	36.1	8.9
FY2020	45.0	39.3	5.7
FY2021	45.0	37.6	7.4
FY2022	45.0	N/A	N/A
<b>Average FTEs</b>	<b>45.0</b>	<b>38.5</b>	<b>6.5</b>

### **Centralized Services**

**\$11,694**

The Budget increases general revenue expenditures to reflect billed amounts for information technology services. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In FY2019 these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. The FY2021 Budget as Enacted appropriated \$136,955 for this expense, which is increased by \$11,694 to \$148,649 in the FY2022 budget.

### **Contingency Fund**

**Informational**

The Budget includes \$150,000 in general revenue for the contingency fund appropriation. The Governor's Office is annually appropriated general revenue for a contingency fund for unforeseen expenses. This is a discretionary spending account. The FY2021 Budget as Enacted included \$150,000 in general revenue. As of June 30, 2021, a total of \$106,032 is spent from the fund leaving a balance of \$43,968. The following table illustrates the contingency fund appropriations and expenditures over the past seven years:

<b>Contingency Fund</b>					
<b>Budget Year</b>	<b>Enacted/Request</b>	<b>Revised Changes</b>	<b>Total</b>	<b>Actual</b>	<b>Variance</b>
FY2015	\$250,000	\$0	\$250,000	\$89,199	\$160,801
FY2016	250,000	160,800	410,800	65,966	344,834
FY2017	250,000	(8,000)	242,000	172,350	69,650
FY2018	250,000	(32,911)	217,089	206,587	10,502
FY2019	200,000	-	200,000	156,590	43,410
FY2020	150,000	-	150,000	149,802	198
FY2021	150,000	-	150,000	106,032	43,968
FY2022	150,000	-	150,000	-	150,000

Source: Budget Data Tables and RIFANs

FY2021 Expenditures as of June 30, 2021

## Rhode Island Commission for Human Rights

<b>Expenditures By Program</b>	<b>FY2020 Actual</b>	<b>FY2021 Enacted</b>	<b>FY2021 Revised</b>	<b>Change from Enacted</b>		<b>FY2022 Enacted</b>	<b>Change from Enacted</b>	
Commission for Human Rights	\$1.8	\$1.9	\$1.9	\$0.0	0.6%	\$1.9	\$0.0	2.2%
<b>Expenditures By Source</b>								
General Revenue	\$1.2	\$1.3	\$1.4	\$0.0	0.7%	\$1.5	\$0.1	10.4%
Federal Funds	0.5	0.5	0.5	0.0	0.2%	0.4	(0.1)	-19.0%
<b>Total</b>	<b>\$1.8</b>	<b>\$1.9</b>	<b>\$1.9</b>	<b>\$0.0</b>	<b>0.6%</b>	<b>\$1.9</b>	<b>\$0.0</b>	<b>2.2%</b>
Authorized FTE Levels	14.5	14.5	14.5	-	-	14.0	(0.5)	-3.4%

The Rhode Island Commission for Human Rights enforces anti-discrimination laws in the areas of employment, housing, public accommodations, credit, and delivery of services. Major program activities include outreach and education, intake, investigation, conciliation, and administrative hearings.

The Commission is reimbursed \$800 for each co-filed employment case processed pursuant to its work-sharing agreement with the federal Equal Employment Opportunities Commission (EEOC). The Commission also receives a reimbursement between \$1,400 and \$3,100 for each co-filed housing case processed pursuant to its contract with the federal Department of Housing and Urban Development (HUD). Annual federal receipts are used to estimate the following federal fiscal year appropriation to the Commission. When the Commission processes fewer EEOC or HUD cases, the Commission receives a lower federal reimbursement, resulting in the need to appropriate additional general revenues to cover the annual operation of the Commission.

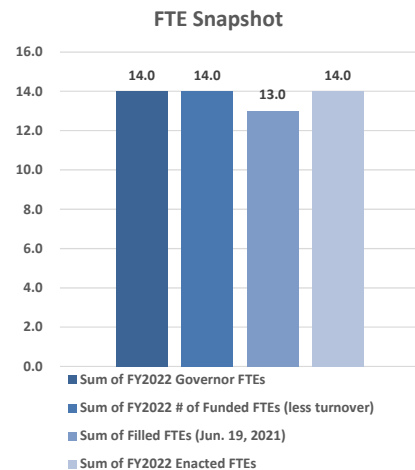
According to the most recently available data, during 2020, the Commission took an average of 379 days to process a case to final disposition, 236 days shorter than those processed during 2019 and 74 days longer than those processed during 2018.

### MAJOR ISSUES AND TRENDS

The FY2021 Revised Budget includes \$1.9 million in all funds, of which \$1.3 million is general revenue and \$522,355 is federal funds. This reflects an increase of \$3,975 in general revenue and an increase of \$1,189 in federal funds over the enacted budget.

The FY2022 Budget includes \$1.9 million in all funds, of which \$1.5 million is general revenue and \$422,418 is federal funds, reflecting an increase of \$138,375 in general revenue and a decrease of \$98,748 in federal funds largely reflecting the shift of rent costs back to general revenue.

The Budget includes 14.5 FTE positions in FY2021 and 14.0 FTE positions in FY2022, reflecting the elimination of a vacant 0.5 FTE Senior Compliance Officer position.



<b>Commission for Human Rights</b>	<b>General Revenue</b>
FY2021 Enacted	\$1,348,206
<i>Target and Other Adjustments</i>	27,971
Rental of Outside Property	67,344
Personnel Adjustments	43,060
<b>FY2022 Enacted</b>	<b>\$1,486,581</b>

<b>Commission for Human Rights</b>	<b>Other Funds</b>
Rental of Outside Property (federal funds)	(\$83,807)

**Rental of Outside Property** **\$67,344**

The Commission's office is located at 180 Westminster Street in the City of Providence. The lease was renewed on July 19, 2016, and expires in July 2021. The annual lease expense is \$198,439, a net decrease of \$16,463 from the previous fiscal year. The rental cost is split 72.0 percent general revenue and 28.0 percent federal funds. The FY2020 Budget shifted over 90.0 percent of the rental cost from general revenue to federal funds, of which half of the federal cost will be paid from Equal Employment Opportunities Commission (EEOC) funds and half from the federal Department of Housing and Urban Development (HUD).

The FY2021 Budget as Enacted continued the shift in rental costs to federal funds to reduce general revenue expenses and absorb an existing federal fund surplus in the agency. For FY2022, the rental costs shift back to general revenue because the actual and estimated federal receipts for FY2022 are not sufficient to fully cover these expenses. General revenues will account for \$142,454 of the rent cost and with federal funds accounting for \$55,985. There is a corresponding decrease of \$83,807 in federal funds for rental expenses.

**Personnel Adjustments** **\$43,060**

The Budget increases general revenue personnel expenditures by \$43,060, reflecting various adjustments, including no turnover or supplemental retirement contributions, step increases for three FTE positions, and a reduction of \$42,408 reflecting voluntary retirement incentive (VRI) savings achieved in the agency. The retirees included a 1.0 Chief Clerk position and a 1.0 HUD Project Director position.

<b>Personnel Expenses</b>	<b>FY2021 Enacted</b>	<b>FY2022 Enacted</b>	<b>Change</b>
Assessed Fringe Benefits	\$27,549	\$29,803	\$2,254
Defined Contribution Plan	6,495	7,141	646
Dental Insurance	7,706	8,141	435
Employees' Retirement	211,721	211,335	(386)
FICA: Medicare	10,114	10,258	144
FICA: Social Security	43,244	43,859	615
Longevity Pay	54,328	45,383	(8,945)
Medical Insurance	155,691	161,455	5,764
Payroll Accrual	4,073	4,387	314
Regular Wages	669,076	709,117	40,041
Retiree Health Insurance	40,940	39,837	(1,103)
Retirement Contribution per RIGL 36-10-2(e)(1)	(19,639)	-	19,639
Turnover	(25,942)	-	25,942
Vision Insurance	1,148	1,256	108
VRI Savings	-	(42,408)	(42,408)
<b>Total</b>	<b>\$1,186,504</b>	<b>\$1,229,564</b>	<b>\$43,060</b>

## Public Utilities Commission

Expenditures By Program	FY2020	FY2021	FY2021	Change from		FY2022	Change from	
	Actual	Enacted	Revised	Enacted		Enacted	Enacted	
Public Utilities Commission	\$9.6	\$11.7	\$11.8	\$0.1	0.8%	\$12.5	\$0.7	6.1%
<b>Expenditures By Source</b>								
Federal Funds	\$0.2	\$0.2	\$0.2	\$0.1	40.0%	\$0.5	\$0.4	208.6%
Restricted Receipts	9.4	11.6	11.6	0.0	0.2%	11.9	0.3	9.0%
<b>Grand Total</b>	<b>\$9.6</b>	<b>\$11.7</b>	<b>\$11.8</b>	<b>\$0.1</b>	<b>0.8%</b>	<b>\$12.5</b>	<b>\$0.7</b>	<b>6.1%</b>
Authorized FTE Levels	53.0	52.0	52.0	-	-	54.0	2.0	3.8%

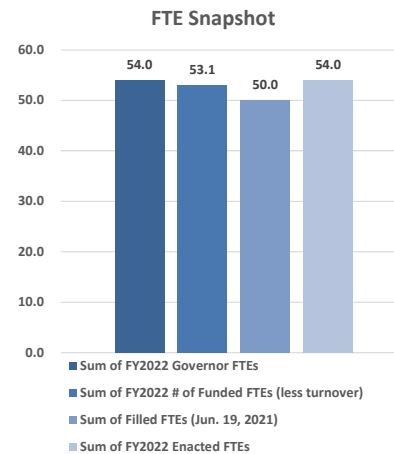
\$ in millions. Totals may vary due to rounding.

The Public Utilities Commission (PUC) regulates public utilities, Community Antenna Television, common carriers, and major energy facilities; regulates rates; ensures sufficient utility infrastructure to promote economic development; and, cooperates with other states and federal government agencies to coordinate efforts to meet objectives. The PUC is comprised of two distinct regulatory bodies: the Division of Public Utilities and Carriers (Division) and a three-member Commission (Commission). The Division carries out laws relating to public utilities and carriers, and the regulations and orders of the Commission governing the conduct and charges of the public utilities. The Commission serves as a quasi-judicial tribunal that holds investigations and hearings concerning utility rates, tariffs, tolls and charges, as well as facility accommodations and locations. The Commission is funded primarily through fees paid by utility companies.

### MAJOR ISSUES AND TRENDS

The FY2021 Revised Budget provides a total operating budget of \$11.8 million, including \$11.6 million in restricted receipts, and \$245,166 in federal funds. The recommendation represents an increase of \$94,254 (0.8 percent) from the FY2021 Budget as Enacted. As the agency does not receive any general revenue funding, the costs are a pass-through expenditure and are paid by the regulated utilities pursuant to RIGL 39-1-23.

The FY2022 Budget provides a total operating budget of \$12.5 million, including \$11.9 million in restricted receipts and \$540,253 in federal funds. The Budget reflects an all funds increase of \$717,953 (6.1 percent) compared to the FY2021 Budget as Enacted, and reflects an increase of \$352,874 in restricted receipts and \$365,079 in federal funds. The single largest increase is \$244,288 for the addition of 2.0 new FTE positions. The cost of the two new positions is split between federal funds and restricted receipts. The Budget provides a staffing level of 52.0 FTE positions in FY2021 and 54.0 FTE positions in FY2022 for the Commission, an increase of 2.0 FTE positions from the enacted budget.



The Public Utilities Commission pays an annual rent of \$333,420 for the rental of the state-owned office building at 89 Jefferson Boulevard in the City of Warwick.

Public Utilities Commission	Other Fund Changes
Personnel - New FTE Positions	\$248,695
Dual Party Phone Relay Service	(45,574)
Centralized Services	6,011

**Personnel – New FTE Positions (restricted receipts)****\$248,695**

The Budget adds 2.0 new FTE positions in FY2022 including a 1.0 Pipeline Safety Inspector I and a 1.0 Pipeline Safety Inspector III position. The Governor adds the positions to handle an increase in workload to expand the Division's capacity to inspect utility infrastructure. The U.S. Department of Transportation Pipeline and Hazardous Materials Safety Administration recommends that the State increase the number of personnel in the Commission's pipeline safety program. The addition of the two new positions is a top priority of the Commission in FY2022. The cost of the two new positions is evenly split between federal funds and restricted receipts.

<b>New Positions</b>	<b>Federal Funds</b>	<b>Restricted Receipts</b>	<b>Total Position Cost</b>
Pipeline Safety Inspector III	\$68,010	\$68,010	\$136,020
Pipeline Safety Inspector I	54,134	54,134	108,268
<b>Total</b>	<b>\$122,144</b>	<b>\$122,144</b>	<b>\$244,288</b>

In addition, the Division of Public Utilities and Carriers laid off three employees in order to add 3.0 Pipeline Safety Inspector I positions to expand the Division's capacity to inspect utility infrastructure and maintain the FTE position total within the authorized limit. The result is a net increase of \$4,407 split evenly between federal funds and restricted receipts.

<b>Laid Off Positions</b>	<b>Federal Funds</b>	<b>Restricted Receipts</b>	<b>Total Position Cost</b>
Motor Carrier Compliance Inspector	\$40,126	\$40,126	\$80,252
Principal Auditor	61,244	61,244	122,488
Information Services Technician I	46,365	46,365	92,731
<b>Total</b>	<b>\$147,735</b>	<b>\$147,735</b>	<b>\$295,470</b>

<b>Replacement Positions</b>	<b>Federal Funds</b>	<b>Restricted Receipts</b>	<b>Total Position Cost</b>
Pipeline Safety Inspector I	\$52,227	\$52,227	\$104,454
Pipeline Safety Inspector I	50,553	50,553	101,107
Pipeline Safety Inspector I	47,158	47,158	94,317
<b>Total</b>	<b>\$149,939</b>	<b>\$149,939</b>	<b>\$299,877</b>

<b>Net Change</b>	<b>\$2,203</b>	<b>\$2,203</b>	<b>\$4,407</b>
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**Dual Party Phone Relay Services (restricted receipts)****(\$45,574)**

The Budget decreases restricted receipt expenses by \$45,574 reflecting a decrease in the projected expenditures to occur in FY2022. The dual party phone relay funds are used for telephone services access for people with disabilities. There is a \$.09 cent surcharge on landlines in the state used to fund the relay service. Per state law, annual payments are made to the Department of Human Services and to the Rhode Island Commission on Deaf and Hard of Hearing. During the FY2019 audit by the Office of the Auditor General, the Office proposed an audit adjustment to reclassify the escrow account as a restricted receipt.

**Centralized Services (restricted receipts)****\$6,011**

The Budget increases restricted receipt expenditures to reflect billed amounts for information technology services. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In FY2019 these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. The FY2021 Budget as Enacted appropriated \$130,456 for this expense, which is increased by \$6,011 to \$136,467 in the FY2022 budget.



**CAPITAL PROJECTS**

The 5-year capital plan includes \$750,000 in restricted receipts for two capital projects including ongoing asset protection of the state-owned facility at 89 Jefferson Boulevard in the City of Warwick and to develop an online electronic business portal (EBP).

- The Budget includes \$250,000 in FY2021 to complete the development of an online electronic business portal (EBP) for docket (official proceedings) management and for e-filing capabilities. The EBP will have an in-house scheduler for Commission employees to track dockets and tasks assigned to each docket, and will have a list server to allow the public to track specific dockets. The EBP will relieve the Division and Commission staff of document filing and document management responsibilities. The total project cost is \$500,000. The FY2020 capital budget included \$250,000 in restricted receipts for the project.
- The Budget includes \$200,000 in FY2022, \$100,000 in FY2023, \$100,000 in FY2024, and \$50,000 in FY2025 to fund five asset protection projects between FY2022 and FY2025, including replacing exterior windows, the roof membrane, handicap railings and ramp, resurface the parking lot, and to do interior renovations. The structure has been used by the Division of Public Utilities and Carriers/Public Utilities Commission since 2002 for office and public hearing space.

The Public Utilities Commission and the Division of Public Utilities and Carriers assess public utility corporations up to \$300,000 per fiscal year for capital, asset protection, or maintenance programs for the Division. Assessments on public utilities are placed into a restricted receipt account and used for capital projects.



## Executive Office of Commerce

Expenditures By Program	FY2020	FY2021	FY2021	Change from		FY2022	Change from	
	Actual	Enacted	Revised	Enacted	Enacted	Enacted	Enacted	Enacted
Central Management	\$2.0	\$2.0	\$3.8	\$1.8	93.3%	\$9.5	\$7.6	385.9%
Commerce Programs	1.2	1.2	1.2	-	-	1.6	0.4	33.3%
Economic Development Initiatives Fund	1.8	165.2	72.9	(92.3)	-55.9%	110.7	(54.5)	-33.0%
Housing and Community Development	11.2	34.5	41.5	7.0	20.4%	49.8	15.3	44.3%
Quasi-Public Appropriations	21.4	12.6	12.6	0.0	0.0	21.1	8.5	67.3%
<b>Total</b>	<b>\$37.7</b>	<b>\$215.5</b>	<b>\$132.1</b>	<b>(\$83.4)</b>	<b>-38.7%</b>	<b>\$192.7</b>	<b>(\$22.8)</b>	<b>-10.6%</b>
<b>Expenditures By Source</b>								
General Revenue	\$17.8	\$40.3	\$54.8	\$14.5	36.0%	\$98.8	\$58.6	145.3%
Federal Funds	6.5	170.0	72.0	(97.9)	-57.6%	79.6	(90.3)	-53.2%
Restricted Receipts	4.2	4.7	4.7	0.0	0.0%	7.7	3.0	62.4%
Other Funds	9.3	0.5	0.5	0	0	6.6	6.1	1189.8%
<b>Total</b>	<b>\$37.7</b>	<b>\$215.5</b>	<b>\$132.1</b>	<b>(\$83.4)</b>	<b>-38.7%</b>	<b>\$192.7</b>	<b>(\$22.8)</b>	<b>-10.6%</b>
Authorized FTE Levels	16.0	14.0	14.0	0.0	0.0%	16.0	2.0	14.3%

*\$ in millions. Totals may vary due to rounding.*

The Executive Office of Commerce (EOC) was established pursuant to RIGL 42-64.19 to be the principal agency of the executive branch of State government for managing the promotion of commerce and the economy in the State. The Secretary of Commerce oversees the Executive Office of Commerce. The agency is charged with coordinating a cohesive direction for the State's economic development activities and to be the lead agency for economic development throughout Rhode Island.

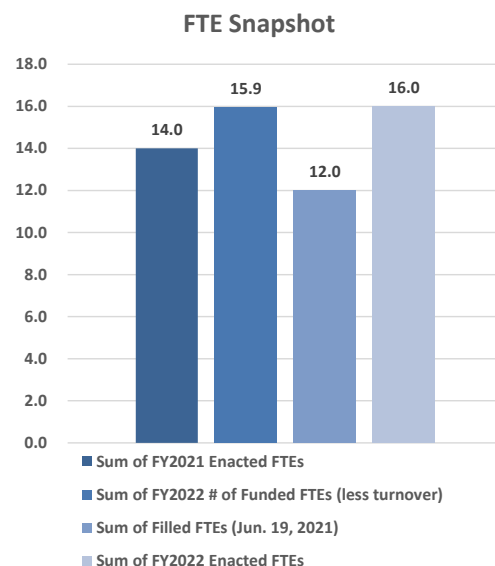
The Housing and Community Development program was transferred to the Executive Office of Commerce by the General Assembly in FY2016. In addition, the funding and administration for the Rhode Island Commerce Corporation and the I-195 Redevelopment Commission, both previously funded in the Department of Administration, were transferred to the Executive Office of Commerce. The RI Commerce Corporation (Commerce RI) is a quasi-public agency responsible for implementing statewide economic development programming including business relocation services, business financing, tourism support, and incentive programs.

### MAJOR ISSUES AND TRENDS

The Budget provides a total of \$192.7 million to fund the economic development initiatives and operations of the Executive Office of Commerce and Commerce RI in FY2022. Just over half of this, or \$98.8 million, is general revenue, an increase of \$58.6 million (145.3 percent) from the FY2021 Enacted level. The Budget authorizes 14.0 FTE positions in FY2021 and 16.0 in FY2022. As of June 19, 2021, EOC had 12.0 filled FTE positions.

#### **Pandemic Relief Funding Changes**

The Executive Office of Commerce is the lead State agency coordinating and funding business recovery efforts in response to the COVID-19 pandemic. In partnership with RIHousing, it is also the lead State agency for emergency rental assistance programs. The EOC is charged with administering federal Coronavirus Relief Funds (CRF),



other CARES Act monies, and American Rescue Plan Act (ARP) funds appropriated for these purposes.

- **ARP - EAA Revolving Loan Fund:** The Budget includes \$6.8 million in federal American Rescue Plan Act (ARP) funding in FY2022 from the U.S. Department of Commerce’s Economic Adjustment Assistance Revolving Loan Fund (EAA RLF) program. The program supports loans to businesses that cannot otherwise obtain traditional bank financing.
- **ARP - Small Business Credit Initiative:** The Budget includes \$56.2 million in federal American Rescue Plan Act (ARP) funding in FY2022 from the U.S. Treasury’s State Small Business Credit Initiative (SSBCI) grant. The grant provides small business credit support and investment programs, which the Executive Office of Commerce will administer.
- **COVID-19 – Staff Expenditures:** The Budget restores \$362,290 in general revenue personnel expenditures that were shifted to federal pandemic relief funds in FY2021.
- **COVID-19 – Restore RI:** The Budget includes a \$141.3 million reduction in federal pandemic relief funding within the Economic Development Initiatives program in FY2022 and a net reduction of \$107.3 million in FY2021 compared to the Enacted Budget. These reductions primarily reflect the shifting of Coronavirus Relief Funds (CRF) from the Executive Office of Commerce to the Departments of Administration (DOA) and Revenue (DOR) in FY2021. There are no funds provided for the programs in FY2022.
- **COVID-19 – Housing Relief:** The Budget includes a net increase of \$7.5 million in federal funding in FY2021. There are no funds provided for the programs in FY2022, resulting in a net \$8.1 million reduction in FY2022 related to pandemic housing relief programming.

### ***Economic Development Incentives***

In 2015, the General Assembly established numerous economic development incentives to spur investment in new capital and critical industry sectors, improve the workforce, and promote innovation. General revenue appropriations supporting these incentives totaled \$136.8 million prior to FY2021. The FY2021 Budget includes an additional \$40.1 million and the FY2022 Budget includes \$56.1 million. The following table shows the total appropriations, awards, and remaining balances for each of the incentives:

<b>Incentive</b>	<b>Pre-FY2021</b>	<b>FY2021</b>	<b>FY2021</b>	<b>FY2022 Appropriated To</b>		<b>Awarded to</b>		<b>Balance</b>
		<b>Enacted</b>	<b>Revised</b>	<b>Enacted</b>	<b>Date</b>	<b>Date</b>		
Rebuild RI	\$59.7	\$22.5	\$37.5	\$52.5	\$149.7	\$206.7		(\$57.0)
I-195 Redevelopment Fund	28.0	-	-	-	28.0	26.0		2.0
First Wave Closing Fund	15.3	-	-	-	15.3	3.3		12.0
Wavemaker Fellowship	7.3	1.2	1.2	1.6	10.1	3.3		6.8
Small Business Assistance Fund	6.0	-	-	0.7	6.6	4.6		2.0
Innovation Initiative	10.5	1.0	1.0	1.0	12.5	7.0		5.5
Main Street RI Streetscape Improvement Fund	3.0	-	-	-	3.0	2.8		0.2
Air Service Development Fund	2.5	-	-	-	2.5	2.0		0.5
P-Tech	2.5	-	-	-	2.5	1.5		1.0
Industry Cluster Fund	1.5	0.1	0.1	-	1.6	1.3		0.2
SupplyRI/Small Business Promotion	0.6	0.3	0.3	0.3	1.2	0.9		0.3
Qualified Jobs Tax Incentive	-	-	-	-	-	76.4		(76.4)
Tax Increment Financing	-	-	-	-	-	80.1		(80.1)
Tax Stabilization Agreement Incentive	-	-	-	-	-	0.4		(0.4)
<b>Total</b>	<b>\$136.8</b>	<b>\$25.1</b>	<b>\$40.1</b>	<b>\$56.1</b>	<b>\$233.0</b>	<b>\$416.4</b>		<b>(\$183.4)</b>

*\$ in millions*

*Totals through June 30, 2021*

- **Rebuild RI:** The Budget provides \$37.5 million and \$52.5 million in FY2021 and FY2022, respectively, to assist economic development projects through the Rebuild RI program. The FY2022 appropriation is the largest to date and is 195.0 percent greater than the average annual allotment. This represents a significant down payment on the \$206.7 million in Rebuild RI tax credits and sales tax exemptions that have been awarded so far. The use of these one-time general revenues will lower the out-year obligations to pay for the program.

- **Wavemaker:** The Budget provides \$1.6 million to help retain talented graduates through the Wavemaker Fellowship program, \$400,000 more than the enacted level. Article 9 includes technical amendments to the program that clarify that awards are exempt from state taxation and that eligible expenses include only those that were both incurred and paid by fellows.
- **Innovation Initiative:** The Budget provides \$1.0 million in FY2022 for the Innovation Initiative. The program provides voucher payments that may be used to procure research and development technical assistance and provides matching fund grants to small businesses in key industry sectors.
- **Small Business Assistance:** The Budget provides \$650,000 million to support the Small Business Assistance Program, which has not received additional funding since FY2020. The program engages private lenders to support businesses with fewer than 200 employees. The Budget also includes \$300,000 for the State’s SupplyRI/Small Business Promotion program.
- **Supply RI:** The Budget provides \$300,000 in general revenue in FY2022 for SupplyRI. The program is designed to increase the number of Rhode Island-based suppliers that major Rhode Island companies use.
- **Competitive Cluster Grants:** The General Assembly chose not to reauthorize the EOC’s Industry Cluster Grant program, allowing it to sunset as of June 30, 2021. The program provided businesses within the State’s designated growth sectors with startup and technical assistance funding.

#### ***Housing Organization, Policy, and Funding Changes***

The Budget makes significant changes to how the State is organized around housing policy development, administration, and funding. These include:

- **Reorganization of Housing Governance:** Article 14 of the Budget modifies how the State is organized around housing and homelessness issues by augmenting the role of the Housing Resources Agency Coordinating Committee (HRACC) and providing for an Executive Director to function as the State’s “Housing Czar”.
- **Funding for Housing Development:** The Budget provides \$25.0 million in one-time general revenue to capitalize a new restricted fund that will support the production of affordable housing. Article 14 of the creates the new restricted receipt fund, called the Housing Production Fund (HPF), and establishes a new dedicated funding stream for affordable housing construction by increasing the real estate conveyance tax on the property value above \$800,000 and depositing it into the HPF.
- **Housing Incentives for Municipalities (HIM):** Article 14 modifies a new incentive for municipalities to support and develop housing by making school impact offset payments through RIHousing.

#### **CENTRAL MANAGEMENT**

The Central Management program is responsible for supervising, coordinating, and monitoring all departmental functions by providing leadership, management, and strategic planning activities.

<b>Central Management</b>	<b>General Revenue</b>
FY2021 Enacted	\$1,695,037
<i>Target and Other Adjustments</i>	<i>(98,979)</i>
Salary and Benefits Changes	624,341
Centralized Services Charges	<i>(18,188)</i>
<b>FY2022 Enacted</b>	<b>\$2,202,211</b>

<b>Central Management</b>	<b>Other Fund Changes</b>
ARP - EAA Revolving Loan Capitalization (federal funds)	6,836,000

**Salary and Benefits Changes** **\$624,341**

The Budget includes an additional \$624,341 in personnel costs in FY2022 within the Central Management program. The Budget adds a 1.0 new Deputy Secretary FTE position with responsibilities for overseeing housing policy development and administration.

- **Deputy Secretary:** The Budget authorizes a new 1.0 Deputy Chief of Staff/Policy FTE position within the Executive Office Commerce and \$262,051 in general revenue in FY2022. This position will be used to hire a Deputy Secretary of Commerce. Article 14 establishes criteria for the hiring of this position, including that the individual have extensive graduate school and work experience related to urban planning or economics. The position is charged with overseeing all housing initiatives in the State, developing a statewide housing plan, coordinating interagency implementation, policy development, and other housing-related activities, and developing a comprehensive annual report on the status and need of housing in the State to be submitted to the Governor and General Assembly. The Article 14 also enables the Deputy Secretary to serve as the executive director of the Housing Resources Commission and to staff the HRACC.
- **COVID-19 – Staff Expenditures:** The Budget restores \$362,290 in general revenue personnel expenditures that were shifted to federal pandemic relief funds in FY2021. Payroll expenses for Commerce RI staff activity directed towards COVID-19 emergency response and relief efforts focused on Rhode Island businesses were considered eligible for Coronavirus Relief Funding, allowing for general revenue savings in FY2021. This funding is not available in FY2022. There is a corresponding decrease in federal funds in FY2022.

**Centralized Services Charges** **(\$18,188)**

The Budget includes an \$18,188 reduction in general revenue centralized services spending as compared to the FY2021 enacted level. This includes an \$11,521 savings related to a reduced Division of Information Technology billing. It also includes a \$6,667 reduction related to centralized human resources charges that reflect the program's historic expenses.

	<b>FY2021</b>	<b>FY2022</b>	
<b>Centralized Services Charges</b>	<b>Enacted</b>	<b>Governor</b>	<b>Change</b>
Information Technology	40,443	28,922	<i>(\$11,521)</i>
Human Resources	27,504	20,837	<i>(6,667)</i>
<b>Total</b>	<b>\$67,947</b>	<b>\$49,759</b>	<b>(\$18,188)</b>

**ARP - EAA Revolving Loan Capitalization (federal funds)** **\$6.8 million**

The Budget includes \$6.8 million in federal American Rescue Plan Act (ARP) funding in FY2022 from the U.S. Department of Commerce's Economic Adjustment Assistance Revolving Loan Fund (EAA RLF) program. The program supports loans to businesses that cannot otherwise obtain traditional bank financing and provide access to capital as gap financing that enables small businesses to grow and lead to new

employment opportunities with competitive wages and benefits. These funds will be available through FY2022.

### COMMERCE PROGRAMS

The Budget includes \$1.6 million from general revenues in FY2022 to support Commerce Programs. The funding recommendation is \$400,000 more than the FY2021 Enacted level.

<b>Commerce Programs</b>	<b>General Revenue</b>
FY2021 Enacted	\$1,200,000
<i>Target and Other Adjustments</i>	-
Wavemaker Fellowship	400,000
<b>FY2022 Enacted</b>	<b>\$1,600,000</b>

#### **Wavemaker Fellowship** **\$400,000**

The Wavemaker Fellowship is a competitive student loan reimbursement program for college graduates who take employment in science, technology, engineering, and mathematics (STEM) fields in Rhode Island. The program provides Wavemaker Fellows with refundable personal income tax credits that can be used to offset their annual student loan payments for up to four years. The amount of the tax credit depends upon the degree earned by the taxpayer, i.e. \$1,000 for an associate's degree and up to \$6,000 for a graduate or post-graduate degree.

Cohort	Fellows*	Appropriation	Original Award	Amount	
				Reimbursed to Date	Outstanding Balance
2016	208	\$1,700,000	\$788,049	\$668,135	\$119,914
2017	219	2,000,000	862,597	108,241	754,356
2018	236	800,000	856,314	427,615	428,699
2019	153	1,600,000	579,489	-	579,489
2020	215	1,200,000	-	-	-
2021	215	1,200,000	-	-	-
2022	-	1,600,000	-	-	-
<b>Total</b>		<b>\$10,100,000</b>	<b>\$3,086,449</b>	<b>\$1,203,991</b>	<b>\$1,882,458</b>

\*Applications and awards for the FY 2021 Wavemaker Fellowship program are still in process. The number of fellows for FY2021 is an estimate from EOC.

Article 9 of the Budget clarifies that all tax credit awards made to fellows under the program are exempt from all State taxes.

For purposes of the Wavemaker Fellowship program, awards may be delivered as an up-front tax credit redemption or as a tax credit certificate when filing a tax return. State law exempts up-front redemptions from State taxation; however, tax credit certificates are still subject to tax. Article 9 exempts the latter from taxation. This policy change results in a general revenue reduction of \$2,707 in FY2022.

According to the EOC, the increase in funding will allow the program to support a sixth cohort in FY2022.

### ECONOMIC DEVELOPMENT INITIATIVES FUND

The Budget provides \$54.5 million from general revenues in FY2022 to support various incentives, business assistance, and development programs designed to create and expand economic development in Rhode Island. The recommendation is \$30.6 million more than the FY2021 Budget as Enacted.

Economic Development Initiatives Fund	General Revenue
FY2021 Enacted	\$23,900,000
<i>Target and Other Adjustments</i>	
Rebuild RI	30,000,000
Small Business Assistance	650,000
Industry Cluster Grant Program	(100,000)
Innovation Initiatives	Informational
SupplyRI	Informational
<b>FY2022 Enacted</b>	<b>\$54,450,000</b>

Economic Development Initiatives Fund	Other Fund Changes
Pandemic Relief (federal funds)	(141,300,000)
State Small Business Credit Initiative (federal funds)	56,234,176

### **Rebuild RI** **\$30.0 million**

The FY2022 Budget provides \$52.5 million for the Rebuild RI program, \$30.0 million more than the FY2021 Budget as Enacted amount. The Rebuild Rhode Island program uses both tax credit and sales tax exemption to promote investment in real estate development for commercial and/or residential use. The Commerce Corporation has awarded \$206.7 million in combined tax credits and sales tax exemptions. Appropriated general revenue is set aside in the Rebuild RI Fund. On an annual basis, the Commerce Corporation works with the Executive Office of Commerce (EOC), the Department of Administration (DOA), and the Division of Taxation to determine the availability of funds to award new tax credits and sales tax exemptions. The Director of Revenue requests the amounts necessary to offset the revenue loss that occurs the credits and exemptions are exercised.

Rebuild RI Tax Credits and Exemptions		
Budget	Appropriation	Awarded
2016 Enacted (Final)	\$1,000,000	\$32,944,041
2017 Enacted (Final)	25,000,000	56,334,991
2018 Enacted (Final)	12,500,000	38,266,656
2019 Enacted (Final)	11,200,000	14,617,222
2020 Enacted (Final)	-	13,342,889
2021 Enacted	22,500,000	51,184,991
<i>Subtotal - Activity to Date</i>	<i>\$72,200,000</i>	<i>\$206,690,790</i>
2021 Revised	37,500,000	-
2022 Enacted	52,500,000	-
<b>Total</b>	<b>\$139,700,000</b>	<b>\$206,690,790</b>

The following table provides the estimated obligations and annual drawdowns by fiscal year. It also shows an appropriation scenario that sufficiently covers planned draw down activity. The combined FY2021 and FY2022 investment of \$90.0 million reduces the amount of out-year appropriations, originally estimated to average \$25.0 million annually, necessary to cover the draw downs and leave a reasonable ending balance, for the following fiscal year.

Estimated Cash Flow Summary for Rebuild RI											
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Beginning Balance	\$48.2	\$38.7	\$53.9	\$67.3	\$51.4	\$30.6	\$18.4	\$14.8	\$17.9	\$15.9	\$9.2
Combined Draw Downs*	(9.5)	(22.3)	(39.1)	(30.9)	(35.8)	(22.2)	(13.6)	(6.9)	(2.0)	(6.7)	0.0
Estimated Appropriation <sup>^</sup>	<b>0.0</b>	<b>37.5</b>	<b>52.5</b>	<b>15.0</b>	<b>15.0</b>	<b>10.0</b>	<b>10.0</b>	<b>10.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Ending Balance	38.7	53.9	67.3	51.4	30.6	18.4	14.8	17.9	15.9	9.2	9.2

\*Includes tax credits and sales tax exemptions. Amounts take into consideration all projects as of May 10, 2021.

<sup>^</sup> Appropriation levels for FY2023 through FY2030 have been chosen for demonstration purposes only. The appropriation amounts are Senate Fiscal

### **Small Business Assistance** **\$650,000**

The Governor's proposed FY2022 Budget included \$1.0 million for the Executive Office of Commerce's Small Business Assistance program, which helps small businesses (under 200 employees) gain access to capital through the Commerce Corporation's lending partners. Since it was established in 2015, the program has disbursed \$4.3 million through its partners, generating \$20.9 million in total loans to 150 businesses.



The Budget reduces the appropriation to \$650,000 and shifts \$350,000 to the University of Rhode Island's Small Business Development Center (SBDC), augmenting the latter's FY2022 Budget to \$700,000. The SBDC provides small business owners with the no cost expert counseling, relevant training, and access to important resources. Since FY2018, the SBDC has received \$350,000 annually in state support, which has then been used to leverage additional federal funding. However, additional funding in FY2022 is necessary in order to fully meet the current matching requirements. According to the RISBDC, every \$1 of state investment generates \$3 in state return.

The Small Business Assistance incentive program was established to help small businesses (under 200 employees) gain access to capital. The program originally received a \$5.5 million general revenue appropriation in FY2016 as capitalization. Grants are capped at \$750,000. According to the Executive Office of Commerce, the program offers more operating flexibility than the long-standing Small Business Loan Fund, which is subject to federal regulations from the U.S. Economic Development Administration. The Commerce Corporation partners with private lending institutions to administer the applications and program. The following table shows the lenders, total value of loans originated, and amount of Small Business Assistance incentive program funds used through December 2020:

<b>Lender</b>	<b>Total Value of Loans Originated</b>	<b>SBA Incentive Funds</b>
Business Development Co of RI	\$10,286,499	\$702,588
South Eastern Economic Devel. Corp (SEED)	3,868,750	1,246,300
BDC Capital of MA	3,600,500	1,103,000
Community Investment Corporation (CIC)	2,071,074	672,115
CIC Microloans	483,500	252,250
CWE Microloans	159,000	159,000
SEG Microloans	127,500	118,750
Rhode Island Black Business Association	66,300	66,300
<b>Total</b>	<b>\$20,663,123</b>	<b>\$4,320,303</b>

The FY2019 Budget as Enacted increased the amount of Small Business Assistance program funds available for "micro loans" (\$2,000 to \$25,000) from 10.0 percent to 25.0 percent. The loans may be used to provide:

- Additional capital to businesses;
- Direct lending for subordinated and mezzanine debt (debt that is associated with acquisitions and buyouts where it may be used to prioritize new owners ahead of existing owners in case of bankruptcy, or be used to convert a debt into a stock option); or
- Collateral support and enhancement.

#### **Industry Cluster Grant Program**

**(\$100,000)**

The Budget does not reauthorize the Executive Office of Commerce's Industry Cluster Grant program and does not include any funding in FY2022, reflecting a \$100,000 reduction compared to the FY2021 Budget as Enacted. Established in FY2016, the program provided matching grants to start or improve industry sector partnerships or "clusters". These partnerships are intended to facilitate the exchange of ideas, solve problems unique to the sector, share personnel and technology resources. The General Assembly has appropriated \$1.5 million for the program since it was established and the Commerce Corporation has awarded \$1.3 million to 12 industry partnerships and one business accelerator.

#### **Innovation Initiatives**

**Informational**

Established in FY2016, the Commerce Corporation's Innovation Initiatives provide financial assistance to small businesses (under 500 employees) meant to support their competitiveness. The initiatives include:

- Voucher Program:** The Voucher program provides voucher payments that may be used to procure research and development technical assistance from state or regional higher education institutions, or other providers. These vouchers range from \$5,000 to \$50,000. They may also be used to support the commercialization of a new product, process, or service; access scientific, engineering, and design expertise; support technological development and exploration; and to support the scale-to-market development of innovative ideas.
- | Budget                             | Appropriation      |
|------------------------------------|--------------------|
| 2016 Final                         | \$1,000,000        |
| 2017 Final                         | 1,500,000          |
| 2018 Final                         | 1,000,000          |
| 2019 Final                         | 1,000,000          |
| 2020 Final                         | 1,000,000          |
| 2021 Enacted                       | 1,000,000          |
| <i>Subtotal - Activity to Date</i> | <i>\$6,500,000</i> |
| 2021 Final                         | 1,000,000          |
| 2022 Enacted                       | 1,000,000          |
| <b>Total</b>                       | <b>\$7,500,000</b> |
- Innovation Network Grant Program:** The Innovation Network Grant program provides matching fund grants to small businesses in key industry sectors. Funds may be used to access technical assistance, obtain business operating space, and to access capital from private and non-profit organizations. Grants may only be awarded when there are demonstrated matching private or nonprofit funds.
  - Program Funding:** The FY2022 Budget provides \$1.0 million in FY2022 for the Innovation Initiatives, equal to the enacted level. The General Assembly has appropriated \$6.5 million for the program since it was established and the Commerce Corporation has provided \$2.2 million in matching grants and issued \$4.3 million in vouchers to 102 recipients.

### SupplyRI

### Informational

In FY2019 the EOC launched an initiative, called Supply RI, designed to increase the number of Rhode Island-based suppliers that major Rhode Island companies use. The EOC, in partnership with the Heron Foundation and the Rhode Island Foundation, developed a networking platform that facilitates the connection between large companies and smaller suppliers. The initiative provides ongoing technical assistance to suppliers to help them compete with out-of-State entities. The Budget provides \$300,000 in general revenue in FY2022 for SupplyRI, equal to the enacted level. The General Assembly has appropriated \$1.2 million to the initiative since FY2019.

### Pandemic Relief (federal funds)

**(\$141.3 million)**

The Budget includes a \$141.3 million reduction in federal pandemic relief funding within the Economic Development Initiatives program in FY2022 and a net reduction of \$107.3 million in FY2021. These reductions primarily reflect the shifting of Coronavirus Relief Funds (CRF) from the Executive Office of Commerce to the Department of Administration (DOA) and Revenue (DOR) in FY2021. There are no funds provided for the programs in FY2022.

Initiative	FY2021 Enacted	FY2021 Revised	Change			Total Change
			EOC	DOR	DOA	
EOC - Restore RI Business Support Grants	\$65,500,000	\$4,000,000	(\$61,500,000)	-	-	(\$61,500,000)
EOC - Business Interruption Grants	55,800,000	-	(55,800,000)	-	-	(55,800,000)
EOC - Restore RI H.Ar.T.	20,000,000	-	(20,000,000)	-	-	(20,000,000)
EOC - Governor's Small Business Relief Initiative	-	30,000,000	30,000,000	-	-	30,000,000
DOA - Restore RI Transfer	-	87,363,916	-	-	87,363,916	87,363,916
DOR - Restore RI H.Ar.T.	-	19,936,084	-	19,936,084	-	19,936,084
DOR - Restore RI H.Ar.T. additional funding	-	26,163,916	-	19,936,084	-	26,163,916
<b>Total</b>	<b>\$141,300,000</b>	<b>\$167,463,916</b>	<b>(\$107,300,000)</b>	<b>\$39,872,168</b>	<b>\$87,363,916</b>	<b>\$26,163,916</b>

The FY2021 Budget as Enacted included \$141.3 million in CRF funds within the EOC's Economic Development Initiatives (EDI) program to assist business impacted by the pandemic. The umbrella initiative known as Restore RI included several grant programs. The FY2021 Budget as Enacted provided \$65.5 million to support grants of up to \$30,000 to assist small business and non-profit organizations (excluding higher education and health care) to support repositioning efforts in a pandemic business climate, financial planning assistance, receivership assistance, training and technical assistance, remote work capabilities, and other non-profit relief. Another \$55.8 million was appropriated for business interruption grants that pay for personal protective equipment, physical alterations, and fixed costs such as

rent and utilities. Lastly, \$20.0 million was appropriated to support the hard hit hospitality, arts, and tourism (H.Ar.T) industries.

The FY2021 Revised Budget adjusts and shifts these appropriations to several agencies other than EOC. The Revised Budget shifts \$87.4 million from the EDI program to the Department of Administration and \$20.0 million to the Department of Revenue, for a total of \$107.3 million. The former transfer is consistent with the Governor's decision to consolidate the CRF funds administered across agencies within DOA for accounting purposes. The decision to shift the \$20.0 million in Restore RI H.Ar.T funds to DOR was made because the refund payment system used by the Division of Taxation was determined to be the most expeditious to disburse funds. The Revised Budget also adds \$26.2 million for this program in DOR's Revised Budget. The Budget also provides \$4.0 million in CRF to use towards the administration of the Restore RI program. Lastly, the Budget provides \$30.0 million for an additional new small business grant program in FY2021.

The Budget does not include funding for any of these programs in FY2022, representing a \$141.3 million reduction in CRF funds within the EDI program compared to the enacted level.

**State Small Business Credit Initiative (federal funds)**

**\$56.2 million**

The Budget includes \$56.2 million in federal American Rescue Plan Act (ARP) funding in FY2022 from the U.S. Treasury's State Small Business Credit Initiative (SSBCI) grant. The grant provides small business credit support and investment programs, which the Executive Office of Commerce will administer. Funding may be used for small business financing programs and technical assistance to small businesses applying for SSBCI and other government programs. Small business financing programs that SSBCI funds may be used to support include capital access programs, loan participation, loan guarantee, collateral support, and venture equity programs.

**OFFICE OF HOUSING AND COMMUNITY DEVELOPMENT**

The Office of Housing and Community Development (OHCD) provides opportunities for healthy and affordable housing through production, lead hazard mitigation, and the coordination of the homeless system and implementation of the State's plan to end homelessness. The federal Community Development Block Grant (CDBG) provides funding to 33 municipalities to address housing and community development needs. Prior to FY2016, the program was administered by the Division of Planning under the Department of Administration.

<b>Housing and Community Development</b>	<b>General Revenue</b>
FY2021 Enacted	\$1,380,228
<i>Target and Other Adjustments</i>	<i>9,613</i>
Housing Production Fund	25,000,000
Pandemic Housing Relief	(400,000)
Salary and Benefits Changes	75,659
Centralized Services Charges	(18,909)
<b>FY2022 Enacted</b>	<b>\$26,046,591</b>
<b>Housing and Community Development</b>	<b>Other Fund Changes</b>
Federal Grants (federal funds)	(8,087,312)

**Housing Production Fund**

**\$25.0 million**

The Budget provides \$25.0 million in one-time general revenue to capitalize a new restricted fund that will support the production of affordable housing in Rhode Island. Article 14 establishes a new fund to finance housing programs in the State. The Housing Production Fund (HPF) is a new restricted receipt fund for the purposes of providing "financial assistance by loan, grant, or otherwise for the planning, production, or

preservation of affordable housing in Rhode Island for households earning not more than 80.0 percent of area median income”. The fund may also be used to support technical and financial assistance for municipalities to support increased local housing production.

In addition to the one-time general revenue infusion, the HPF will also have a dedicated revenue stream. Article 14 increases the real estate conveyance tax on the portion of real estate value over \$800,000, with the marginal new revenue to be deposited into the HPF and used to support increased affordable housing opportunities in the State.

### **Pandemic Housing Relief**

**(\$400,000)**

The Budget includes \$400,000 in general revenue savings and \$8.1 million in federal funds savings in FY2022 related to OHCD pandemic relief programs.

Program	FY2020 Actual		FY2021 Enacted		FY2021 Revised		Change		FY2022 Enacted		Change	
	GR	Federal	GR	Federal	GR	Federal	GR	Federal	GR	Federal	GR	Federal
Eviction Diversion Program (CRF)	-	-	\$300,000	\$7,269,000	-	\$7,269,000	(\$300,000)	-	-	-	(\$300,000)	(\$7,269,000)
Housing Help RI (CRF)	-	-	-	5,050,000	-	6,986,741	-	\$1,936,741	-	-	-	(5,050,000)
CDBG Program (CARES)	-	25,077	-	-	-	2,931,290	-	\$2,931,290	-	5,336,476	-	5,336,476
Homelessness Response - (FEMA)	-	48,476	-	-	-	1,849,000	-	\$1,849,000	-	3,344,050	-	3,344,050
Landlords Incentive Program (CRF)	-	-	100,000	400,000	-	300,000	(100,000)	(\$100,000)	-	-	(100,000)	(400,000)
ESG Program (CARES)	-	313,890	-	-	-	851,539	-	\$851,539	-	47,643	-	47,643
HOPWA (CARES)	-	10,089	-	-	-	132,782	-	\$132,782	-	5,112	-	5,112
<b>Total</b>	-	<b>\$397,532</b>	<b>\$400,000</b>	<b>\$12,719,000</b>	-	<b>\$20,320,352</b>	<b>(\$400,000)</b>	<b>\$7,601,352</b>	-	<b>\$8,733,281</b>	<b>(\$400,000)</b>	<b>(\$3,985,719)</b>

- Eviction Diversion Program (CRF):** The FY2021 Budget as Enacted included \$300,000 in general revenue and \$7.3 million in federal Coronavirus Relief Funds (CRF) to support an eviction diversion program. The program, known as the Safe Harbor Housing initiative, served as an alternative to the court-based eviction process, utilizing third-party mediators to facilitate settlement agreements between tenants and landlords, forestalling judicial action and giving tenants more time to self-stabilize. The Budget does not include funding for the program in FY2022.
- Housing Help RI (CRF):** The FY2021 Budget as Enacted included \$5.1 million in federal CRF funding for emergency rental assistance. Known as Housing Help RI, the program assists renters at risk of eviction during the pandemic by providing grants of up to \$5,000 to qualifying households. The Budget shifts an additional \$2.0 million of CRF funds to the program in the FY2021 Revised Budget, bringing total funding to \$7.0 million. The Budget does not include funding within the OHCD for the program in FY2022, resulting in a \$5.1 million reduction relative to the enacted level.
- CDBG Program (CARES):** The CARES Act utilizes the programmatic infrastructure of many existing federal programs and their allocation formulas to provide targeted pandemic relief to states. This includes US Department of Housing and Urban Development’s (HUD) Community Development Block Grant (CDBG) program. The CARES Act allocated \$11.5 million to Rhode Island through the CDBG formula. The State typically receives block grant funding each federal program year and typically has six years to use it (80.0 percent within three years). The State does not receive all of the funds at once, but rather draws money down in annual tranches. Under federal guidelines, the State manages the CDBG program for the 33 Rhode Island municipalities which do not receive an allocation directly from HUD. The State distributes funds to units of local government, which in turn distribute funds to non-profit and other entities to support various activities including housing, economic development, facilities/improvements, social services, and planning (land use). CDBG funds are targeted to distressed areas with predominately low- and moderate- income neighborhoods. The FY2021 Budget as Enacted did not include CARES Act CDBG expenditures. The Budget includes \$2.9 million of the funds in the FY2021 and \$5.3 million in FY2022.
- Homelessness Response (FEMA):** The Budget provides \$3.3 million in Federal Emergency Management Agency (FEMA) funding in FY2022 and \$1.8 million in the FY2021 Revised Budget for

quarantine and isolation services for the homeless. The FY2021 Budget as Enacted did not include funding from this source. The funds support the work of the State's COVID-19 Homeless Response Team. The team, staffed by the Rhode Island Coalition for the Homeless and its partners, operates temporary shelters at local hotels with wraparound service contracts to support individuals with nowhere else to quarantine.

- **Landlord Incentives (CRF):** The FY2021 Budget as Enacted included \$500,000 in funding for incentives to landlords to rent to individuals who utilize subsidized housing vouchers, including \$100,000 in general revenue and \$400,000 in federal Coronavirus Relief Funds (CRF). The FY2021 Revised Budget reduces the all funds amount for the incentives by \$200,000 and does not include the general revenue appropriation. There is no federal or general revenue funding for the incentives in FY2022.

In June 2020, the State, in partnership with RIHousing and other housing organizations, launched its Housing Now initiative to incentivize property owners to rent to individuals who take part in subsidized housing voucher programs. According to the State's housing advocates, low-income renters that used housing vouchers are often discriminated against by landlords out of fear that tenants will be unable to make rental payments in the future. Under the State's Housing Choice Voucher program, administered by RIHousing, eligible individuals pay 30.0 percent of their income towards rent, with the difference guaranteed by the program.

- **ESG Program (CARES):** The FY2021 Revised Budget includes \$816,107 in additional CARES Act authorized Emergency Shelter Grant program (ESG) spending and \$47,643 in FY2021. The FY2021 Budget as Enacted did not include CARES Act funds for this program. HUD's Emergency Shelter Grants (ESG) program funds the development and implementation of homelessness prevention activities, such as short-term and first-month's rent, eviction or foreclosure assistance, utility payments, security deposits, landlord-tenant mediation, and tenant legal services. Funding is allocated to states and local governments using the CDBG formula. Rhode Island has been allocated \$5.8 million in additional CARES Act authorized ESG funds and has two years to obligate the funds.
- **HOPWA (CARES):** The Budget provides \$5,112 in CARES authorized Housing Opportunities for Persons with AIDS (HOPWA) program funds in FY2022 and \$121,469 in the FY2021 Revised Budget. CARES Act funding for this program was not included in the FY2021 Budget as Enacted. The program focuses on housing for low-income, HIV-positive individuals.

***Salary and Benefits Changes***

***\$75,659***

The Budget includes \$75,659 in new personnel expenditures in FY2022 to fund a new 1.0 Assistant Administrator of Financial Management within the Office of Housing and Community Development. The position will support both OHCD and the Central Management programs.

***Centralized Services Charges***

***(\$18,909)***

The Budget includes \$18,909 in general revenue savings in FY2022 associated with revised projected Division of Capital Asset Management and Maintenance (DCAMM) costs billed to the Office. According to the Budget Office, these revised projections are based on actual billings history to date in FY2021.

***Federal Grants (federal funds)***

***(\$8.1 million)***

The Budget includes a net \$8.1 million federal funds (non-pandemic related) reduction within the Housing and Community Development program in FY2022.

Program	FY2020	FY2021	FY2021	Change	FY2022	Change
	Actual	Enacted	Revised		Enacted	
CDBG Program	3,207,011	10,177,587	3,966,781	(6,210,806)	4,096,238	(6,081,349)
Housing Opportunities for Persons with AIDS	646,882	1,924,086	757,480	(1,166,606)	757,524	(1,166,562)
Neighborhood Stabilization Program	158,823	1,122,240	474,657	(647,583)	480,339	(641,901)
Shelter Funding	1,780,723	2,197,104	2,897,752	700,648	1,999,604	(197,500)
<b>Total</b>	<b>\$5,793,439</b>	<b>\$15,421,017</b>	<b>8,096,670</b>	<b>(\$7,324,347)</b>	<b>\$7,333,705</b>	<b>(\$8,087,312)</b>

- **CDBG Program:** The Budget includes a net \$6.2 million reduction in standard (as opposed to CARES Act authorized) CDBG funds in the FY2021 Revised Budget and a \$6.1 million net reduction in FY2022. The net changes reflect a combination of additional new formula funding, the expiration of previous year allocations, and updated project funding needs.
- **Housing Opportunities for Persons with AIDS:** The Budget provides \$757,524 in federal Housing Opportunities for Persons with AIDS (HOPWA) program in FY2022, \$1.2 million less than the enacted level. In FY2021, the State was awarded \$1.8 million in one-time, competitive HOPWA funds that are not repeated in FY2022. This reduction is offset by a \$570,410 increase in standard HOPWA program funding in FY2022.
- **Neighborhood Stabilization Program:** The Budget provides \$480,339 in federal HUD grant funding for the Neighborhood Stabilization Program (NSP) in FY2022, \$641,901 less than the enacted level. The reduction reflects final federal formula appropriation levels for Rhode Island. The NSP provides assistance to state and local governments to mitigate abandonment and blight by purchasing foreclosed or abandoned homes to rehabilitate, resell, or redevelop in order to stabilize neighborhoods and prevent the values of neighboring homes from declining.
- **Shelter Funding:** The Budget provides \$2.0 million in standard federal shelter and homelessness funding in FY2022, a net \$197,500 reduction as compared to the FY2021 enacted level. Rhode Island receives funding for this purpose from both HUD's Emergency Shelter Grant (ESG) program and also through the U.S. Department of Health and Human Services' Social Services Block Grant (SSBG) program. The latter goes to the establishment and operations of shelters and supportive services for the homeless. ESG and SSBG funding is reduced by \$2,925 and \$194,575, respectively, in FY2022. The reductions reflect final federal formula appropriation levels for Rhode Island.

### QUASI-PUBLIC APPROPRIATIONS

The Budget provides \$12.3 million from general revenues to support the Rhode Island Commerce Corporation and several pass-through appropriations to fund specific economic programs. There are no FTE positions allocated to this program.

Quasi-Public Appropriations	General Revenue
FY2021 Enacted	\$12,118,258
<i>Target and Other Adjustments</i>	-
Quonset Development Corporation	1,200,000
Rhode Island Municipal Infrastructure Grant Program	1,000,000
Commerce RI Base Appropriation	228,543
<b>FY2022 Enacted</b>	<b>\$14,546,801</b>

#### **Quonset Development Corporation**

**\$1.2 million**

The Budget provides \$1.2 million in one-time general revenue to the Quonset Development Corporation (QDC) in FY2022. The FY2020 Budget as Enacted included a revenue initiative that required QDC to transfer \$1.2 million of its reserves to the general fund by June 30, 2020. The Budget restores these funds back to the QDC.

**Rhode Island Municipal Infrastructure Grant Program****\$1.0 million**

The Budget provides \$1.0 million for grants to be made through the State's Municipal Infrastructure Grant program (MIG). Through the program the State provides public infrastructure grants to municipalities for design, construction, building, land acquisition, rehabilitation, repair, and other improvements to publicly owned infrastructure including sewers, utility extensions, streets, roads, curb-cuts, parking, water treatment systems, telecommunications systems, transit improvements, and pedestrian ways. The program also assists municipalities with economic development projects, housing development and rehabilitation, and other community development projects.

Article 9 of the Budget shifts the MIG program from the Division of Statewide Planning (Division), within the Department of Administration (DOA), to the Rhode Island Infrastructure Bank (RIIB), a quasi-public corporation that provides low-interest loans to municipalities for infrastructure projects.

**Commerce RI Base Appropriation****\$228,543**

Commerce RI is a quasi-public entity charged with enhancing the delivery, performance, and accountability of the State's economic development activities.

The State provides general revenue appropriations to the Corporation. However, the General Assembly does not directly approve Commerce RI's budget. The Commerce RI Board has the sole responsibility to authorize the Corporation's annual budget.

The Budget provides \$7.7 million from general revenues to Commerce RI as its base allocation. This is \$228,543 more from general revenues than the FY2021 Budget as Enacted. Commerce RI's total budget in FY2022 is \$14.0 million. The base allocation represents 53.8 percent of the quasi-public agency's annual revenue. The balance is comprised of hotel tax revenue (39.3 percent), federal grants (2.3 percent), financial programs (2.2 percent), and other miscellaneous revenue (2.4 percent).

According to the Executive Office, the increase in the base allocation is attributable to costs associated with compliance activities related to increased volume and complexity of financial transactions, including compliance officer staffing costs.

The following table shows the revenues and expenditures that compose the annual Commerce RI budget:

Commerce RI Budget				
Revenues	FY2020 Actual	FY2021 Revised	FY2022 Enacted	Change
<b>State Appropriations</b>				
RI Commerce Corporation Base Appropriation	\$7,431,022	\$7,431,022	\$7,659,565	\$228,543
<b>Total State Appropriations</b>	<b>\$7,431,022</b>	<b>\$7,431,022</b>	<b>\$7,659,565</b>	<b>\$228,543</b>
<b>Other Revenues</b>				
Hotel Tax Revenue	\$4,530,302	\$3,000,000	\$5,600,000	\$2,600,000
Finance Program Allocation	415,009	318,194	318,194	-
Federal Grants	325,789	300,000	325,789	25,789
Other	658,400	340,206	340,206	-
<b>Total Other Revenues</b>	<b>\$5,929,500</b>	<b>\$3,958,400</b>	<b>\$6,584,189</b>	<b>\$2,625,789</b>
<b>Total Revenues</b>	<b>\$13,360,522</b>	<b>\$11,389,422</b>	<b>\$14,243,754</b>	<b>\$2,854,332</b>
<b>Expenditures</b>				
Total Operations (Personnel and Operating)	\$13,173,422	\$11,700,000	\$13,670,970	\$1,970,970
Grants or Partnerships	450,510	450,510	450,511	1
<b>Total Expenditures</b>	<b>\$13,623,932</b>	<b>\$12,150,510</b>	<b>\$14,121,481</b>	<b>\$1,970,971</b>
<b>Operating Surplus/(Deficit)</b>	<b>(\$263,410)</b>	<b>(\$761,088)</b>	<b>\$122,273</b>	<b>\$883,361</b>
<b>Pass-Through Grants</b>				
STAC Research Alliance (EPScore)	\$900,000	\$900,000	\$900,000	-
Innovative Matching Grants	1,000,000	1,000,000	1,000,000	-
Renewable Energy Fund	2,500,000	2,300,000	1,000,000	(1,300,000)
Airport Impact Aid	1,010,036	1,010,036	1,010,036	-
Chafee Center at Bryant/International Trade Export Prog.	476,200	476,200	476,200	-
Polaris Manufacturing Technical Assistance	350,000	350,000	350,000	-
Urban Ventures/Minority Entrepreneurship Prog.	140,000	140,000	150,000	10,000
East Providence Waterfront Commission	50,000	50,000	5,000	(45,000)
Federal Pass-thru Grants	325,789	325,789	325,789	-
<b>Total</b>	<b>\$6,752,025</b>	<b>\$6,552,025</b>	<b>\$5,217,025</b>	<b>(\$1,335,000)</b>

Source: Executive Office of Commerce

### CAPITAL PROJECTS

The Budget includes \$218.7 million in capital project spending for FY2021-FY2026, with \$66.9 million in FY2021 and \$56.4 million in FY2022.

EOC Capital Projects	FY2021			FY2022			FY2023-FY2026			Total
	RICAP	Bonds	Agency Funds	RICAP	Bonds	Agency Funds	RICAP	Bonds	Agency Funds	
Affordable Housing	-	\$10,056,891	-	-	\$17,500,000	-	-	\$57,500,000	-	\$85,056,891
I-195 Commission	510,000	-	-	578,000	-	-	650,000	-	-	1,738,000
I-195 Park Improvements	-	-	-	-	1,000,000	-	-	3,000,000	-	4,000,000
Industrial Site Development	-	-	-	-	18,000,000	-	-	22,000,000	-	40,000,000
Innovations Centers	-	12,445,311	-	-	1,507,500	-	-	4,122,500	-	18,075,311
Port of Davisville	-	-	-	-	7,000,000	-	-	7,000,000	-	14,000,000
ProvPort	-	14,971,192	-	-	-	-	-	-	-	14,971,192
Quonset Industrial Park Renovations	-	-	-	6,000,000	-	-	-	-	-	6,000,000
Quonset Point / Davisville Pier	-	27,969,207	1,000,000	-	3,796,410	1,000,000	-	-	1,118,700	34,884,317
<b>Total</b>	<b>\$510,000</b>	<b>\$65,442,601</b>	<b>\$1,000,000</b>	<b>\$6,578,000</b>	<b>\$48,803,910</b>	<b>\$1,000,000</b>	<b>\$650,000</b>	<b>\$93,622,500</b>	<b>\$1,118,700</b>	<b>\$218,725,711</b>

- **Affordable Housing:** The Budget authorizes the use of \$17.5 million in general obligation bond proceeds in FY2022 to support affordable housing production across the State. In March 2021, voters approved a \$65.0 million bond referendum to expand affordable housing opportunities in Rhode Island, including the redevelopment of existing structures and new construction.
- **I-195 Commission:** The Budget authorizes the use of \$510,000 from the RI Capital Plan Fund in FY2021 and \$578,000 in FY2022 for the continued development of the land made available by the



relocation of I-195. Funding will continue to support engineering, design review, legal work for ongoing and prospective deals, and the design and construction of additional park infrastructure enhancements.

- **I-195 Park Improvements:** The Budget authorizes the use of \$1.0 million in bond proceeds to help finance the construction of park infrastructure enhancements adjacent to the Providence River Pedestrian Bridge in the I-195 District in FY2022. In March 2021, voters approved a \$4.0 million bond referendum for this purpose. Funding will be used to construct park infrastructure enhancements, including a pavilion for food and beverage service, enhanced infrastructure, office space, and a small storage facility.
- **Industrial Site Development:** The Budget authorizes the use of \$18.0 million in bond proceed funding in FY2022 for industrial site development. In March 2021, voters approved a \$40.0 million bond referendum for this purpose. According to the EOC, the funds will be allocated competitively for the purpose of preparing sites for the development of facilities related to manufacturing, assembly, distribution, and other job-producing commercial activities.
- **Innovation Centers:** The Budget authorizes the use of \$1.5 million in FY2022 from bond proceeds to support additional business collaborations with higher education institutions, where cutting-edge research will be developed into new products, services, and businesses. Project funding was authorized by voters in 2016. The EOC is in the process of negotiating final agreements with selected teams. Projects include the RI Innovation Hub and Accelerator, the University of Rhode Island & Arizona State University Innovation Hub, and the RI Agricultural Technology Park.
- **Port of Davisville Modernization:** The Budget authorizes the use of \$7.0 million in FY2022 to begin financing the modernization, expansion, and improvements to the Port of Davisville in North Kingstown. In March 2021, voters approved a \$20.0 million bond referendum for these purposes. The project will expand the Quonset Point Business Park waterfront with channel dredging and construction of a new pier for ocean transport barges.
- **ProvPort:** The Budget authorizes the use of \$15.0 million in FY2021 from the 2016 General Obligation bond authorization to increase terminal capacity at the Port of Providence, specifically by financing the acquisition of up to 25 acres of land located between Allens Avenue in the City of Providence and the Providence River. Once acquired and improved, the State of Rhode Island anticipates leasing the land to ProvPort, the City of Providence's current port operator. ProvPort, in turn, will enter into subleases with one or more private terminal operators. Those entities will make private investments in their terminal operations as well as pay fees to ProvPort for the land they lease. The State will share in the gross revenues, including sublease payments, generated from the expanded port area. The State will also realize additional income taxes from expanded employment.
- **Quonset Industrial Park Renovations:** The Budget authorizes the use of \$6.0 million in FY2022 from the RI Capital Plan Fund to finance various infrastructure improvements at the Park, such as road infrastructure improvements, including increasing roadway crossings capacity for heavier shipping, electrical system, and gas and sewer line relocation, in preparation for potential future expansion and additional development.
- **Quonset Point/Davisville Pier:** The Budget authorizes the use of \$28.0 million in bond proceeds and \$1.0 million in Quonset Development Corporation Agency Funds in FY2021 for capital improvements to the piers at Quonset. For FY2022 the authorization is \$3.8 million in bond proceeds and \$1.0 million in agency funds. The Port has two piers (Pier One and Pier Two) that are long past their expected useful lifespan. As part of the Quonset Development Corporation's \$205.0 million Port of Davisville master plan, Pier 2 will be rehabilitated by building an east extension and installing a sheet pile bulkhead.



## Executive Office of Health and Human Services

Expenditures by Program	FY2020	FY2021	FY2021	Change to		FY2022	Change to	
	Actual	Enacted	Revised	Enacted		Enacted	Enacted	
Central Management	\$183.5	\$181.4	\$216.6	\$35.2	19.4%	\$188.9	\$7.5	4.1%
Medical Assistance	2,420.3	2,802.2	2,770.2	(32.0)	-1.1%	3,006.9	204.7	7.3%
<b>Total</b>	<b>\$2,603.8</b>	<b>\$2,983.6</b>	<b>\$2,986.8</b>	<b>\$3.2</b>	<b>0.1%</b>	<b>\$3,195.8</b>	<b>\$212.1</b>	<b>7.1%</b>

### Expenditures by Source

	FY2020	FY2021	FY2021	Change to		FY2022	Change to	
	Actual	Enacted	Revised	Enacted		Enacted	Enacted	
General Revenue	\$896.3	\$974.9	\$922.2	(\$52.7)	-5.4%	\$1,100.2	\$125.2	12.8%
Federal Funds	1,645.5	1,969.2	2,025.0	55.7	2.8%	2,054.9	85.6	4.3%
Restricted Receipts	61.9	39.5	39.6	0.2	0.4%	40.7	1.2	3.1%
<b>Total</b>	<b>\$2,603.8</b>	<b>\$2,983.6</b>	<b>\$2,986.8</b>	<b>\$3.2</b>	<b>0.1%</b>	<b>\$3,195.8</b>	<b>\$212.1</b>	<b>7.1%</b>

Authorized FTE Level	186.0	192.0	192.0	-	-	190.0	(2.0)	-1.0%
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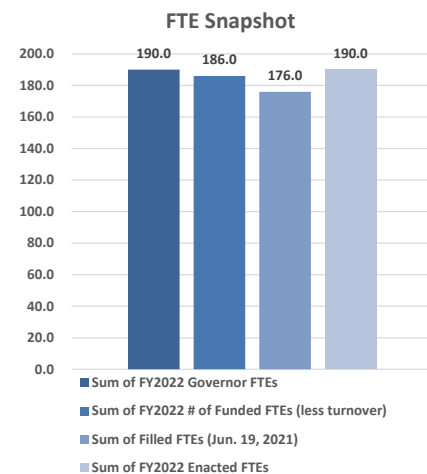
\$ in millions. Totals may vary due to rounding.

The Executive Office of Health and Human Services (EOHHS) is the umbrella agency which oversees the Departments of Health (DOH); Human Services (DHS); Children, Youth, and Families (DCYF); and Behavioral Healthcare, Developmental Disabilities, and Hospitals (BHDDH). EOHHS coordinates the organization, finance, and delivery of publicly-funded health and human services programs and serves as the single State agency for Medicaid. Its mission is to ensure access to high quality and cost effective services which foster the health, safety, and independence of all Rhode Islanders.

### MAJOR ISSUES AND TRENDS

The Budget typically focuses on cost containment measures within the Medical Assistance (Medicaid) program. The FY2022 Budget, however, includes a number of new investments. These investments are partially offset by general revenue savings from an enhanced federal match due to COVID-19 which is available through at least September 30, 2021. The Medicaid initiatives included in the Budget are applied against the May 2021 Caseload Estimating Conference estimate, which projected the need for an additional \$61.5 million from general revenues to fund the Medicaid program in FY2022 compared to the FY2021 Enacted level. Including the new investments, the Budget increases general revenue Medicaid expenditures by \$115.3 million in FY2022.

The Enacted Budget authorizes 190.0 FTE positions for EOHHS in FY2022, a reduction of 2.0 FTEs relative to the FY2021 Enacted level. The Budget transfers the Office of Medical Review and 10.0 FTE positions to DHS and transfers 1.0 Deputy Chief of Legal Services from DHS to EOHHS, consistent with the State's consolidation of health and human services legal staff within the Executive Office. The Budget also authorizes and adds funding for 3.0 new FTE positions for Medicaid initiative implementation and adds, but does not fund, 4.0 other new FTE positions for data analytics and financial management.



### COVID-19

The federal Coronavirus Aid, Relief, and Economic Security (CARES) Act passed on March 27, 2020, included a \$1,250.0 million federal Coronavirus Relief Fund (CRF) allocation for Rhode Island to navigate the impacts of the COVID-19 pandemic. States are permitted to use the funds under guidance from the

United States Treasury. The FY2021 Budget as Enacted included \$38.9 million from this funding stream for EOHHS to provide financial relief and other support programs for an array of health and human services providers. The Executive Office also spent \$17.4 million in CRF funds in the last quarter of FY2020 for a workforce stabilization program that provided hazard pay for frontline workers. The FY2021 Final Budget updates the costs associated with these programs and adds \$13.7 million in CRF funds for a total of \$52.6 million. The FY2021 Revised Budget also adds \$180,000 from general revenues for nursing home isolation units and \$2.9 million in 100.0 percent federal disaster relief funding through the Federal Emergency Management Agency (FEMA) for COVID-19 data support. The FY2022 Budget removes all COVID-related funding, as these were time-limited programs. The provider support programs are discussed in more detail within the Medical Assistance program.

### ***Unified Health Infrastructure Project***

In September 2016, the State launched Phase II of the Unified Health Infrastructure Project (UHIP), the largest scale IT project the State has undertaken. The project, renamed RI Bridges, integrates more than 15 health and human services eligibility-determination systems into one. The system has been troublesome and expensive for the State, far exceeding the initial general revenue projections of \$89.3 million. In July 2020, the State submitted an Implementation Advanced Planning Document Update (IAPD-U) to the federal government, which projected total project costs of \$154.2 million in State funds (\$681.2 million all funds) through September 30, 2021. These costs are shared across EOHHS, DHS, and HealthSource RI. Within EOHHS, the Budget assumes \$65.0 million in general revenue expenses through FY2022.

<b>EOHHS UHIP Funding</b>	<b>Pre-FY2019</b>	<b>FY2019 Actual</b>	<b>FY2020 Actual</b>	<b>FY2021 Final</b>	<b>FY2022 Enacted</b>	<b>Grand Total</b>
General Revenue	\$35,914,263	\$4,921,729	\$1,958,043	\$10,846,507	\$11,321,996	<b>\$64,962,538</b>
Federal Funds	236,386,854	40,143,291	36,146,322	39,985,299	40,221,985	<b>\$392,883,751</b>
Restricted Receipts	-	-	25,742,877	166,125	-	<b>\$25,909,002</b>
<b>Total</b>	<b>\$272,301,117</b>	<b>\$45,065,020</b>	<b>\$63,847,242</b>	<b>\$50,997,931</b>	<b>\$51,543,981</b>	<b>\$483,755,291</b>

Phase II of the UHIP project has been plagued with technical failures resulting in delays and errors in eligibility processing and payments to service providers. The State continues to make “offline” payments to nursing facilities for applications they have submitted but which RI Bridges has not fully processed. While advances are being made, the State has begun reconciling payments previously made to nursing facilities in order to properly claim a Medicaid match. The State continues to negotiate with the developer, Deloitte, to ensure that a functional eligibility system is procured.

The initial Deloitte contract was set to expire on March 31, 2019. On March 15, 2019, the State announced plans to extend the contract through June 30, 2021, with revisions to reflect a settlement with Deloitte. Under the terms of the extended contract, the State agreed not to sue the company in exchange for a 25.0 percent rate reduction for fixed-price services through FY2021, reducing the cost of services by an estimated \$75.0 million, as well as a direct cash payment of \$50.0 million. The settlement payment was received in February 2020 and the full \$50.0 million was included in restricted accounts in FY2020 and FY2021. On June 28, 2021, following a competitive bidding process, the State announced that a new contract was awarded to Deloitte to continue maintenance and operations through June 30, 2024.

### ***Health System Transformation Project***

The Budget includes \$25.2 million from federal funds and \$22.1 million from restricted receipts to reflect the approved level of funding for the Health System Transformation Project (HSTP) in FY2022.

The Health System Transformation Project is an ongoing initiative that began in FY2017. It was a product of the Governor’s Working Group to Reinvent Medicaid, which established a model to reform the State’s Medicaid program to shift to value-based payments; coordinate physical, behavioral, and long-term healthcare; rebalance the care delivery system away from high-cost settings; and promote efficiency, transparency, and flexibility in publicly-funded healthcare.

The primary focus of HSTP has been to partner with the State's institutions of higher education to bolster the health workforce and with the State's managed care organizations (MCOs) to establish Accountable Entities (AEs). Accountable Entities are integrated provider organizations responsible for improving quality of care and outcomes for patients while also managing costs. This delivery system provides coordinated care and reduces unnecessary and ineffective utilization of services. Currently, the State has approved the operation of six certified Accountable Entities: Blackstone Valley Community Health Care, Coastal Medical, Integrated Healthcare Partners, Integra Community Care Network, Providence Community Health Centers, and Prospect Health Services.

On October 20, 2016, the federal government approved an amendment to the State's Section 1115 waiver to provide funding for HSTP. This amendment brought in up to \$130.0 million in federal funding. The amount was determined by matching 50.0 percent of the State's existing investment in health professional education at the time the amendment was submitted, which totaled approximately \$260.0 million. The federal match enabled the State to free up \$130.0 million, which was deposited into a restricted receipt account to be invested in the development of Accountable Entities. The federal government also agreed to match these restricted receipt expenditures. Because the State did not have a program fully developed in the first year, the full federal match originally approved will not be used. The State expects to use approximately \$110.0 million in federal funds and \$130.0 million in restricted receipts, for a total of approximately \$240.0 million, for the duration of the Health System Transformation Project.

### CENTRAL MANAGEMENT

EOHHS' Central Management division is responsible for consolidating and coordinating major programmatic and administrative functions of the four health and human services agencies, including budget, finance, and legal services.

<b>Central Management</b>	<b>General Revenue</b>
FY2021 Enacted	\$34,993,486
<i>Target and Other Adjustments</i>	
Supportive Housing Pay-for-Success Pilot	(14,955)
UHIP Contracts	6,000,000
Personnel	1,689,495
Health Information Technology/APCD	721,072
Centralized Service Charges	702,162
Medicaid Initiative Implementation	558,747
Medicaid Expenditure Report	449,137
<b>FY2022 Enacted</b>	<b>\$44,961,144</b>

### **Supportive Housing Pay-for-Success Pilot**

**\$6.0 million**

Article 14 authorizes a five-year pay-for-success pilot program to provide supportive housing and additional wraparound services to a cohort of 125 individuals experiencing homelessness. The article limits the State's investment to \$6.0 million through FY2026; the Budget utilizes \$6.0 million in one-time general revenues to capitalize a new restricted receipt account for this purpose. The Budget assumes up to \$1.5 million in restricted receipt expenditures from this account in FY2022 to finance the first year of the program. EOHHS must submit annual progress reports to the General Assembly beginning no later than January 30, 2022.

Pay-for-success models provide a method to fund innovative programs while mitigating financial risk. Instead of paying for services directly as they are provided, the State issues social impact bonds to private investors who, in turn, provide upfront capital to non-profits to provide the services. The State then executes a contract which specifies expected program outcomes and associated evaluation and repayment processes. The State repays investors for the upfront investment plus interest only if the performance metrics are met, i.e. the State only pays for the program if it is successful.

**Unified Health Infrastructure Project (UHIP) Contracts****\$1.7 million**

The Budget includes \$1.7 million more from general revenues relative to the FY2021 Enacted Budget for contracted services to support the ongoing development and maintenance of the RI Bridges system. The Budget is consistent with the State's July 2020 IAPD-U, less \$422,656 in proposed reductions to the Deloitte, KPMG, and CSG contracts. The Budget also eliminates \$263,608 that was included in the IAPD-U for a maintenance transition vendor. This funding is not necessary because the Deloitte contract was recently extended and the State does not need to transition between vendors.

<b>UHIP Contracts - General Revenue</b>	<b>FY2021 Enacted</b>	<b>FY2022 IAPD-U</b>	<b>Contract Reductions</b>	<b>FY2022 Enacted</b>	<b>Change to Enacted</b>
Deloitte Consulting LLP	\$4,741,775	\$6,392,595	(\$146,000)	\$6,246,595	\$1,504,820
Automated Health Systems, Inc.	2,345,745	2,619,077	-	2,619,077	273,332
KPMG	784,134	786,654	(260,456)	526,198	(257,936)
Faulkner Consulting Group	557,420	735,596	-	735,596	178,176
Knowledge Services/Guidesoft Inc.	381,351	448,674	-	448,674	67,323
CSG Government Solutions Inc.	73,668	156,494	(16,200)	140,294	66,626
TBD - Maintenance Planning Vendor	-	263,608	(263,608)	-	-
All Other	190,229	47,383	-	47,383	(142,846)
<b>Total</b>	<b>\$9,074,322</b>	<b>\$11,450,081</b>	<b>(\$686,264)</b>	<b>\$10,763,817</b>	<b>\$1,689,495</b>

The majority of the increase in general revenue expenditures, or \$1.5 million, is attributable to the Deloitte contract. The change reflects the expiration of the 25.0 percent rate discount. As noted previously, the 2019 settlement with Deloitte included a rate reduction through June 30, 2021. A new contract was awarded to Deloitte through June 30, 2024; however, the 25.0 percent discount is not included and the FY2022 Budget is predicated on an undiscounted contract.

UHIP expenditures are primarily federally-funded. Design components are eligible for a 90.0 percent federal Medicaid match, maintenance components are eligible for a 75.0 percent match, and a small portion of the UHIP infrastructure is funded through a Children's Health Insurance Program (CHIP) match of approximately 70.0 percent. Non-IAPD funding is matched at 50.0 percent. The Budget funds UHIP contract expenses at an effective general revenue match rate of 22.7 percent.

**Personnel****\$721,072**

Excluding the 3.0 FTE positions added for new Medicaid initiatives, which are accounted for separately below, the Budget includes \$13.3 million from general revenues (\$31.1 million all funds) for EOHHS personnel costs in FY2022. This represents a general revenue increase of \$721,072 relative to the FY2021 Enacted level.

<b>Salaries and Benefits</b>	<b>FTEs</b>	<b>General Revenue</b>	<b>Federal Funds</b>	<b>Restricted Receipts</b>	<b>All Funds</b>
FY2022 Base Budget	192.0	\$13,129,575	\$14,457,050	\$1,734,756	\$29,321,381
Transfer In		415,671	2,564,357	116,205	3,096,233
Transfer OMR	(10.0)	(479,614)	(1,100,672)	-	(1,580,286)
Transfer Legal	1.0	-	-	-	-
New Positions	4.0	-	-	-	-
Adjustments		222,246	61,986	-	284,232
<b>Subtotal</b>	<b>187.0</b>	<b>\$13,287,878</b>	<b>\$15,982,721</b>	<b>\$1,850,961</b>	<b>\$31,121,560</b>
<i>Medicaid Positions (separate)</i>	<i>3.0</i>	<i>186,212</i>	<i>186,212</i>	<i>-</i>	<i>372,424</i>
<b>FY2022 Enacted</b>	<b>190.0</b>	<b>\$13,474,090</b>	<b>\$16,168,933</b>	<b>\$1,850,961</b>	<b>\$31,493,984</b>

- **FY2022 Base Budget:** Based on its cost allocation plan and FY2022 planning values, the Executive Office's request included \$13.1 million from general revenues, \$14.5 million from federal funds, and \$1.7 million from restricted receipts to fully fund its previous authorization of 192.0 FTE positions. This represents a general revenue increase of \$562,769 relative to the FY2021 Enacted level. The cost allocation plan determines the percentage of staffing costs that are allocable to federal and restricted

fund sources. The base budget also contemplates the restoration of one-time savings that were included in the Enacted Budget.

- **Transfer In:** A number of positions are cost allocated from other agencies to federal grants and other programs that are housed in EOHHS. The Budget includes transfers from the Office of the Health Insurance Commissioner as well as the Department of Administration, RIDOH, DHS, and DCYF. Most of these positions are allocated to UHIP, HSTP, and the Prescription Drug Monitoring Program (PDMP). The Budget adds \$415,671 from general revenues (\$3.1 million all funds) to allocate these positions to EOHHS.
- **Transfer OMR:** The Budget transfers the Office of Medical Review (OMR) from EOHHS to the Department of Human Services in FY2022. OMR completes the medical eligibility process for Medicaid long-term services and supports (LTSS). DHS is responsible for financial eligibility determination for all Medicaid benefits, including LTSS. The transfer is intended to streamline the Medicaid eligibility determination process for LTSS applications by consolidating the functions within one agency. The shift eliminates 10.0 FTE positions and \$479,614 in general revenue expenses from EOHHS but adds an equivalent amount to DHS. There is no net impact to the State.
- **Transfer Legal:** The Budget transfers 1.0 Deputy Chief of Legal Services from DHS to EOHHS. All health and human services legal staff are centralized within EOHHS; however, DHS previously had one lawyer that was not properly accounted for. No additional funding is required to transfer the position because it is already cost allocated to EOHHS.
- **New Positions:** The Budget adds, but does not fund, 4.0 new FTE positions for data management and finance in FY2022. This includes 1.0 Assistant Director for Financial and Contract Management, 1.0 Chief Data Analyst, 1.0 Chief of Family Health Systems, and 1.0 Senior Human Services Policy and Systems Specialist.
- **Adjustments:** The Budget adds \$222,246 from general revenues to make other adjustments to EOHHS' personnel budget. This includes additional benefit updates and overtime.

#### **Health Information Technology/APCD**

**\$702,162**

The Budget adds \$702,162 from general revenues for the Executive Office's Health Information Technology (HIT) and All Payer Claims Database (APCD) projects. This includes an additional \$664,871 from general revenues for HIT and \$37,291 for APCD as follows:

- **Health Information Technology:** Health Information Technology (HIT) refers to a group of projects to incorporate technology into health and human services programming in order to improve the quality, safety, and efficiency of healthcare in Rhode Island. This infrastructure includes CurrentCare, which allows medical professionals to securely access their patients' health information. CurrentCare is operated by the Rhode Island Quality Institute and is funded by a \$1 per member per month (PMPM) enrollment fee from all health insurers in the State, including approximately \$370,000 per month paid by the State for Medicaid enrollees. The HIT infrastructure also includes the Quality Reporting System (QRS), which simplifies reporting and creates a single solution for quality measurement needs among State programs and providers, and the Prescription Drug Monitoring Program (PDMP), which collects dispensing data for controlled substances to assist providers in making informed prescribing decisions.

HIT projects have historically been funded through a 90.0 percent federal match, with a 100.0 percent federal match for some activities, including the PDMP. Beginning October 1, 2021, the cost allocation methodology will change significantly, reducing the federal share of HIT expenses to 75.0 percent. The Budget includes additional general revenue funding to maintain the HIT infrastructure.

The Executive Office's current services budget included reductions to the HIT infrastructure relative to the FY2021 Enacted level to reflect the expiration of one-time funding, resulting in \$271,512 in general revenue savings. The Executive Office then requested an additional \$2.2 million from general

revenues to fund the HIT infrastructure at the new match rate in FY2022. This included \$685,602 to fund the CurrentCare PMPM for Medicaid beneficiaries, \$160,000 for a CurrentCare update, \$135,200 for PDMP integration, \$416,000 for the Quality Reporting System, and \$800,000 for long-term planning roadmap projects. The Budget incorporates part of the request, but corrects an error in the CurrentCare PMPM calculation, shifts PDMP integration funding to restricted Opioid Stewardship funds, and excludes the \$960,000 requested for roadmap projects and the CurrentCare update. The FY2022 Enacted Budget represents a net general revenue increase of \$664,871 relative to the FY2021 Enacted Budget.

<b>HIT Budget - General Revenue</b>	<b>FY2022 Request</b>	<b>FY2022 Enacted</b>
FY2021 Enacted	\$807,435	\$807,435
Base Budget	(271,512)	(271,512)
CurrentCare PMPM	685,602	520,383
CurrentCare Update	160,000	-
PDMP Integration	135,200	-
Quality Reporting System	416,000	416,000
TBD - Roadmap Projects	800,000	-
<b>Total</b>	<b>\$2,732,725</b>	<b>\$1,472,306</b>
<i>Change to Enacted</i>	<i>1,925,290</i>	<i>664,871</i>

- All Payer Claims Database:** The All Payer Claims Database (APCD), known as HealthFacts RI, is a statewide database that provides claims data information from all payers, public and private, to promote transparency surrounding health care cost data. This project also includes the State's Data Ecosystem which is a data analytics tool for all health and human services programming in Rhode Island that focuses on outcomes data and the social determinants of health.

The APCD and Data Ecosystem have historically been funded primarily through a 90.0 percent federal match for development activities. In FY2022, because projects will transition towards maintenance, the federal match will be reduced to 75.0 percent for most activities. The Budget includes additional general revenue funding to maintain the APCD and Data Ecosystem infrastructure.

The Executive Office's current services budget did not include general revenue funding for the APCD and Data Ecosystem in FY2022, resulting in \$396,305 in general revenue savings relative to the FY2021 Enacted level. The Executive

<b>APCD Budget - General Revenue</b>	<b>FY2022 Request</b>	<b>FY2022 Enacted</b>
FY2021 Enacted	\$396,305	\$396,305
Base Budget	(396,305)	(396,305)
OnPoint Health Data	288,663	213,948
Freedman Healthcare	275,929	183,978
Cloud Maintenance	31,500	31,500
Other	4,170	4,170
<b>Total</b>	<b>\$600,262</b>	<b>\$433,596</b>
<i>Change to Enacted</i>	<i>203,957</i>	<i>37,291</i>

Office then requested an additional \$600,262 from general revenues to fund the systems at the new match rate. This included \$564,592 for the two maintenance vendors, OnPoint Health Data and Freedman Healthcare, and \$31,500 to transition the systems to a cloud-based infrastructure. The FY2022 Enacted Budget adjusts the requested funding and provides a net general revenue increase of \$37,291 for the APCD and Data Ecosystem relative to the FY2021 Enacted Budget.

### **Centralized Service Charges**

**\$558,747**

The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, facilities management, and human resources. These expenditures were previously centralized in the Department of Administration, and are now reflected in each agency based on actual use. The FY2021 Budget as Enacted included \$1.0 million for these services within EOHHS. The Budget increases these charges by \$558,747 to reflect updated projections for FY2022.

### **Medicaid Initiative Implementation**

**\$449,137**

The Governor's Budget includes \$449,137 from general revenues (\$1.0 million all funds) to support implementation of several Medicaid budget initiatives. These initiatives are described in detail in the Medical Assistance program.



<b>Initiative</b>	<b>General Revenue</b>	<b>Federal Funds</b>	<b>All Funds</b>
Third Party Liability - Contracts	\$189,800	\$189,800	\$379,600
LTSS Resiliency - Contracts and Staff (2.0 FTE)	180,633	326,883	507,516
Program Integrity - Staff (1.0 FTE)	78,704	78,704	157,409
<b>Total - Medicaid Initiatives</b>	<b>\$449,137</b>	<b>\$595,387</b>	<b>\$1,044,524</b>

- **Third Party Liability:** The Budget adds \$189,800 from general revenues and \$189,800 from federal funds to procure a single-source contract for the Third Party Liability (TPL) optimization initiative. This involves eliminating two existing TPL contracts, funded with \$187,250 from general revenues, and adding a new contract funded with \$377,050 from general revenues.
- **LTSS Resiliency and Rebalancing:** The Budget adds \$180,633 from general revenues to implement the Medicaid Long-Term Services and Supports (LTSS) Resiliency and Rebalancing initiative included in Article 12. This includes funding for 2.0 Implementation Director of Policy and Programs FTE positions funded at a 50/50 match rate. These positions will administer and oversee the various programmatic changes associated with the initiative. The Budget includes \$107,508 from general revenues and \$107,508 from federal funds for the positions, assuming an October 1, 2021, start date. The Budget also includes \$73,125 from general revenues and \$219,375 from federal funds for contracted IT support to provide the necessary system upgrades to implement the home care rate modifiers and tiered reimbursement rates for assisted living facilities.
- **Program Integrity:** The Budget adds 1.0 Implementation Director of Policy and Programs FTE position to implement the program integrity initiative included in the Medical Assistance program. The Budget includes \$78,704 from general revenues and \$78,704 from federal funds to finance the salary and benefit expenses associated with the position.

#### **Medicaid Expenditure Report**

**(\$138,000)**

RIGL 42-7.2-5 requires that EOHHS submit an annual, comprehensive overview of all Medicaid expenditures, outcomes, administrative costs, and utilization rates for each fiscal year. The Medicaid report includes spending and trends by population and major service area, including populations served by other departments within the Secretariat.

Previously, the report was due by March 15 of each year. According to EOHHS, because of the timing and requirements of the report, State staff did not compile the report in-house. It was completed by a contractor, Milliman, which already provides other claims data analysis and rate setting support for the Medicaid program. The report was generated at an annual expense of \$138,000 from general revenues and \$138,000 from federal funds.

Article 12 shifts the deadline for the annual report from March 15 to September 15 of each year. This shifts the next deadline from March 15, 2022, to September 15, 2022. According to EOHHS, the report can be completed in-house with the new deadline. The Budget removes funding for the report, accordingly.

#### **MEDICAL ASSISTANCE**

The Medical Assistance (Medicaid) program provides medical benefits to low-income, elderly, and disabled individuals. The State pays for most Medicaid services through *managed care*, whereby the State contracts with managed care organizations (Neighborhood Health Plan of Rhode Island, Tufts Health Plan, and United Healthcare) and pays a fixed monthly fee, or capitation rate, for each enrolled beneficiary. A smaller portion of Medicaid services continue to be financed through *fee-for-service* arrangements, whereby providers bill the Medicaid program directly based on the specific services utilized.

<b>Medical Assistance</b>	<b>General Revenue</b>
FY2021 Enacted	\$939,951,700
<i>Target and Other Adjustments</i>	
May 2021 Caseload Estimating Conference	61,475,897
Enhanced FMAP Reserve	39,000,000
Hospital Payments	6,952,097
LTSS Resiliency and Rebalancing	3,336,406
Reimbursement Rates - Complex Patients	2,934,805
Community Health Workers	1,162,407
Nursing Home Staffing	668,763
Home Stabilization	612,190
Third Party Liability	(536,405)
Program Integrity	(518,189)
Perinatal Doula Services	189,840
<b>FY2022 Enacted</b>	<b>\$1,055,229,511</b>

<b>Medical Assistance</b>	<b>Other Funds Changes</b>
COVID-19 Programs (federal funds)	(38,784,000)

**May 2021 Caseload Estimating Conference** **\$61.5 million**

May 2021 CEC	FY2021 Enacted		FY2022 CEC		Change to Enacted	
	GR	AF	GR	AF	GR	AF
Hospitals - Regular	\$22,478,338	\$55,937,481	\$22,401,812	\$54,600,000	(\$76,526)	(\$1,337,481)
Hospitals - DSH	66,290,193	142,301,035	65,418,986	142,493,980	(871,207)	192,945
Nursing/Hospice Care	150,808,350	363,000,000	148,192,200	351,000,000	(2,616,150)	(12,000,000)
Home/Community Care	35,313,250	85,000,000	38,420,200	91,000,000	3,106,950	6,000,000
Managed Care	311,503,420	795,200,000	343,707,633	852,200,000	32,204,213	57,000,000
Rhody Health Partners	119,564,936	285,600,000	125,744,450	296,000,000	6,179,514	10,400,000
Rhody Health Options	55,163,670	132,600,000	59,871,155	141,600,000	4,707,485	9,000,000
Medicaid Expansion	68,508,350	640,790,064	79,906,892	745,400,000	11,398,542	104,609,936
Pharmacy	(78,856)	(791,566)	42,220	100,000	121,076	891,566
Clawback	65,723,517	65,723,517	69,100,000	69,100,000	3,376,483	3,376,483
Other Medical Services	44,676,532	138,534,296	48,622,049	143,400,000	3,945,517	4,865,704
<b>Total</b>	<b>\$939,951,700</b>	<b>\$2,703,894,827</b>	<b>\$1,001,427,597</b>	<b>\$2,886,893,980</b>	<b>\$61,475,897</b>	<b>\$182,999,153</b>

Each November and May, the Caseload Estimating Conference (CEC) estimates expenditures for human services and medical assistance entitlement programs for the current and budget year. The November and May adopted expenditure levels determine the appropriations for the Governor's and Enacted Budgets, respectively. Projections are based on enrollment trends as well as inflation-based price adjustments.

The May 2021 CEC projected general revenue expenditures of \$1,001.4 million in the Medical Assistance program in FY2022, or \$61.4 million more than the FY2021 Budget as Enacted. The projected increase in general revenue expenditures is primarily attributable to the following:

- **Enhanced Federal Match:** In March 2020, the federal government authorized a temporary 6.2 percentage point increase to the Federal Medical Assistance Percentage (FMAP) for the duration of the COVID-19 public health emergency. This reduces the State's share of Medicaid expenditures by shifting expenses to the federal government. The enhanced rate provides an estimated \$33.0 million in general revenue relief per quarter within the Medical Assistance program, with additional savings of approximately \$6.0 million per quarter across BHDDH, DCYF, and DHS.

The FY2021 Budget as Enacted was predicated on three quarters of FMAP savings, although the enhanced rate was later extended. At the time of the May 2021 CEC, federal guidance indicated that the enhanced rate was likely to remain in place through December 31, 2021, or through the second quarter of FY2022. Therefore, the FY2022 estimate includes two quarters of FMAP savings, while the

FY2021 Enacted Budget included three, resulting in an additional \$33.0 million in general revenue expenditures in FY2022 compared to the FY2021 Enacted level.

*Analyst Note: The FY2021 Revised Budget accounts for a full year of FMAP savings based on the updated guidance.*

- **Other Changes:** The May 2021 CEC estimate also includes additional general revenue expenditures to adjust for all other program enrollment and price trends. The conference typically includes price increases ranging from 2.5 to 3.5 percent to account for medical benefits inflation and statutory rate increases to hospitals, nursing homes, and hospice and home care providers. The impact of inflation is also accompanied by an increase in enrollment. In order to be eligible for the enhanced federal match, the State cannot terminate any beneficiaries during the public health emergency. This results in a number of enrollees remaining on Medicaid that would have otherwise been terminated and higher overall participation compared to the FY2021 Enacted Budget.

The costs attributable to new Medicaid budget initiatives, described below, are calculated relative to the caseload estimate, rather than the Enacted Budget.

#### **Enhanced FMAP Reserve**

**\$39.0 million**

The Budget adds \$39.0 million from general revenues to account for the potential early expiration of the enhanced FMAP. As noted above, May 2021 CEC estimate assumes that the enhanced rate will be available through December 31, 2021. However, it can be terminated by the federal government at any time with 60 days' notice. Because of the notice requirement, the enhanced rate is guaranteed for the first quarter of FY2022; however, it is possible that the enhanced rate could be withdrawn before the second quarter. This would shift approximately \$39.0 million in expenses back to the State; the Budget maintains a reserve in the event that this occurs.

*Analyst Note: The Budget accounts for the \$39.0 million statewide impact within the Medicaid program, although approximately \$6.0 million of the quarterly FMAP savings is attributable to Medicaid expenses at BHDDH, DCYF, and DHS. These expenses can be shifted to those agencies in the event that the reserve is used.*

#### **Hospital Payments**

**\$7.0 million**

The Budget increases general revenue payments to hospitals by \$7.0 million (\$18.0 million all funds) relative to the May 2021 caseload estimate.

- **Upper Payment Limit:** Upper Payment Limit (UPL) payments compensate hospitals for the difference between what hospitals receive for Medicaid services and what they are paid under Medicare reimbursement principles. A portion of the payments are eligible for the favorable Expansion federal match rate; the State pays approximately one-third of the total cost. For FY2020 and FY2021, the State only made UPL payments for outpatient services; the inpatient portion was eliminated in the FY2020 Enacted Budget. Article 12 restores the inpatient UPL.

The May 2021 CEC estimate included a total of \$7.9 million for outpatient UPL payments in FY2022, of which \$2.6 million was from general revenues. The Budget adds \$6.0 million from general revenues (\$18.3 million all funds) to adjust the outpatient UPL based on updated information provided after the conference and to restore the inpatient portion of the payment.

- **Graduate Medical Education:** Article 12 repeals the public law reference that provided a Graduate Medical Education (GME) payment to academic Level I trauma center hospitals with a minimum of 25,000 inpatient discharges and training for at least 250 interns and residents per year. Only Rhode Island Hospital qualified for this payment. However, Article 1 also includes proviso language that dedicates \$2.0 million in general revenue funds for GME and restructures the program to expand the payment to also include hospitals providing Neonatal Intensive Care Unit (NICU) level of care. The changes included in Article 1 provide GME funding to Women and Infants in addition to Rhode Island

Hospital, with \$1.0 million paid to each. Because the May 2021 CEC estimate included the \$1.0 million GME payment to Rhode Island Hospital, this change results in a \$1.0 million general revenue increase.

### **LTSS Resiliency and Rebalancing**

**\$3.3 million**

Article 12 contains a number of initiatives designed to work in tandem to rebalance the State's array of long-term care programs by shifting away from institutional settings and towards home- and community-based services (HCBS). This includes reforming program eligibility, modifying rates, and establishing a wage pass-through program for direct care workers, among other targeted investments. The Budget assumes that, over time, these investments will result in fewer nursing home admissions, which are significantly more expensive than HCBS. This initiative will result in estimated general revenue nursing home savings of \$341,990 (\$778,803 all funds) in FY2022, offset by \$3.7 million in new general revenue expenditures (\$8.6 million all funds), discussed in detail below.

<b>LTSS Resiliency and Rebalancing</b>	<b>General Revenue</b>	<b>Federal Funds</b>	<b>All Funds</b>
Assisted Living Rates	\$1,700,154	\$2,248,795	\$3,948,949
Maintenance of Need	1,123,967	1,538,200	2,662,167
Home Care Wages	733,000	931,655	1,664,655
Nursing Home Reductions	(341,990)	(436,813)	(778,803)
Shared Living Rates	121,275	233,695	354,970
<b>Total</b>	<b>\$3,336,406</b>	<b>\$4,515,532</b>	<b>\$7,851,938</b>

The Budget makes additional changes outside of the Medicaid program related to Article 12, including an additional \$180,633 from general revenues in EOHHS Central Management for implementation, \$1.1 million from general revenues at BHDDH for the Maintenance of Need increase, and \$624,125 in general revenue savings at DHS by incorporating a State-only payment into the tiered assisted living rates.

- **Assisted Living Rates:** The Budget increases assisted living rates in both fee-for-service and managed care. Currently, assisted living facilities are reimbursed at \$69.00 per day for all beneficiaries. The rate does not compensate facilities for the difference in costs to provide care for higher-need patients; this creates a disincentive for assisted living providers to care for patients with higher acuity. The Budget establishes a tiered rate structure to reimburse assisted living based on residents' acuity as follows:

<b>Assisted Living Tiered Reimbursement</b>				
<b>Tier</b>	<b>Description</b>	<b>Population</b>	<b>Rate</b>	<b>Increase</b>
A	Basic	57.1%	\$78.00	13.0%
B	Enhanced care and transition services Serious cognitive decline and co-morbidities that may	40.5%	\$98.00	42.0%
C	require skilled care or stabilization services	2.4%	\$121.00	75.4%

The Budget adds \$1.7 million from general revenues (\$3.9 million all funds) to fund the rate increases, representing a composite rate increase of 24.2 percent based on the share of assisted living residents expected to be assigned to each tier. The tiered structure is effective October 1, 2021.

- **Maintenance of Need:** The Budget raises the HCBS Maintenance of Need allowance from 100.0 percent of the federal poverty level plus \$20 per month (\$1,093 per month) to 300.0 percent of the federal standard for supplemental security income (\$2,382 per month) to enable individuals to retain more of their income while receiving services in their homes.

Medicaid does not cover room and board expenses when individuals receive services in home- or community-based arrangements. To ensure that beneficiaries opting for care in these settings have adequate resources to meet these and other personal needs, the State allows individuals in HCBS programs to retain part of their income, known as the Maintenance of Need. By increasing the allowance, individuals can retain more of their income to cover more expenses at home. This will reduce the likelihood that individuals need to move into institutional settings because staying home is cost prohibitive. The increase in the Maintenance of Need allowance means that individuals will

contribute less towards their cost of care. The Budget adds \$1.1 million from general revenues (\$2.7 million all funds) to recognize the corresponding increase in Medicaid costs for these services.

- **Home Care Wages:** The Budget establishes a targeted wage pass-through program for home care workers to bolster the State’s ability to provide services to individuals in their homes.
  - **Shift Differential:** Article 12 increases the shift differential rate modifier that provides extra pay to Certified Nursing Assistants (CNAs) that deliver direct care services during non-standard hours (nights, weekends, and holidays). The Budget increases the existing modifier from \$0.38 per 15 minutes (\$1.50 per hour) to \$0.56 per 15 minutes (\$2.25 per hour) effective July 1, 2021. The intent is to increase the number of staff that can care for individuals in their homes during off-hours, thereby reducing the need for 24-hour residential care. The Budget includes \$263,411 from general revenues (\$623,900 all funds) to fund the shift modifier.
  - **Behavioral Health Enhancement:** Article 12 also adds a new behavioral healthcare rate enhancement of \$0.39 per 15 minutes (\$1.55 per hour) for CNAs who have completed a required behavioral health certificate training program, effective January 1, 2022. Similar to the shift differential noted above, the rate enhancement provides extra pay for CNAs that specialize in behavioral healthcare. The Budget includes \$469,589 from general revenues (\$1.0 million all funds) to fund the behavioral health enhancement.
- **Shared Living:** The Budget authorizes a 10.0 percent rate increase for shared living caregiver stipends beginning July 1, 2021. Previously, shared living providers were paid rates ranging from \$24.23 per day to \$48.11 per day. Approximately 200 individuals utilize shared living arrangements. EOHHS anticipates that increasing shared living rates will provide an incentive for willing caregivers to utilize shared living as an alternative to more intensive options. The Budget includes \$121,275 from general revenues (\$354,970 all funds) to fund the rate increase.

#### **Reimbursement Rates – Complex Patients**

**\$2.9 million**

Article 12 includes two provisions in an effort to achieve parity in reimbursement rates for providers that care for complex patients.

- **Mental Health Psychiatric Rehabilitative Residential (MHPRR) Program:** A Mental Health Psychiatric Rehabilitative Residence (MHPRR) is a congregate licensed residential program with 24-hour staffing. MHPRRs serve individuals with developmental disabilities, addiction, and mental health issues and other individuals who cannot be treated in the community through outpatient supports. MHPRRs provide discharge planning, medical and/or psychiatric treatment, and reduce barriers to transition to less restrictive settings. MHPRR services are currently reimbursed by Medicaid at a per diem rate of either \$125 or \$175. Article 12 authorizes a \$350 rate increase effective August 1, 2021. The Budget adds \$1.5 million from general revenues and \$2.0 million from federal funds to fund the rate increase.
- **Ventilators and Behavioral Health in Nursing Homes:** The Budget authorizes EOHHS to revise nursing home rates by providing a rate increase for patients on ventilators and establishing a behavioral health add-on. Article 12 increases the base nursing home rate to \$700 per diem for patients on ventilators effective November 1, 2021, representing a rate increase of \$190 to \$293 depending on the facility. The article also provides for a \$175 per diem add-on for patients who have been hospitalized for six months or more, are clinically appropriate for discharge to a nursing facility, and where the nursing facility is Medicaid certified to provide or facilitate enhanced levels of behavioral healthcare. The behavioral health add-on is effective August 1, 2021. The Budget adds \$1.5 million from general revenues and \$2.0 million from federal funds to fund these components.

#### **Community Health Workers**

**\$1.2 million**

Article 12 adds Medicaid coverage for care management services provided by community health workers. Care management encompasses a comprehensive set of services that support patients in managing their

health conditions or risks by coordinating healthcare and connecting with other resources outside of the healthcare system. There is a growing evidence base which shows that addressing patients' holistic needs has significant potential to yield cost savings in Medicaid and the healthcare system generally.

Based on prior year care management data, an estimated 2,000 high-risk Medicaid members will utilize community health workers each year under the new coverage group. Assuming that each community health worker can provide care management services for 55 members, this initiative requires 36 full-time community health workers per year. At an hourly rate of \$48.50, this requires an annual all funds investment of \$3.6 million. The Budget assumes a three-quarter impact from this initiative in FY2022, with the coverage and reimbursement effective October 1, 2021. The Budget adds \$2.7 million, accordingly, including \$1.2 million from general revenues.

### **Nursing Home Staffing**

**\$668,763**

The Budget adds \$668,763 from general revenues (\$1.5 million all funds) to reflect the 0.5 percent rate increase included in the Nursing Home Staffing and Quality Care Act enacted by the General Assembly in May 2021. The legislation establishes minimum staffing standards for nursing homes along with reporting requirements to ensure compliance. The legislation requires facilities to provide at least 3.58 hours of direct care to residents per day beginning January 1, 2022, increasing to 3.81 hours per day beginning January 1, 2023. The bill also requires that EOHHS continue to consult with stakeholders to determine the sufficiency of the staffing standards over time.

To aid in the implementation of these new standards, the bill authorizes a staffing adjustment to the Medicaid nursing home rates in addition to the annual inflator which is already provided. This includes a 0.5 percent rate adjustment on October 1, 2021; a 1.0 percent adjustment on October 1, 2022; and a 1.5 percent adjustment on October 1, 2023. The FY2022 Budget accounts for the first rate increase. The Budget also adds \$600,000 from general revenues to the Department of Labor and Training to provide grants to support enhanced training for direct care and support services staff.

### **Home Stabilization**

**\$612,190**

The Budget adds \$612,190 from general revenues (\$1.5 million all funds) to finance a rate increase for home stabilization services. This program provides support for Medicaid-eligible individuals in need of stable housing by identifying, applying for, and navigating housing or rental assistance, transitioning into or maintaining housing, and preventing eviction. The benefit is available for six months per individual.

The May 2021 CEC estimate included \$1.1 million for the program in FY2022, including \$481,308 from general revenues, to provide six months of benefits for 1,302 members. The CEC estimate is based on the current monthly rate of \$145.85. The Budget increases the reimbursement rate to \$331.00. The rate change was requested by the provider community to reflect the actual cost to provide home stabilization services.

<b>Home Stabilization</b>	<b>FY2022 CEC</b>	<b>FY2022 Enacted</b>	<b>Change</b>
Beneficiaries	1,302	1,302	-
Months of Benefit	6	6	-
Rate per Month	\$145.85	\$331.00	\$185.15
<b>Total Cost</b>	<b>\$1,140,000</b>	<b>\$2,590,000</b>	<b>\$1,450,000</b>
<i>General Revenue</i>	<i>481,308</i>	<i>1,093,498</i>	<i>612,190</i>

### **Third Party Liability**

**(\$536,405)**

By law, the Medicaid fee-for-service program is the payer of last resort. This means that if another insurer or program has the responsibility to pay for medical costs incurred by a Medicaid beneficiary, that entity is required to pay all or part of the cost of the claim prior to Medicaid making any payment. This is known as third party liability (TPL). The federal government requires states to make reasonable efforts to ascertain TPL and ensure that Medicaid is the payer of last resort.

Rhode Island Medicaid's current TPL structure involves two contracts. The first is a fiscal intermediary contract with DXC Technology, which provides a monthly feed of TPL coverages for cost avoidance purposes. The feed is not updated regularly and is not currently set up to retroactively apply TPL if it becomes known after a claim has already been paid by Medicaid. The other contract is with Stellarware, which is used to identify coverages for subrogation (other, non-medical insurance such as casualty insurance) and collects approximately \$1.0 million annually.

According to EOHHS, the Medicaid program needs to make a series of improvements to TPL collection management in order to maximize cost avoidance and subrogation revenue. The Budget eliminates the two existing contracts and adds funding to procure a single-source contract with a software as a service (SaaS) vendor to ensure that TPL efforts are better coordinated. The contract expenses are noted in the Central Management program. According to EOHHS, due to the federal government's focus on Medicaid enterprise system modernization, a number of SaaS vendors have emerged in recent years to address the types of issues that Rhode Island experiences with its existing TPL structure. Importantly, SaaS vendors are paid for performance, which motivates the vendor to maximize their collections.

By enhancing the focus on TPL, EOHHS expects to shift \$1.3 million in liability, including \$536,405 from general revenues, to third parties in FY2022. This translates to direct savings to the Medicaid program. The estimate captures six months of savings, as some transition time will be required to procure a new contract and shift between vendors. The out-year savings are likely to be much greater.

***Program Integrity***

***(\$518,189)***

The Budget includes \$518,189 in general revenue savings (\$1.2 million all funds) by expanding program integrity activities. The program integrity function at EOHHS currently reviews and monitors Medicaid fee-for-service providers and claims to ensure compliance and appropriate billing practices. This initiative adds a position to the unit to monitor managed care programs to optimize the efforts of the unit. The expenses associated with the position are noted in the Central Management program. The additional program integrity position will work collaboratively with the State's managed care organizations (MCOs) to proactively identify and take action on incidents of fraud, waste, and abuse in the Medicaid program.

***Perinatal Doula Services***

***\$189,840***

Article 12 allows EOHHS to submit a State Plan Amendment in order to add Medicaid coverage for perinatal doula services. Doulas are non-medical professionals trained in childbirth who provide women with continuous physical, emotional, and informational support before, during, and after birth. During childbirth, doulas provide breathing techniques, massages, advice, and advocacy. Studies show that one-on-one support during labor and delivery is associated with improved outcomes, particularly in marginalized communities, including: shorter labor periods, reduced risk for costly C-section procedures and premature births, and a reduction in the use of pain medication. EOHHS anticipates that doula coverage will reduce the likelihood of higher-cost interventions in labor and delivery within Medicaid populations. The Budget includes \$189,840 from general revenues (\$478,022 all funds) to cover \$850 per birth for these services for approximately 10.0 percent of Medicaid births. The rate includes \$51.52 per visit for up to three prenatal visits, \$502.27 for labor and delivery, and \$64.39 for up to three postpartum visits.

***COVID-19 Programs (federal funds)***

***(\$38.8 million)***

The FY2021 Budget as Enacted allocated \$38.8 million in federal Coronavirus Relief Funds (CRF) for the Executive Office's response to the COVID-19 pandemic. These were time-limited programs that are not occurring in FY2022. The Budget removes the funding, accordingly. The programs included:

- **LTSS Resiliency:** \$19.6 million for the Long Term Services and Supports (LTSS) Resiliency Fund, which provided financial support to nursing homes and home- and community-based providers.
- **Pediatric Provider Rates and Immunizations:** \$6.1 million for pediatric providers to address short-term cash flow concerns and maintain access to services, including immunizations.

- **Early Intervention:** \$5.0 million to offset revenue losses for early intervention and children’s service provider agencies that offer an array of behavioral and therapeutic services.
- **Workforce Stabilization:** \$4.0 million to reflect the expenses incurred for the Workforce Stabilization Loan Fund in FY2021, which provided payroll support to frontline workers in congregate care settings earning under \$20 per hour.
- **HCBS Access:** \$3.0 million to support existing direct support professionals and increase the number of staff to support community-based developmental disability organizations.
- **Primary Care Technical Assistance:** \$1.1 million to provide assistance with the use of telemedicine services and financial and infrastructure support with a focus on primary care providers and community health teams.



## Department of Children, Youth, and Families

Expenditures by Program	FY2020	FY2021	FY2021	Change to		FY2022	Change to	
	Actual	Enacted	Revised	Enacted		Enacted	Enacted	
Central Management	\$14.5	\$12.8	\$13.1	\$0.3	2.1%	\$19.0	\$6.2	48.6%
Children's Behavioral Health Services	14.7	12.3	12.3	0.0	0.4%	14.3	2.0	16.2%
Child Welfare	201.0	207.0	210.0	3.0	1.4%	221.0	14.0	6.8%
Juvenile Correctional Services	21.6	22.4	22.3	(0.1)	-0.5%	21.9	(0.5)	-2.2%
Higher Education Incentive Grants	0.2	0.2	0.2	-	-	0.2	-	-
<b>Total</b>	<b>\$252.1</b>	<b>\$254.7</b>	<b>\$257.9</b>	<b>\$3.2</b>	<b>1.2%</b>	<b>\$276.5</b>	<b>\$21.8</b>	<b>8.5%</b>

### Expenditures by Source

General Revenue	\$170.7	\$170.9	\$169.3	(\$1.6)	-0.9%	\$193.3	\$22.4	13.1%
Federal Funds	79.4	80.6	84.9	4.3	5.4%	81.5	0.9	1.1%
Restricted Receipts	1.9	2.1	2.5	0.4	19.3%	1.5	(0.6)	-28.5%
Other Funds	0.1	1.2	1.2	-	-	0.3	(0.9)	-78.9%
<b>Total</b>	<b>\$252.1</b>	<b>\$254.7</b>	<b>\$257.9</b>	<b>\$3.2</b>	<b>1.2%</b>	<b>\$276.5</b>	<b>\$21.8</b>	<b>8.5%</b>

Authorized FTE Levels 621.5 617.5 617.5 - - 702.5 85.0 13.8%

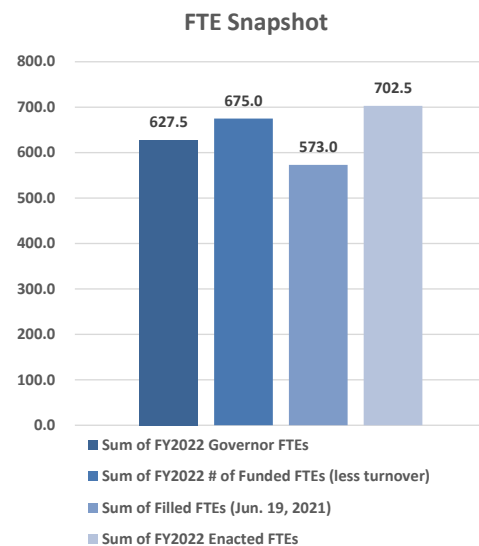
\$ in millions. Totals may vary due to rounding.

The Department of Children, Youth, and Families (DCYF) is charged with implementing a statewide network of supports to protect vulnerable children and families. The Department develops, oversees, and evaluates programs which provide opportunities for children to reach their full potential. DCYF has three major operational divisions: Children's Behavioral Health Services, Child Welfare (including child protective services, family services, and permanency support), and Juvenile Corrections (including the Rhode Island Training School and juvenile probation). The Department supports an average of 3,400 children and their families, and indirectly serves thousands more through community-based programs.

### MAJOR ISSUES AND TRENDS

The Budget includes \$276.5 million from all funds for the Department of Children, Youth, and Families in FY2022. This includes \$193.3 million from general revenues, \$81.5 million from federal funds, \$1.5 million from restricted receipts, and \$250,000 from RICAP funds. General revenue funding increases by \$22.4 million (13.1 percent) relative to the FY2021 Budget as Enacted.

The Budget maintains the Enacted level of 617.5 FTEs in FY2021 and increases the Department's FTE authorization by 85.0 positions to 702.5 FTEs in FY2022. This reflects the addition of 91.0 new staff to achieve and maintain accreditation, 2.0 Paralegal positions, and 1.0 Social Case Worker II position to perform utilization management services, less a reduction of 9.0 FTEs at the Training School. The Budget provides funding for approximately 675.0 of the 702.5 positions authorized for FY2022, or 96.1 percent.



### Accreditation

In light of ongoing challenges at the Department, the 2019 General Assembly required that DCYF seek accreditation from the national Council on Accreditation (COA) in order to ascertain how its operations

compare to national standards and identify areas for improvement. Article 13 of the FY2020 Budget as Enacted amended RIGL 42-72-5.3 to require that the Department initiate the application process by September 1, 2019, with a final accreditation plan due by October 1, 2020, to inform the Governor and General Assembly regarding necessary organizational changes to obtain and maintain accreditation along with the resources needed in order to do so.

The Department engaged with COA in September 2019 and submitted its accreditation plan on October 1, 2020. The plan analyzes the Department's alignment with 59 COA standards, staffing needs, necessary practice and policy shifts, and timeline needed to reach accreditation. The analysis is limited to the Department's child welfare and behavioral health standards and does not include benchmarks for the juvenile justice population, which is reviewed separately by the Annie E. Casey Foundation.

The analysis found that many of the Department's practice models, screening tools, risk assessments, and service planning already comport with many COA standards. The report recommended replacing the Department's case management information system, known as RICHIST.

However, the report also highlighted that staffing is the primary structural barrier to accreditation. Specifically, the Department needs an additional 34.0 Child Protective Investigators, 7.0 Child Protective Supervisors, 24.0 Social Case Workers, and 5.0 Casework Supervisors to satisfy COA per-worker caseload standards in the Child Protective Services and Family Services units. In addition, the report identified the need for 2.0 FTEs to notify kin of a DCYF placement; 1.0 FTE to monitor assessments of adolescent life skills development; 10.0 FTEs to enhance clinical capacity for behavioral health services; 5.0 FTEs for a permanent unit to manage accreditation and ongoing reform activities; and 3.0 additional staff to support continuous data monitoring and staff training and development functions at DCYF. The report also recommended pay increases for frontline staff with advanced degrees. The additional 91.0 FTE positions and pay incentives would require a sustained investment of approximately \$10.8 million from all funds per year. The report also recommends an additional \$300,000 to boost efforts to recruit resource families and \$291,851 for fixed expenditures to maintain support from COA, including site visits and application fees.

The report recommends a "Prioritized Practice" approach for the Department, occurring over a four-year period, where the Department completes a self-study and gradually demonstrates alignment with COA standards. The timeline is "contingent upon the approval and appropriation by the Governor and the General Assembly of sufficient and sustained funding necessary for the Department to achieve COA accreditation." Accordingly, the FY2022 Budget as Enacted authorizes and funds the 91.0 FTE positions and incidental operating costs identified in the COA report. The Budget also provides a financing mechanism to replace the RICHIST system. These investments provide the necessary support for the Department to continue its progress towards accreditation.

### ***Children's Rights Settlement***

In January 2018, the State and DCYF settled a long-standing class action lawsuit. The lawsuit, initially filed in 2007, demanded systemic reforms to the State's child welfare system and cited deficiencies throughout DCYF, including excessive caseworker assignments and an inappropriate residential service array. The settlement outlined a number of new screening and reporting requirements to be met by the Department and overseen by the Office of the Child Advocate. The Department continues to monitor these benchmarks and provides monthly reports pursuant to the Settlement. The Budget contains \$138,000 in annual general revenue funding within the Child Welfare program for a data validator for this purpose.

### **CENTRAL MANAGEMENT**

The Central Management program includes the Office of the Director and Support Services. Central Management functions are primarily administrative and strive to improve policies and maximize operational efficiency. These functions provide coordination and oversight, fiscal management, accountability supports, facility management, legal services, and youth development services.

<b>Central Management</b>	<b>General Revenue</b>
FY2021 Enacted	\$9,096,210
<i>Target and Other Adjustments</i>	
Personnel	(45,676)
Accreditation Costs	3,586,174
Centralized Service Charges	600,000
Workload Study Tool	510,688
Fleet Modernization	200,000
<b>FY2022 Enacted</b>	<b>\$14,120,765</b>

<b>Central Management</b>	<b>Other Fund Changes</b>
RICHIST (federal funds)	\$1,300,000

**Personnel** **\$3.6 million**

The Budget provides \$7.8 million from general revenues and \$2.0 million from federal funds for Central Management personnel in FY2022. This represents a general revenue increase of \$3.6 million compared to the FY2021 Enacted level. The net increase is attributable to:

- **Turnover:** The FY2021 Enacted Budget included \$3.1 million in general revenue turnover savings based on updated personnel costs and projections when the Budget was enacted in December 2020. Most of this amount, or approximately \$2.5 million, was one-time savings and is restored in FY2022.
- **Accreditation:** The Budget adds \$1.0 million from general revenues to finance the salary and benefit expenses for 8.0 new FTEs to establish an ongoing accreditation unit and provide other quality management and data analytics support as identified in the COA report.
- **Legal Support:** The Budget adds 2.0 new Paralegal positions and \$137,138 from general revenues to improve the Department's advocacy work. According to the Department, increasing desk time for legal staff will expedite the court process to encourage permanency for youth involved with DCYF. Additional desk time supports the ability to meet with Social Case Workers to discuss and prepare for court events, review court documents, and update case records.
- **Other Changes:** The Budget updates the program's personnel roster and repurposes vacancies as frontline staff in Child Welfare.

**Accreditation Costs** **\$600,000**

The Budget adds \$600,000 from general revenues for incidental operating costs associated with achieving and maintaining accreditation as identified in the COA report. These costs include: \$300,000 for a resource family marketing and recruitment campaign; \$175,000 for accreditation fees; \$55,000 for an accreditation readiness assessment; \$50,000 for COA site visits; \$15,000 for desk reviews; and \$2,500 for application fees. Some of these expenses may span over the four-year accreditation period and may be reappropriated to out-years where necessary.

**Centralized Service Charges** **\$510,688**

The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, facilities management, and human resources. These expenditures were previously centralized in the Department of Administration, and are now reflected in each agency based on actual use. The FY2021 Budget as Enacted included \$2.3 million from general revenues for these expenses within Central Management. The Budget increases these charges by \$510,688 to reflect the historical expenditure level within the program.

**Workload Study Tool****\$200,000**

The Budget adds \$200,000 from general revenues to fund a workload study tool. This is required as part of a corrective action plan that resulted from the Department's failure to meet a number of benchmarks established in the Children's Rights Settlement.

According to the Department, the study will evaluate case management staff within the Family Services Unit (FSU) with open cases of children and youth due to a report or suspicion of abuse or neglect. The project will involve a time study, which evaluates the time it takes FSU workers to complete tasks, and development of a case complexity tool and workload capacity model to provide continuous monitoring. The workload study will allow the Department to better understand and track its staffing requirements and provide sufficient resources for achieving compliance with its commitments under the Children's Rights Settlement Agreement. DCYF is currently soliciting proposals through a competitive bid process and expects a vendor to be on board in September 2021. The cost estimate was derived from the workload study that was recently completed by Public Consulting Group in Maine.

**Fleet Modernization****\$173,369**

The Department currently owns a fleet of 84 vehicles which are used by frontline staff to complete required investigative and other work both in and out of State. About half of these vehicles have over 150,000 miles on them. The Department also has 20 vehicles that were procured under an emergency lease to replace vehicles that were damaged during protests in the summer of 2020. The lease expired at the end of FY2021.

	<b>Purpose</b>	<b>General Revenue</b>
	Extend Lease of 20 Vehicles	\$110,160
	Lease 10 Passenger Vans	73,800
	Lease 10 4-5 Passenger Vehicles	74,070
	Lease Insurance	55,000
	Federal Lease Reimbursement	(14,168)
	Maintenance Savings	(125,493)
	<b>Total</b>	<b>\$173,369</b>

The Department requested \$110,160 from general revenues to continue the lease in FY2022, at \$459 per vehicle per month. The Department then requested an additional \$147,870 from general revenues in FY2022 to modernize the fleet and replace another 20 old, high-mileage vehicles with leased, fuel-efficient vehicles. These investments would generate savings by reducing maintenance costs. The Budget provides the funding as requested and provides for the purchase of an additional 20 vehicles through the State Fleet Revolving Loan Fund.

**RICHIST (federal funds)****\$1.3 million**

The Budget includes \$1.3 million in federal funding to finance the first year costs to replace RICHIST, the Department's case management information system. The Budget also adds \$2.0 million in restricted receipt expenditures for this purpose within the Department of Administration (DOA) to draw funds from the Information Technology Investment Fund (ITIF), which is housed in DOA. The upgrade will take approximately three years and \$28.0 million from all funds, with the costs shared 60/40 between the State and federal government as follows:

<b>RICHIST Replacement</b>	<b>FY2022</b>	<b>FY2023</b>	<b>FY2024</b>	<b>Total</b>
State Funds - ITIF	\$2,000,000	\$10,000,000	\$5,000,000	\$17,000,000
Federal Funds	1,300,000	6,500,000	3,200,000	11,000,000
<b>Total</b>	<b>\$3,300,000</b>	<b>\$16,500,000</b>	<b>\$8,200,000</b>	<b>\$28,000,000</b>

The FY2021 Revised Budget transfers \$17.0 million to the ITIF to provide upfront capital to fund the 60.0 percent State share of the system replacement over the three-year period. The Governor proposed issuing debt, in the form of certificates of participation (COPs), which would have accrued \$2.7 million in interest over ten years; instead, the Budget uses one-time general revenues to provide interest-free financing.

RICHIST was developed in 1998 and serves as a registry for all confidential case, financial, provider, and staff management information. RICHIST also generates the caseload and financial data which the Department reports to the Governor, General Assembly, and federal government. While Rhode Island was

a national leader when RICHIST was first developed, it now relies on antiquated technology that has not adapted well to changes over the last 23 years. Most significantly, the existing RICHIST system does not enable easy mobility for staff in the field which inhibits the Department's ability to operate efficiently.

The new system would be a modular system that enables data analytics and reporting, allows easy access to real-time information when making important decisions for children and families, and simplifies the system's mobile interface. The federal government encourages use of modular systems because they are more comprehensive and flexible, and enhance the ability to navigate case information and incorporate data analytics into child welfare practice. Modern systems are also more dynamic, allowing child welfare agencies to respond more adeptly to frequent changes in standards and practices. The Budget assumes the use of a Custom Off the Shelf (COTS) software package which can be adapted from interfaces being used in other states, as opposed to custom-building a solution from scratch. The existing system will be maintained as portions of the new system are developed and phased in, with a full transition occurring when all components of the new system are sufficiently tested.

### CHILDREN'S BEHAVIORAL HEALTH SERVICES

The Children's Behavioral Health Services program designs, implements, and monitors a statewide system of care for children and youth requiring mental health services, including those children who are involved with the Department due to abuse, neglect, or delinquency. The Department seeks to support all children and youth with developmental disabilities or emotional disturbances in the least restrictive settings possible.

<b>Children's Behavioral Health Services</b>	<b>General Revenue</b>
FY2021 Enacted	\$5,958,010
<i>Target and Other Adjustments</i>	
Personnel	12,047
Assistance and Grants	1,322,632
Enhanced FMAP	602,190
	(315,140)
<b>FY2022 Enacted</b>	<b>\$7,579,739</b>

#### **Personnel**

**\$1.3 million**

The Budget provides \$3.5 million from general revenues and \$727,163 from federal funds for Children's Behavioral Health personnel in FY2022. This represents a general revenue increase of \$1.3 million compared to the FY2021 Enacted level. The increase is primarily related to the addition of 10.0 FTE positions and related salary and benefit expenses for accreditation. The COA report identified the need for the Department to increase its clinical capacity and enhance its focus on behavioral health. The funding includes \$960,000 for 8.0 Clinical Social Workers and \$290,000 for 2.0 Clinical Supervisors.

In addition to the new accreditation staff, the Budget authorizes a new 1.0 Social Case Worker position and provides \$72,632 from general revenues (\$95,175 all funds) to enhance the Department's utilization management function. While the purpose of this addition is to optimize utilization of congregate care placements within the Child Welfare program, the Department's utilization management unit is funded in Children's Behavioral Health. The scope of this initiative is described in more detail within the Child Welfare program.

#### **Assistance and Grants**

**\$602,190**

The Budget includes a general revenue increase of \$602,190 from general revenues for direct services within the Children's Behavioral Health Services program, based on the Department's projected need. This provides full funding for the Department's array of behavioral healthcare services, including an average of 30 placements at Bradley Hospital, one-on-one intensive individual supervision, and a number of community based services. The increase is primarily related to an increase in Bradley direct billing and residential placements, which are expected to grow compared to FY2020 and FY2021, when the

Department saw a reduction in utilization across all services due to COVID-19. The Budget is consistent with FY2018 and FY2019 spending.

**Enhanced FMAP**

**(\$315,140)**

The Budget includes \$315,140 in general revenue savings to reflect the extension of the enhanced federal medical assistance percentage (FMAP) through the first half of FY2022. Pursuant to the Families First Coronavirus Response Act (FFCRA), the enhanced FMAP shifts an additional 6.2 percent of eligible Medicaid and Title IV-E expenses from general revenues to federal funds during the COVID-19 public health emergency. On January 22, 2021, the federal Secretary of Health and Human Services issued a letter stating that the public health emergency “will likely remain in place for the entirety of [calendar year] 2021.” The Budget includes two quarters of savings within the Children’s Behavioral Health Services program, accordingly, based on an estimated \$5.1 million in eligible expenses.

**CHILD WELFARE**

The Child Welfare division has two major sub-programs:

- **Child Protective Services (CPS):** CPS reviews and responds to reports of child abuse and neglect. CPS staff includes child protective investigators who specialize in the investigation of these reports. If a child is deemed to be at imminent risk of harm, they may be removed from the home and placed in State care for up to 48 hours, pending petitions before the Rhode Island Family Court.
- **Family Services Unit (FSU):** Staff members within Family Services provide ongoing social services and case management to children and families who become involved with DCYF due to abuse, neglect, substance abuse, or behavioral health issues.

The Child Welfare program includes out-of-home placements such as foster and congregate care. Foster care settings include kinship and non-kinship placements as well as private agency homes. Congregate care settings encompass residential treatment facilities, group homes, semi-independent living, and independent living. Child Welfare also includes the Permanency Services Unit, which oversees the administration of the adoption and guardianship subsidy programs for children and youth in permanent placements.

The Budget includes \$221.0 million from all funds to support Child Welfare. This is \$14.0 million more from all funds compared to the FY2021 Budget as Enacted level of \$207.0 million. Actual all funds expenditures were \$199.1 million in FY2019 and \$201.0 million in FY2020.

<b>Child Welfare</b>	<b>General Revenue</b>
FY2021 Enacted	\$137,210,160
<i>Target and Other Adjustments</i>	
Personnel	10,039,330
Caseload Adjustment	7,956,433
Recruitment and Retention	(2,505,303)
Enhanced FMAP	(2,217,780)
TANF	(2,173,501)
Female Youth Project	1,004,097
Families First	384,166
Extreme Family Finding	40,783
Utilization Management	(38,386)
<b>FY2022 Enacted</b>	<b>\$149,983,357</b>
<i>Other Fund Changes</i>	
COVID-19 Programs (federal funds)	(\$2,772,449)
Child Care Rates (federal funds)	686,767

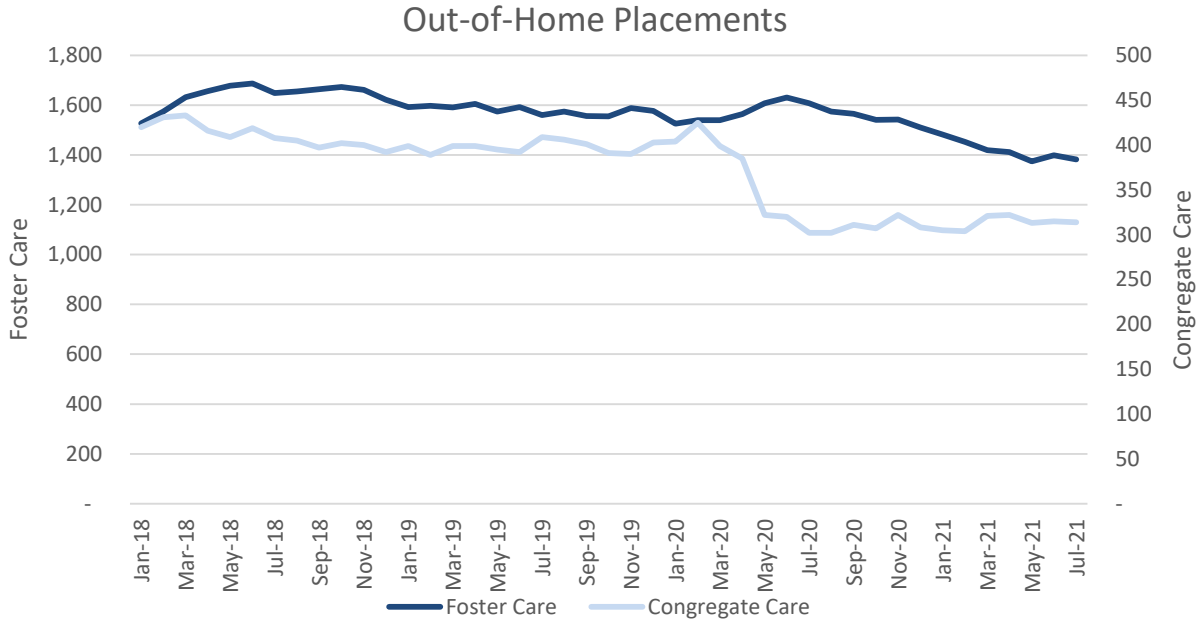
**Personnel****\$10.0 million**

The Budget provides \$40.6 million from general revenues, \$13.9 million from federal funds, and \$133,168 from restricted receipts for Child Welfare personnel in FY2022. This represents a general revenue increase of \$10.0 million compared to the FY2021 Enacted level. The increase is primarily attributable to new accreditation staff and the restoration of one-time turnover savings. The Budget adds 73.0 new FTEs to bolster the Department's frontline staff capacity as identified in the COA report. This results in an additional \$7.6 million from general revenues to fund the salaries and benefits associated with 34.0 Child Protective Investigators, 24.0 Social Case Workers, 12.0 Supervisors, and 3.0 Implementation Aides. The remainder of the increase in personnel costs is due to restored turnover savings. The FY2021 Enacted Budget included \$4.6 million in general revenue turnover savings based on updated personnel costs and projections when the Budget was enacted in December 2020. The Budget treats approximately \$3.0 million of this amount as one-time savings. These increases are offset slightly by \$450,000 in general revenue savings from the Voluntary Retirement Incentive and other adjustments to the personnel roster.

**Caseload Adjustment****\$8.0 million**

The Budget provides a base increase of \$8.0 million from general revenues to fund direct services within the Department in FY2022 compared to the FY2021 Enacted Budget. Of this amount, \$5.6 million was included in DCYF's budget request, based on updated cost and caseload projections and expected case mix. The Enacted Budget revises these projections utilizing more updated information and provides an additional \$2.3 million from general revenues, accordingly.

The majority of expenditures in the Child Welfare program are caseload-driven and funded through the assistance and grants category. Funding includes per diem reimbursement for foster families, private agency foster care, group homes, and residential treatment centers as well as subsidies for youth who have been adopted or are placed under a guardianship arrangement. Since the onset of the COVID-19 pandemic, the Department has experienced significantly fewer child abuse and neglect reports and investigations, with a corresponding reduction in the number of children entering State care. The average number of CPS reports has declined from a pre-COVID average of 1,700 to 1,800 per month to an average of below 1,300 per month between March 2020 and June 2021. There was also a 10.0 percent reduction in out-of-home placements from a pre-COVID average of 2,000 to an average of 1,800 since March 2020. While caseloads remain relatively low as of July 2021, the Department has indicated that they are likely to increase again post-COVID as children return to day care, school, and other in-person activities and more incidents are reported. The FY2022 Budget is consistent with this assumption and provides funding for approximately 1,800 foster care placements, 325 congregate care placements, and 3,100 adoption/guardianship subsidies.



**Recruitment and Retention**

**(\$2.5 million)**

The Budget assumes \$2.5 million in general revenue savings (\$2.8 million all funds) by enhancing foster family recruitment and retention. The Department has focused on bolstering its frontline staff and foster family licensing unit in recent years, resulting in a significant number of new foster homes. The Department’s goal is to continue this effort to increase the pool of foster families in the State, allowing for additional home-based care options. In August 2020, the Department restructured its foster care rate methodology which resulted in increases in the per diem rates, with the goal of aligning the reimbursement rate with the cost to support foster children and attracting new families to apply. The Department also repurposed vacancies in FY2021 to hire additional frontline staff and the Enacted Budget adds 73.0 more FTEs, as noted above. Through these efforts to increase the available supply of foster families and provide additional staff supports, the Budget assumes that Department will be able to shift approximately 40 youth from more expensive private agency foster care and congregate care settings into DCYF foster care. The difference in per diem costs for these placements is significant; the average daily cost of DCYF foster care is \$30, while private agency foster care is \$100 per day and congregate care is \$350 per day. The Budget assumes approximately \$3.3 million in private agency and congregate care savings, with \$500,000 reinvested in DCYF foster care, for net all funds savings of \$2.8 million.

**Enhanced FMAP**

**(\$2.2 million)**

The Budget includes \$2.2 million in general revenue savings to reflect the extension of the enhanced federal medical assistance percentage (FMAP) through the first half of FY2022. Pursuant to the Families First Coronavirus Response Act (FFCRA), the enhanced FMAP shifts an additional 6.2 percent of eligible Medicaid and Title IV-E expenses from general revenues to federal funds during the COVID-19 public health emergency. On January 22, 2021, the federal Secretary of Health and Human Services issued a letter stating that the public health emergency “will likely remain in place for the entirety of [calendar year] 2021.” The Budget includes two quarters of savings within the Child Welfare program, accordingly, based on an estimated \$35.8 million in eligible expenses.



**TANF****(\$2.2 million)**

The Budget shifts \$2.2 million from general revenues to federal funds to reflect an increase in the federal Temporary Assistance for Needy Families (TANF) allocation for child care expenses incurred by the Department.

**Female Youth Project****\$1.0 million**

The Budget includes \$1.0 million from general revenues (\$3.5 million all funds) to establish an in-State Psychiatric Residential Treatment Facility (PRTF) for female youth. PRTFs are non-hospital facilities that provide intensive inpatient services for individuals under 21 with complex behavioral health or other needs. The Department has identified a need to develop in-State capacity to service female youth with complex behavioral health needs who are currently served out-of-State, at the Training School, or in a hospital. These alternative placements are expensive and often not appropriate to achieve positive outcomes. All services provided in a PRTF are Medicaid claimable, providing an opportunity for DCYF to leverage additional federal funds for approximately 40 female youth who fit the criteria for this type of facility.

Instead of a typical Request for Proposals (RFP) process, the Executive Office of Health and Human Services (EOHHS) advised DCYF to create certification standards, whereby any provider that meets the standards can become a PRTF. The Department must submit these standards to the Centers for Medicare and Medicaid Services (CMS) and expects approval after 90 days. The Department can engage with providers during the approval waiting period so that planning and preparation can occur in the interim.

The Budget assumes that the Department will submit standards in early FY2022 and a PRTF will be fully functional by October 2021. The Budget assumes that an average of 24 female youth will be served by the facility in FY2022 at an estimated \$1,000 per diem rate, for an additional cost of \$6.6 million over three quarters, including \$3.3 million from general revenues. However, because many of these individuals are likely to transition from high-end out-of-State residential placements currently funded by DCYF, the Budget also assumes \$3.0 million in other placement savings, including \$2.3 million from general revenues. The net change is a \$1.0 million general revenue increase (\$3.5 million all funds).

**Families First****\$384,166**

The federal Families First Prevention Services Act seeks to reduce states' reliance on group and residential treatment homes and instead prioritizes home-based care. In addition to enhancing reimbursement for certain behavioral health treatments, beginning on October 1, 2021, the federal government will only provide matching Title IV-E funds for residential programs that are designated as Qualified Residential Treatment Programs (QRTPs). QRTPs are a subset of licensed group care facilities which meet detailed assessment, case planning, documentation, staffing, and other requirements. The Department anticipates a loss of \$384,166 in federal matching funds for residential services that will no longer be eligible for a federal match. The Budget provides \$384,166 from general revenues, accordingly.

*Analyst Note: The alternative option would be to ensure that all residential programs are compliant with the Families First Prevention Services Act as certified QRTPs. However, the Department does not receive a substantive amount of Title IV-E funding for group homes and the expense to transform the residential model would be more substantial than covering the loss of federal funds.*

**Extreme Family Finding****\$40,783**

The Budget includes a general revenue increase of \$40,783 to provide for intensive permanency support services known as Extreme Family Finding (EFF). The Department, in collaboration with Adoption RI, supports intensive family search and identification services in order to locate permanent placements for youth who have been in in the child welfare system for extended periods of time. EFF is an evolving practice where a private investigator utilizes record mining and genograms to locate family members and help youth with challenging behaviors, mental health issues, or disabilities make kinship connections. In addition to fostering important connections, this effort can also help move youth out of the system, thereby reducing congregate care and length of stay in State care. The program also provides wraparound support and post-

placement services. Adoption RI received a time- and funding-limited external grant to launch this program which expired in December 2020.

The Budget adds \$132,000 from general revenues to replace the grant funding and maintain the partnership with Adoption RI for EFF services. However, the Budget also assumes that the Department will see savings by reducing the number of high-need youth in the foster care system. Based on the program's previous success engaging with seven youth, locating over 300 family members, and finding permanent placements for five, the Budget assumes that the program will engage with ten youth and find permanent placements for at least five, generating \$91,217 in general revenue savings. The Budget includes a half-year of savings, assuming that it could take about six months to locate permanent homes. The Budget provides a net general revenue increase of \$40,783 to support EFF, accordingly.

### **Utilization Management**

**(\$38,386)**

The Budget adds 1.0 Social Case Worker II position to enhance the Department's utilization management (UM) capacity. This additional staff member will help perform regular reviews of youth in congregate care to ensure that continued placement is consistent with each youth's level of need, strengthen progress towards timely permanence for children, and ensure accountability for consistent and high-quality practice and services within group care settings. According to the Department, youth placed in congregate care are less likely to find permanent homes than those who live in home-based settings. Ensuring that congregate care is a placement of last resort will improve the Department's goal of achieving permanency.

Although the Department has seen significant reductions in high-cost congregate care utilization in the last several years, there remains an opportunity to reduce utilization of costly services, such as residential treatment centers, for youth that do not require such a level of care. Utilization management enables the Department to reduce the use of restrictive forms of care and improve clinical and functional outcomes for children while also reducing costs. The Department currently has a UM unit with two employees that regularly evaluates about one-third of youth placed in congregate care to identify youth who can step down to a less intensive setting and provide information to Family Services, Probation Management, and other stakeholders. The UM reviews are currently limited to youth who come into care due to abuse and neglect, which is only a subset of congregate care placements, due to resource constraints and the requirements of the Children's Rights Settlement. An expansion of the UM function to all youth residing in group care settings will help reduce the use of highly restrictive and costly congregate care placements.

The Budget assumes that the additional staff member will examine 33 cases per year, based on past performance by the existing UM unit. The Budget assumes that the additional position will transition at least one youth from a congregate care setting, at an average per diem of approximately \$350, into a foster care setting, at an average per diem of approximately \$30, in the last half of the fiscal year. This will generate \$38,386 in general revenue savings (\$53,794 all funds), although there may be a potential for additional savings if more individuals are moved into foster care. The additional costs associated with the new position are accounted for in the Children's Behavioral Health Services program.

### **COVID-19 Programs (federal funds)**

**(\$2.8 million)**

The FY2021 Budget as Enacted allocated \$2.8 million in federal Coronavirus Relief Funds for the Department's response to the COVID-19 pandemic. These were time-limited programs that are not occurring in FY2022. The Budget removes the funding, accordingly. The programs included:

- **Isolation, Intake, and Placements:** The FY2021 Budget included \$2.0 million for isolation, intake, and placements. This funded the creation and operation of an isolation facility on the Zambarano campus for children who were COVID-19 positive and needed to quarantine prior to placement.
- **Child Care:** The FY2021 Budget included \$620,000 to increase child care reimbursement rates. On May 27, 2020, the Governor authorized an increase in reimbursement rates for the Department of Human Services' child care assistance program by Executive Order. The additional funds in DCYF reflected the day care expenses incurred by the Department on behalf of foster children.

- **Positive Youth Stipend:** The FY2021 Budget added \$120,000 to provide additional support for foster families that cared for COVID-19 positive youth. The funds allowed the Department to increase the standard per diem foster care rate by \$10 for the first two weeks and \$5 for the following two weeks.
- **Voluntary Extension of Care:** The FY2021 Budget included \$100,000 for the voluntary extension of care (VEC) program. The VEC program provides supports for young adults ages 18 to 21 who exit DCYF care but request additional support in their transition to adulthood. The program was expanded by Executive Order from April 17 to August 28, 2020, to maintain eligibility for young adults turning 21 during the COVID-19 pandemic who otherwise would have left the program. The extension required additional funding for two months in FY2021.

**Child Care Rates (federal funds)****\$686,767**

The Budget adds \$686,767 in federal TANF funds to account for the child care rate increases authorized by Article 13. Most child care funding is included in the Department of Human Services (DHS); however, DHS charges DCYF for the expenses incurred on behalf of children in DCYF care. The additional funding reflects the impact of the rate increases for the DCYF population.

**JUVENILE CORRECTIONAL SERVICES**

Juvenile Correctional Services includes two major sub-programs:

- **Rhode Island Training School (RITS):** The RITS is a secure correctional facility for adjudicated juvenile offenders as well as those who are detained and awaiting trial. The facility has a maximum capacity of 148, with 124 beds for male residents and 24 beds for female residents. The Training School is a 24-hour, 365-day operation providing housing, food, clothing, medical care, education, vocational training, and other programs and services to meet the needs of its residents.
- **Juvenile Probation and Parole:** Juvenile Probation supervises all formerly adjudicated youth placed on probation by the Family Court. Each youth is evaluated to determine their risk for recidivism. Staff members then create and enforce individualized plans to address the factors which contribute to delinquent behavior in order to prevent recidivism.

<b>Juvenile Correctional Services</b>	<b>General Revenue</b>
FY2021 Enacted	\$18,395,931
<i>Target and Other Adjustments</i>	<i>(67,367)</i>
Personnel	3,162,757
Community Based Services	(636,789)
Centralized Service Charges	546,549
<b>FY2022 Enacted</b>	<b>\$21,401,081</b>

**Personnel****\$3.2 million**

The Budget provides \$17.6 million from general revenues and \$203,536 from federal funds for Juvenile Corrections personnel in FY2022. This represents a general revenue increase of \$3.2 million compared to the FY2021 Enacted level. The increase is primarily related to the restoration of \$2.4 million in public safety personnel costs at the Training School that were shifted to federal Coronavirus Relief Funds in FY2021. These funds are not available in FY2022 and are transferred back to general revenues, accordingly. The FY2021 Enacted Budget also included \$2.5 million in general revenue turnover savings based on updated personnel costs and projections when the Budget was enacted in December 2020. The Budget treats approximately \$1.5 million of this amount as one-time savings. The Budget maintains the remaining \$1.0 million in turnover savings by eliminating 9.0 FTE positions from Juvenile Corrections to align staffing levels with the consistently declining census at the Training School. The Budget also updates the program's personnel roster and benefit rates and repurposes vacancies as frontline staff in Child Welfare.

**Community Based Services****(\$636,789)**

The Budget reduces general revenue assistance and grants spending by \$636,789 in FY2022 to reflect the elimination of an Outreach and Tracking program operated by Tides Family Services. Outreach and Tracking is a community-based, intensive supervision program with a goal of family preservation and school completion for youth and families involved with juvenile probation. According to Tides, the program includes 24/7 emergency services, counseling, school court advocacy, referrals to therapeutic recreation activities, and case coordination. The program was eliminated in the Department's request, based on a lack of referrals to the program. The program operated for just over a year and saw 28 referrals, with 13 from within DCYF; 13 from the Truancy, Drug, and Family Courts; and 2 from community providers.

**Centralized Service Charges****\$546,549**

The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, facilities management, and human resources. These expenditures were previously centralized in the Department of Administration, and are now reflected in each agency based on actual use. The FY2021 Budget as Enacted included \$207,904 from general revenues for facilities management expenses within Juvenile Correctional Services. The Budget increases these charges by \$546,549 to reflect the historical expenditure level within the program.

**HIGHER EDUCATION INCENTIVE GRANTS**

The Higher Education Incentive Grant Program provides tuition assistance for former foster youth to attend a wide range of post-secondary institutions. This program is funded by State higher education incentive grants and federal Educational and Training Vouchers (ETVs). General revenue funding for the incentive program is set by statute at \$200,000 per year; there is an additional \$195,107 in federal ETV funding and \$4,893 in restricted receipts accounted for within the Child Welfare program. DCYF coordinates with the Office of the Post-Secondary Education Commissioner's Division of Higher Education Assistance (DHEA) to administer this grant program and provide tuition assistance to between 50 and 75 former foster youth each year. DHEA provides information regarding cost of attendance and financial aid for each applicant to the program. This allows DCYF to ensure that funding is distributed equitably across participants.

<b>Higher Education Incentive Grants</b>	<b>General Revenue</b>
FY2021 Enacted	\$200,000
<i>Target and Other Adjustments</i>	
FY2022 Enacted	<b>\$200,000</b>

**CAPITAL PROJECTS**

The Budget includes a total of \$5.9 million from Rhode Island Capital Plan (RICAP) funds from FY2021 through FY2026, including \$1.2 million in FY2021 and \$250,000 in FY2022. Projects include:

- Acquisition and installation of a generator at the Training School to maintain functionality of HVAC, security, and other mechanical systems in the event of a power outage. The Budget includes \$717,000 to make a one-time purchase in FY2021, consistent with the Enacted level.
- Improvements and ongoing maintenance at the Training School, including resolving leaks and other structural issues. The Budget includes \$470,614 in FY2021 and \$250,000 per year in FY2022 through FY2026 related to ongoing maintenance projects.
- Redesigning the Training School to reflect the needs of the juvenile justice population. The Budget includes \$1.8 million in RICAP funding in FY2023 and \$1.8 million in FY2024. With a capacity of 148 and average census ranging from 25 to 50, the Department has identified the need to repurpose the space. The plan involves closing portions of the Training School and repurposing modules as residential treatment centers to shift the focus from detention towards therapy and rehabilitation.

## Department of Health

Expenditures By Program	FY2020	FY2021	FY2021	Change from		FY2022	Change from	
	Actual	Enacted	Revised	Enacted	Enacted	Enacted	Enacted	Enacted
Central Management	\$15.4	\$15.6	\$27.3	\$11.7	74.7%	\$35.7	\$20.1	129.1%
Community Health and Equity	99.2	106.1	109.8	3.7	3.5%	113.1	6.9	6.5%
COVID-19	14.9	-	406.0	406.0	-	242.0	242.0	-
Customer Services	13.2	14.5	17.2	2.7	18.8%	15.0	0.5	3.4%
Environmental Health	13.0	13.6	14.0	0.4	2.9%	13.9	0.3	2.1%
Health Laboratories and Medical Examiner	13.2	16.6	14.8	(1.7)	-10.5%	13.1	(3.4)	-20.6%
Policy, Information and Communications	5.2	5.0	5.8	0.8	15.1%	4.9	(0.1)	-1.2%
Preparedness, Response, Infectious Disease, & Emergency Services	19.0	407.3	47.4	(359.8)	-88.4%	33.1	(374.2)	-91.9%
<b>Total</b>	<b>\$193.2</b>	<b>\$578.6</b>	<b>\$642.3</b>	<b>\$63.6</b>	<b>11.0%</b>	<b>\$470.8</b>	<b>(\$107.8)</b>	<b>-18.6%</b>

Expenditures By Source								
General Revenue	\$38.3	\$110.3	\$32.8	(\$77.5)	-70.3%	\$31.0	(\$79.2)	-71.9%
Federal Funds	112.0	420.4	547.3	126.9	30.2%	368.3	(52.1)	-12.4%
Restricted Receipts	42.5	47.8	62.0	14.2	29.7%	70.9	23.1	48.3%
Other Funds	0.4	0.2	0.2	0.0	0.0%	0.6	0.4	200%
<b>Total</b>	<b>\$193.2</b>	<b>\$578.6</b>	<b>\$642.3</b>	<b>\$63.6</b>	<b>11.0%</b>	<b>\$470.8</b>	<b>(\$107.8)</b>	<b>-18.6%</b>

Authorized FTE Levels 499.6 513.6 513.6 - - 530.6 17.0 3.3%  
*\$ in millions. Totals may vary due to rounding.*

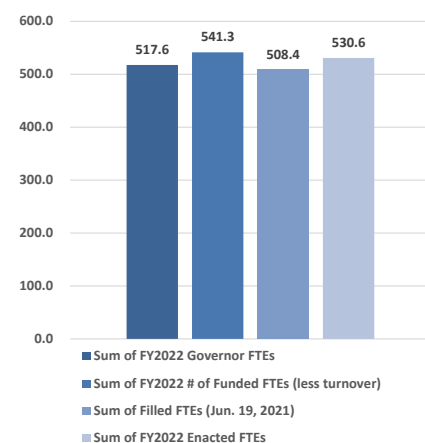
The mission of the Rhode Island Department of Health (RIDOH) is to prevent disease and to protect and promote the health and safety of the people of Rhode Island. Since Rhode Island has no local health departments, the Department coordinates public health activities across the State. The Department's responsibilities include licensing and regulation, collection and analysis of health data, disease surveillance, prevention, and control, vital records, and state laboratories. The Department also houses the Office of the Medical Examiner, the agency responsible for investigating and certifying suspicious or otherwise unexplained deaths.

### MAJOR ISSUES AND TRENDS

The FY2022 Budget as enacted allocates funding for the eight programs within the Department of Health (DOH): Central Management, Community Health and Equity, COVID-19, Customer Services, Environmental Health, Health Laboratories and Medical Examiner, Policy, Information and Communications, and Preparedness, Response, Infectious Diseases and Emergency Response. The Budget includes \$470.8 million in all funds for FY2022, a decrease of \$107.8 million from the FY2021 Budget as Enacted. General revenues comprise 6.6 percent of the total funds, equaling \$31.0 million, a decrease of \$79.2 million from the FY2021 Budget as Enacted.

The Budget adds a net 17.0 positions, including 15.0 new FTEs for pandemic response, 3.0 FTEs for the Shellfish Dockside Program, and 1.0 FTE position to oversee the Opioid Stewardship Fund, offset by a reduction of 2.0 FTEs to reflect the closure of the Vital Records satellite location at the Division of Motor Vehicles.

FTE Snapshot



### CENTRAL MANAGEMENT

Central Management provides overall leadership, management, and administrative functions for the Department. The Division includes two subprograms: Executive Functions and the Health Equity Institute.

<b>Central Management</b>	<b>General Revenue</b>
FY2021 Enacted	\$3,177,680
<i>Target and Other Adjustments</i>	<i>54,603</i>
<b>FY2022 Enacted</b>	<b>\$3,232,283</b>

## COMMUNITY HEALTH AND EQUITY

The Division of Community Health and Equity aims to eliminate health disparities, assure healthy child development, control disease, and strive for healthy communities. The division includes four centers: chronic care and disease management, health promotion and wellness, perinatal and early childhood health, and preventive services.

<b>Community Health and Equity</b>	<b>General Revenue</b>
FY2021 Enacted	\$527,012
<i>Target and Other Adjustments</i>	<i>5,475</i>
Family Home Visiting Program	605,538
Shift from COVID-19 Funding	116,032
First Connections	95,755
VRI Savings	(24,234)
<b>FY2022 Enacted</b>	<b>\$1,325,578</b>

### **Family Home Visiting Program** **\$605,538**

The Family Home Visiting program provides pregnant women and families with services to improve maternal and child health, prevent child abuse and neglect, encourage positive parenting, promote child development, and improve school readiness. The program is funded by the Department of Health; coordinated along with the Departments of Children, Youth, and Families (DCYF) and Human Services (DHS); and administered by local, community-based agencies.

Family Home Visiting encompasses three sub-programs: Healthy Families America, Nurse-Family Partnership, and Parents as Teachers. These programs are currently supported by a federal Maternal, Infant, and Early Childhood Home Visiting (MIECHV) formula grant. Federal grant funding will be reduced in FY2022 and RIDOH will need to reduce capacity from 1,400 to 1,150 families. The Governor proposes establishing a costs not otherwise matchable (CNOM) program to maintain Family Home Visiting services at the current capacity. CNOMs are programs that cover populations that are not mandatory under federal Medicaid rules, but for which the federal government authorizes Medicaid reimbursement. Rhode Island establishes its CNOM programs in the Section 1115 waiver. Two of the home visiting sub-programs, Healthy Families America and Nurse-Family Partnership, are already included in the waiver as a CNOM program but are not funded as such. The Budget adds \$605,538 from general revenues (\$1.4 million all funds) to maintain the current capacity of the Family Home Visiting Program.

### **Shift from COVID-19 Funding** **\$116,032**

The Budget increases general revenues by \$116,032 to reflect a shift to general revenue for personnel expenditures. The FY2021 Budget as Enacted shifted personnel to COVID-19 related activities and were therefore eligible for reimbursement through Coronavirus Relief Funds. The Budget shifts the personnel costs back from federal funds to general revenues.

### **First Connections Expansion** **\$95,755**

The First Connections Program is a referral-based program that works to connect families with services such as food assistance, behavioral health services, child care, long-term family home visiting, Early Intervention (EI), and other community-based services and supports. The goal of the program is to reduce poor outcomes for children. Article 12 of the Budget would authorize the State to seek Medicaid coverage and reimbursement for services provided to pregnant women. The Budget includes a general revenue

increase of \$95,755 (\$226,800 all funds) to expand the program to pregnant women to support positive outcomes for pregnant women and their children.

**VRI Savings****(\$24,234)**

The Budget includes \$24,234 in Voluntary Retirement Incentive (VRI) Savings. The State initiated a VRI payment to active State employees as of January 4, 2021, who had a full benefit retirement date on or before December 31, 2020. The VRI is intended to achieve strategic and budgetary objectives by refilling 70.0 percent of the resulting vacancies at 80.0 percent of the previous employee's cost for the first year, while allowing the State to recognize the long-term service of its employees and provide them with the flexibility to retire.

**Federal Fund Adjustments****\$3.0 million**

The Budget increases federal funds by \$3.0 million within the Community Health and Equity Program as compared to the FY2021 Budget as Enacted. The following table illustrates the various federal fund adjustments.

Federal Fund Adjustments	FY2020 Actuals	FY2021 Enacted	FY2021 Revised	Change from Enacted	FY2022 Governor	Change from Enacted
Immunizations	\$15,419,258	\$13,996,871	\$13,999,610	\$2,739	\$16,707,911	\$2,711,040
Tobacco Control Program	-	-	1,364,143	1,364,143	1,369,518	1,369,518
Chronic Disease Prevention And Control	1,052,364	1,144,045	1,146,089	2,044	-	(1,144,045)
Support for Expectant/Parenting Teens	898,414	828,699	829,265	0.0	-	(828,699)
Suicide Prevention Project	417,274	-	746,605	746,605	643,727	643,727
WIC Benefits	14,043,891	15,700,000	15,700,000	-	15,100,000	(600,000)
Prescription Drug Overdose Prevention	3,059,134	3,760,304	3,766,388	6,084	4,338,018	577,714
All changes less than \$500,000	29,370,966	30,447,394	29,826,768	(620,626)	30,688,208	240,814
<b>Total</b>	<b>\$64,261,301</b>	<b>\$65,877,313</b>	<b>\$67,378,868</b>	<b>\$1,501,555</b>	<b>\$68,847,382</b>	<b>\$2,970,069</b>

Totals may vary due to rounding.

- **Immunizations:** The Budget increases by \$2.7 million in federal funds for the immunization program to reflect an increased demand for flu and other vaccines unrelated to the COVID-19 pandemic.
- **Tobacco Control Program:** The Budget increases by \$1.4 million in federal funds for the tobacco control program which works to prevent tobacco use and exposure to second-hand smoke. Previously this was funded under the Chronic Disease Prevention and Control Program.
- **Support for Expectant/Parenting Teens:** The Budget eliminates \$828,699 in federal funds related to supporting expectant and parenting teens. The program was funded through a federal grant which ended in December 2021.

**COVID-19**

The COVID-19 program was established within the Department of Health to support Rhode Island's pandemic response. The Department of Health is responsible for coordinating the State's efforts in combatting COVID-19 with contact tracing and case investigations, treatment, testing, vaccinations, and lab processing.

COVID-19	General Revenue
FY2021 Enacted	\$0
Target and Other Adjustments	86,750,000
Shift to Federal Funds	(86,750,000)
<b>FY2022 Enacted</b>	<b>-</b>
<b>COVID-19</b>	<b>Other Fund Changes</b>
COVID-19 Expenditures	\$161,721,718

**Shift to Federal Funds****(\$86.8 million)**

In the FY2022 Budget, expenditures related to the COVID-19 pandemic are fully funded by federal dollars and do not require any matching state funds. In February 2021, the Federal Emergency Management Agency (FEMA) announced that all work eligible under FEMA's existing COVID-19 policies are reimbursable with a 100.0 percent federal share, rather than the typical 75.0 percent reimbursement. The change in the federal share eliminates the need for general revenues.

**COVID-19 Expenditures (federal funds)****\$161.7 million**

The Budget includes \$161.7 million in federal funds to support the State's response to the COVID-19 pandemic. Expenditures are funded through stimulus funds, grants, and FEMA disaster resources. The funding within the Department of Health will support efforts in testing, contact tracing, vaccination, and other public health-related activities. The Budget includes \$134.4 million in FEMA funds and \$27.3 million in stimulus reserves.

<b>COVID-19 Federal Funds</b>	<b>FY2022</b>
Testing	\$73.1
Contact Tracing and Case Investigations	29.2
Stimulus Reserve	27.3
Vaccinations	22.4
Public Health Communications and Data Analytics	4.9
High Density Support	2.7
Technology Enablement	2.0
<b>Total</b>	<b>\$161.7</b>

*\$ in millions. Totals may vary due to rounding.*

- **Testing:** The Budget increases by \$73.1 million in federal funds for costs related to testing of COVID-19. This includes testing and lab supplies, infrastructure for testing sites, and transportation costs.
- **Contact Tracing and Case Investigations:** The Budget includes \$29.2 million in federal funds for the infrastructure required for contract tracing and investigations and the personnel to manage the overall process.
- **Stimulus Reserve:** The Budget includes \$27.3 million in federal funds for stimulus reserves. This was included in the Budget on the assumption that additional coronavirus relief funds would be passed by Congress. In March, Congress passed the American Rescue Plan, which provides \$1.1 billion in funding to the State to be spent through 2026.
- **Vaccinations:** The Budget includes \$22.4 million in federal funds for the distribution of the COVID-19 vaccine. This includes cold storage, security, transportation, and supplies of the vaccine, personnel to conduct vaccinations, infrastructure, and communications and outreach.
- **Public Health Communications and Data Analytics:** The Budget increases by \$4.9 million in federal funds for communications, data, modeling and analytics related to the COVID-19 pandemic.
- **High Density Support:** The Budget includes \$2.7 million in federal funds to provide resources for communities that have had a disproportionate spread of COVID-19 infection and mortality. The efforts include hygiene and mask campaigns, testing, vaccinations, and communications.
- **Technical Enablement:** The Budget increases federal funds by \$2.0 million for the development of technology related to the COVID-19 pandemic. This includes expenses for the CrushCovid application which provides support to users with contact tracing and locating available resources.



**CUSTOMER SERVICES**

The Division of Customer Services has licensure and regulatory responsibilities of health care professionals and facilities, and is comprised of three centers: Professional Licensing, Boards and Commissions; the Center for Vital Records', and the Center for Health Facilities Regulation.

<b>Customer Services</b>	<b>General Revenue</b>
FY2021 Enacted	\$6,416,479
<i>Target and Other Adjustments</i>	65,728
Shift from COVID-19 Funding	1,811,299
VRI Savings	(363,380)
Vital Records Program	(264,910)
Centralized Service Charges	75,557
<b>FY2022 Enacted</b>	<b>\$7,729,808</b>

<b>Customer Services</b>	<b>Other Fund Changes</b>
Opioid Stewardship Fund	\$454,700

**Shift from COVID-19 Funding** **\$1.8 million**

The Budget increases general revenues by \$1.8 million to reflect a shift back to general revenue for personnel expenditures. The FY2021 Budget as Enacted shifted personnel to COVID-19 related activities and were therefore eligible for reimbursement through Coronavirus Relief Funds. The Budget shifts the personnel costs back from federal funds to general revenues.

**VRI Savings** **(\$363,380)**

The Budget includes \$363,380 in Voluntary Retirement Incentive (VRI) Savings. The State initiated a VRI payment to active State employees as of January 4, 2021, who had a full benefit retirement date on or before December 31, 2020. The VRI is intended to achieve strategic and budgetary objectives by refilling 70.0 percent of the resulting vacancies at 80.0 percent of the previous employee's cost for the first year, while allowing the State to recognize the long-term service of its employees and provide them with the flexibility to retire.

**Vital Records Program** **(\$264,910)**

The Budget reduces general revenues by \$264,910 (\$158,537 all funds) to reflect the elimination of the Vital Records Program satellite location at the Division of Motor Vehicles. The satellite location has temporarily been closed since the start of the COVID-19 pandemic, and the Budget makes the closure permanent. Customers are still able to request vital records online or in-person at the Department of Health.

**Centralized Service Charges** **\$75,557**

The Budget increases general revenue expenditures by \$75,557 to reflect billed amounts for information technology services. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. These expenditures are reflected in each agency based on actual use, showing the true costs associated with a particular program or agency. The FY2021 Budget as Enacted appropriated \$630,307 for the centralized services, increased to \$705,864 in the FY2022 Budget as Enacted.

**Opioid Stewardship Fund (restricted receipts)** **\$454,700**

Article 13 of the FY2020 Budget as Enacted established an opioid registration fee deposited quarterly to the Opioid Stewardship Fund by all manufacturers, distributors, and wholesalers of opioids. The fee is calculated based on the licensee's in-state market share of opioid sales. The total annual amount of the Fund equals \$5.0 million and is subject to indirect cost recoveries, adjusting the total available restricted receipts to \$4.5 million. The FY2022 Budget as Enacted allocates \$454,700 for 1.0 supervising accountant to administer the funds, and staffing costs for FTE positions working on Rhode Island's opioid response

efforts including the Prescription Drug Monitoring Program (PDMP.) The remaining available funds are distributed among the following departments: Corrections, Behavioral Healthcare, Developmental Disabilities, and Hospitals (BHDDH), and the Executive Office of Health and Human Services (EOHHS).

### ENVIRONMENTAL HEALTH

The Environmental Health program holds responsibility for the licensure and regulatory activities related to Environmental Health and all activities related to Healthy Homes. The program regulates and provides oversight of population-based activities related to safe food; clean water; healthy homes in the areas of lead, asbestos, radon; and, health and safety in the workplace. The program includes three Centers: the Center for Food Protection, the Center for Drinking Water Quality, and the Center for Healthy Homes and Environment.

<b>Environmental Health</b>	<b>General Revenue</b>
FY2021 Enacted	\$2,649,946
<i>Target and Other Adjustments</i>	<i>(24,534)</i>
COVID-19 Related Personnel Shift	2,829,400
Dockside Shellfish Program	366,300
VRI Savings	(76,273)
<b>FY2022 Enacted</b>	<b>\$5,744,839</b>

#### **COVID-19 Related Personnel Shift** **\$2.8 million**

The Budget increases general revenues by \$2.8 million to reflect a shift back to general revenue for personnel expenditures. The FY2021 Budget as Enacted shifted personnel to COVID-19 related activities and were therefore eligible for reimbursement through Coronavirus Relief Funds. The Budget shifts the personnel costs back from federal funds to general revenues.

#### **Dockside Shellfish Program** **\$366,300**

Article 7 of the Budget authorizes the Director of DOH, with the assistance of the Department of Environmental Management (DEM), to establish a shellfish dockside sampling program. The article also provides DOH with the authority to set a shellfish licensing fee through rules and regulations. In April 2019, the National Marine Fisheries Council closed a large portion of fishing grounds used for harvesting surf clams to protect certain marine species. Authorizing DOH to establish the program allows companies in the State to continue processing certain shellfish and ensure they are safe for human consumption.

The Budget includes \$296,952 for 2.0 FTE Lab Scientist positions and 1.0 FTE Food Specialist and \$69,186 in operating costs for the purchase and maintenance of dockside testing equipment. Personnel and operating costs would increase by \$366,300. The expenditures are fully funded by the proposed license fee, which would be deposited as general revenues.

#### **VRI Savings** **(\$76,273)**

The Budget includes \$76,273 in Voluntary Retirement Incentive (VRI) Savings. The State initiated a VRI payment to active State employees as of January 4, 2021, who had a full benefit retirement date on or before December 31, 2020. The VRI is intended to achieve strategic and budgetary objectives by refilling 70.0 percent of the resulting vacancies at 80.0 percent of the previous employee's cost for the first year, while allowing the State to recognize the long-term service of its employees and provide them with the flexibility to retire.

### HEALTH LABORATORIES AND MEDICAL EXAMINER

The Health Laboratories and Medical Examiner provides laboratory services to state and municipal agencies, health care providers, and the general public, for the purposes of public health, environmental protection, and forensic science.

The Medical Examiner investigates and certifies the cause of death in the case of all known or suspected homicides, suicides, accidents, sudden infant deaths, drug-related deaths, medically unattended or unexplained deaths, and deaths that may be evidence of an epidemic or other threat to the public health. The Division also provides expert testimony in criminal and civil cases.

<b>Health Laboratories and Medical Examiner</b>	<b>General Revenue</b>
FY2021 Enacted	\$8,329,909
<i>Target and Other Adjustments</i>	<i>(50,017)</i>
VRI Savings	(40,603)
<b>FY2022 Enacted</b>	<b>\$10,149,765</b>

**VRI Savings** **(\$40,603)**

The Budget includes \$40,603 in Voluntary Retirement Incentive (VRI) Savings. The State initiated a VRI payment to active State employees as of January 4, 2021, who had a full benefit retirement date on or before December 31, 2020. The VRI is intended to achieve strategic and budgetary objectives by refilling 70.0 percent of the resulting vacancies at 80.0 percent of the previous employee's cost for the first year, while allowing the State to recognize the long-term service of its employees and provide them with the flexibility to retire.

### POLICY, INFORMATION, AND COMMUNICATION

The Policy, Information, and Communication division is responsible for public health communications; data collection, analysis, and dissemination; coordination of the Department's legislative and regulatory functions; and ensuring standards of care are maintained in new and existing healthcare facilities. The division includes four centers: Public Health Communications, Health Data and Analysis and Public Informatics, Health Systems Policy and Regulation, and Legislative and Regulatory Affairs.

<b>Policy, Information and Communication</b>	<b>General Revenue</b>
FY2021 Enacted	\$839,975
<i>Target and Other Adjustments</i>	<i>2,487</i>
COVID-19 Related Personnel Shift	91,567
VRI Savings	(25,353)
<b>FY2022 Enacted</b>	<b>\$908,676</b>

**COVID-19 Related Personnel Shift** **\$91,567**

The Budget increases general revenues by \$91,567 to reflect a shift back to general revenue for personnel expenditures. The FY2021 Budget as Enacted shifted personnel to COVID-19 related activities and were therefore eligible for reimbursement through Coronavirus Relief Funds. The Budget shifts the personnel costs back from federal funds to general revenues.

**VRI Savings** **(\$25,353)**

The Budget includes \$25,353 in Voluntary Retirement Incentive (VRI) Savings. The State initiated a VRI payment to active State employees as of January 4, 2021, who had a full benefit retirement date on or before December 31, 2020. The VRI is intended to achieve strategic and budgetary objectives by refilling 70.0 percent of the resulting vacancies at 80.0 percent of the previous employee's cost for the first year, while allowing the State to recognize the long-term service of its employees and provide them with the flexibility to retire.

### PREPAREDNESS, RESPONSE, INFECTIOUS DISEASE, AND EMERGENCY MEDICAL SERVICES

The Preparedness, Response, Infectious Disease, and Emergency Medical Services division includes four centers: Emergency Preparedness and Response; Infectious Disease and Epidemiology; HIV, Hepatitis, STD, and TB Epidemiology; and, Emergency Medical Services.

The division prepares for and responds to catastrophic events, disasters, and emergencies. It also monitors and works to prevent the spread of infectious diseases, and licenses and regulates emergency medical services in the state.

<b>Preparedness, Response, Infections Disease, and Emergency Medical Services</b>	<b>General Revenue</b>
FY2021 Enacted	\$88,313,083
<hr/>	
<i>Target and Other Adjustments</i>	<i>(57,544)</i>
COVID-19 Program Shift	(86,750,000)
COVID-19 Related Personnel Shift	433,702
<b>FY2022 Enacted</b>	<b>\$1,939,241</b>

**COVID-19 Program Shift** **(\$86.8 million)**

The Budget shifts \$86.8 million in general revenues from the Preparedness, Response, Infectious Disease, and Emergency Medical Services program to the COVID-19 Program. The funds for COVID-19 were inadvertently allocated to the wrong program and the Budget corrects the error.

**COVID-19 Related Personnel Shift** **\$433,702**

The Budget increases general revenues by \$433,702 to reflect a shift back to general revenue for personnel expenditures. The FY2021 Budget as Enacted shifted personnel to COVID-19 related activities and were therefore eligible for reimbursement through Coronavirus Relief Funds. The Budget shifts the personnel costs back from federal funds to general revenues.

**CAPITAL PROJECTS**

The Budget includes \$600,000 in RICAP funds within DOH for various capital improvement projects in FY2022, with a total project fund of \$2.6 million from FY2020 through FY2026. The funding will support the Laboratory Medical Equipment Fund to replace laboratory equipment at the DOH State Health Laboratory. Much of the equipment is obsolete or no longer supported by the manufacturer. Failure to replace the equipment could result in the Health Labs losing the capability to complete necessary testing on food and water, infectious diseases, insect-borne viruses, forensics, and air quality.

## Department of Human Services

Expenditures By Program	FY2020	FY2021	FY2021	Change from		FY2022	Change from	
	Actual	Enacted	Revised	Enacted	Enacted	Enacted	Enacted	Enacted
Central Management	\$9.7	\$13.6	\$14.3	\$0.8	5.8%	\$13.2	(\$0.3)	-2.5%
Child Support Enforcement	14.5	14.4	15.0	0.6	4.5%	15.9	1.6	10.9%
Office of Healthy Aging	19.5	34.1	31.2	(2.9)	-8.6%	37.1	3.0	8.8%
Health Care Eligibility	19.0	19.8	16.7	(3.1)	-15.5%	21.7	2.0	9.9%
Individual and Family Support	135.7	174.5	193.2	18.7	10.7%	244.1	69.6	39.9%
Rhode Island Works	88.9	84.8	71.3	(13.5)	-16.0%	95.0	10.2	12.1%
State Funded Programs	282.9	283.1	283.0	(0.1)	0.0%	255.0	(28.1)	-9.9%
Supplemental Security Income Program	18.8	18.6	18.5	(0.1)	-0.4%	18.0	(0.6)	-3.3%
Veterans Services	44.1	44.1	44.6	0.5	1.2%	42.2	(1.9)	-4.4%
<b>Total</b>	<b>\$633.2</b>	<b>\$686.9</b>	<b>\$687.9</b>	<b>\$1.0</b>	<b>0.1%</b>	<b>\$742.3</b>	<b>\$55.4</b>	<b>8.1%</b>
<b>Expenditures By Source</b>								
General Revenue	\$87.2	\$105.8	\$101.6	(\$4.1)	-3.9%	\$123.9	\$18.1	17.1%
Federal Funds	513.0	571.1	575.4	4.3	0.8%	607.1	36.0	6.3%
Restricted Receipts	28.7	5.5	6.7	1.1	20.5%	6.2	0.7	11.9%
Other Funds	4.3	4.5	4.2	(0.3)	-7.3%	5.2	0.7	14.9%
<b>Total</b>	<b>\$633.2</b>	<b>\$686.9</b>	<b>\$687.9</b>	<b>\$1.0</b>	<b>0.1%</b>	<b>\$742.3</b>	<b>\$55.4</b>	<b>8.1%</b>
Authorized FTE Levels	1,038.1	1,038.1	1,038.1	-	-	1,047.1	9.0	0.9%

\$ in millions. Totals may vary due to rounding.

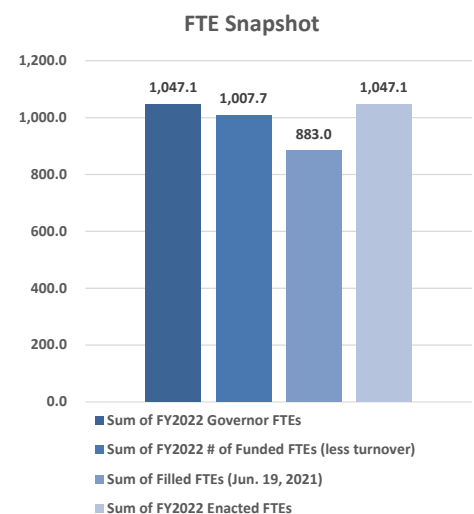
The Department of Human Services (DHS) administers programs and services that support the needs of children and families, adults and children with disabilities, veterans, and the elderly. These services include health care, child care, cash assistance, and other supportive services for working parents and families.

### MAJOR ISSUES AND TRENDS

The FY2022 Budget includes total funding of \$742.3 million, a \$55.4 million increase from the FY2021 Budget as Enacted. This includes a general revenue increase of \$18.1 million. The majority of the general revenue increase is related to additional funding for personnel at the Veterans' Home. The FY2021 Budget funded personnel costs at the Veterans' Home with federal COVID-19 relief funds. These funds are no longer available for FY2022 and the costs are shifted back to general revenue. The increase in federal funds is related to additional federal funds to allow the Department to continue its response to the COVID-19 pandemic.

The Budget authorizes 1,047.1 FTE positions for FY2022, an increase of 9.0 FTE positions from the FY2021 Budget as Enacted. The Budget includes an additional 10.0 FTE positions to reflect the transfer of the Office of Medical Review from the Executive Office of Human Services to the Department. This increase is partially offset by the transfer of 1.0 FTE Attorney from the Department's Child Care Licensing Unit to the Executive Office of Health and Human Services.

The RI Bridges System, previously known as the Unified Health Infrastructure Project (UHIP), is the largest information technology (IT) project undertaken by the State intended to fully integrate health and human service programs, and establish a State-based health insurance exchange, HealthSource RI. The project was developed in two phases. Phase I, launched in 2013, created an online portal for purchasing commercial health insurance and income-based Medicaid



eligibility. Phase II of UHIP, launched in September of 2016, was intended to expand the system to serve as a portal through which residents apply for and enroll in other health and human service programs such as Child Care, Supplemental Nutrition Assistance Program (SNAP), General Public Assistance (GPA), and Supplemental Security Income (SSI) programs.

Phase II of the UHIP project has been plagued with technical failures resulting in delays in eligibility and payments to providers and individuals. The costs of the project is projected to total \$739.0 million through FY2022, of which \$555.9 million is federal funds and \$183.0 million is state funds. Costs are shared across the Executive Office of Health and Human Services (EOHHS), DHS, and HealthSource RI (HSRI).

The Department's budget includes a total of \$26.1 million related to RI Bridges/UHIP expenditures, an increase of \$5.3 million from the FY2021 Budget as Enacted level.

### **Caseload Estimating Conference**

Every November and May, the State revises cash assistance caseload forecasts in order to estimate entitlement program spending for both the current and the following fiscal year. The May 2021 Caseload Estimating Conference adopted estimates dictate the entitlement program appropriations included in the FY2022 Budget as Enacted.

Overall spending for cash assistance programs, including RI Works, child care subsidies to working families, Supplemental Security Income (SSI) state supplement, and General Public Assistance (GPA), is estimated to be \$113.8 million in FY2022, an increase of \$9.5 million from the FY2021 Enacted level. The major contributor to this increase is an anticipated increase in the number of child care subsidies as well as additional federal funds to support changes to child care due to the COVID-19 pandemic.

#### **Cash Assistance Program - May 2021 Adopted Estimates**

	<b>FY2020 Actuals</b>	<b>FY2021 Enacted</b>	<b>FY2021 Revised</b>	<b>FY2022 May CEC</b>	<b>FY2022 Enacted</b>	<b>Change to Enacted</b>
<b>Rhode Island Works</b>						
Persons	9,050	7,200	7,200	6,565	6,655	(545)
Monthly Cost per Person	\$183.0	\$183.5	\$151.2	\$182.9	\$237.8	\$54.3
<b>Federal Funds</b>	<b>21.7</b>	<b>17.8</b>	<b>14.7</b>	<b>16.3</b>	<b>20.8</b>	<b>3.0</b>
<b>Child Care</b>						
Subsidies	8,724	6,900	6,900	7,400	7,420	520
Annual Cost per Subsidy	\$7,705.0	\$9,645.0	\$8,199.0	\$9,091.0	\$9,995.0	\$350.0
<b>Federal Funds</b>	<b>57.8</b>	<b>58.0</b>	<b>48.2</b>	<b>58.6</b>	<b>65.5</b>	<b>7.5</b>
<b>General Revenue</b>	<b>9.4</b>	<b>9.0</b>	<b>8.4</b>	<b>8.7</b>	<b>8.7</b>	<b>(0.3)</b>
<b>SSI- State Supplement</b>						
Persons	33,806	33,500	33,500	33,400	33,400	(100)
Monthly Cost per Person	\$47.0	\$46.0	\$45.8	\$46.2	\$46.2	\$0.2
<b>General Revenue</b>	<b>18.8</b>	<b>18.6</b>	<b>18.5</b>	<b>18.6</b>	<b>18.0</b>	<b>(0.6)</b>
<b>General Public Assistance</b>						
Persons	103	88	88	64	64	(24)
Monthly Cost per Person	\$160.0	\$160.0	\$161.9	\$178.0	\$178.0	\$18.0
<b>General Revenue</b>	<b>0.8</b>	<b>0.9</b>	<b>0.8</b>	<b>0.8</b>	<b>0.9</b>	<b>(0.1)</b>
<b>Total</b>	<b>\$108.6</b>	<b>\$104.3</b>	<b>\$90.6</b>	<b>\$102.9</b>	<b>\$113.8</b>	<b>\$9.5</b>
Federal Funds	79.5	75.8	62.9	74.9	86.3	10.5
General Revenue	29.1	28.4	27.7	28.0	27.5	(1.0)

\* \$ in millions. Totals may vary due to rounding.

**CENTRAL MANAGEMENT**

Central Management, which includes the Office of the Director, supervises, coordinates, and monitors all departmental functions within DHS. This division also includes the Office of Policy Analysis, Research, and Development; the Operations Management Unit; the Collections, Claims, and Recoveries Unit; and, the Fraud Investigation Unit.

<b>Central Management</b>	<b>General Revenue</b>
FY2021 Enacted	\$4,619,609
<i>Target and Other Adjustments</i>	4,313
Centralized Service Charges	320,976
RI Community Food Bank Grant	175,000
<b>FY2022 Enacted</b>	<b>\$5,119,898</b>

<b>Central Management</b>	<b>Other Funds</b>
Community Service Block Grant (federal funds)	(\$2,763,645)
Consolidated Appropriations Act (federal funds)	\$1,259,153

**Centralized Service Charges** **\$320,976**

The Budget includes \$370,906 in general revenue expenditures for Information Technology, Capital Assets Management, and Human Resource Service Center projected costs in FY2022. This is an increase of \$320,976 from the FY2021 Budget as Enacted amount of \$49,930. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In FY2019 these expenditures were reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. The Budget increases these costs for FY2022.

	<b>FY2021</b>	<b>FY2022</b>	<b>Change from</b>	
<b>Centralized Service Charges</b>	<b>Enacted</b>	<b>Enacted</b>	<b>Enacted</b>	
Information Technology	\$7,549	\$328,525	\$320,976	4251.9%
Capital Asset Management	-	-	-	-
Human Resources	42,381	42,381	-	-
<b>Total</b>	<b>\$49,930</b>	<b>\$370,906</b>	<b>\$320,976</b>	<b>642.9%</b>

**RI Community Food Bank Grant** **\$175,000**

The Budget increases general revenues by \$175,000 to \$350,000 to reflect an increase in the community service objective grant for the RI Community Food Bank. The RI Community Food Bank also receives \$364,000 in federal funds for a total of \$714,000 in funding. The additional general revenue funds are added based on increased need for the Community Food Bank in response to the COVID-19 pandemic.

**Community Service Block Grant (federal funds)** **(\$2.8 million)**

The Budget includes a reduction of \$2.8 million in federal funds to support the Community Service Block Grant. The Coronavirus Aid, Relief, and Economic Security (CARES) Act included \$5.5 million in federal funds to be used by DHS; \$4.1 million is included in FY2021 and the remaining \$1.4 million is included in FY2022.

The Community Service Block Grant helps fund the state's seven Community Action Agencies that work with individuals living in poverty and provide services such as employment, education, housing, nutrition, and health.

**Consolidated Appropriations Act (federal funds)****\$1.3 million**

The Budget includes \$35.6 million for the Department of Human Services, including \$1.3 million within the Central Management program, from the Consolidated Appropriations Act (CAA). These funds will be used to support the Emergency Food Assistance program which supplements the diets of low-income residents by providing free food assistance.

The CAA was signed into law in December 2020 and includes an additional \$680.9 million for Rhode Island.

**CHILD SUPPORT ENFORCEMENT**

The Office of Child Support Enforcement assists families by ensuring payment of court-ordered child support payments. The Office provides the following services: location of non-custodial parents, establishment of paternity, establishment and modification of child support orders, and enforcement, through the use of license suspensions, tax refund intercepts, and liens. Collections recovered from families that receive state support through Rhode Island Works or Medicaid are retained by the State, while other collections are distributed directly to families.

<b>Child Support Enforcement</b>	<b>General Revenue</b>
FY2021 Enacted	3,102,821
<i>Target and Other Adjustments</i>	<i>(6,072)</i>
VRI Savings	(206,622)
Personnel	74,299
Operating Supplies and Expenses	(31,234)
<b>FY2022 Enacted</b>	<b>\$2,933,192</b>

<b>Child Support Enforcement</b>	<b>Other Funds</b>
RI Kids Bridge (federal funds/restricted receipts)	\$670,900

**VRI Savings** **(\$206,622)**

The Budget includes general revenue savings of \$206,622 within Child Support Enforcement from the voluntary retirement incentive (VRI). The State initiated a VRI payment to active State employees as of January 4, 2021, who had a full benefit retirement date on or before December 31, 2020. The VRI is intended to achieve strategic and budgetary objectives by refilling 70.0 percent of the resulting vacancies at 80.0 percent of the previous employee's cost for the first year, while allowing the State to recognize the long-term service of its employees and provide them with the flexibility to retire.

**Personnel** **\$74,299**

The Budget provides an additional \$74,299 in general revenue for personnel costs. This increase is due to anticipated additional expenses including an increase in employee retirement and health care cost. This also includes \$58,666 to restore funding that was saved in FY2021 due to the Department's participation in the WorkShare program.

Due to the COVID-19 pandemic, the State began an Employee WorkShare Program which allowed eligible state employees to claim federal WorkShare benefits while working 60.0 percent of their regular weekly hours. Employees participated for a total of twelve weeks.

**Operating Supplies and Expenses** **(\$31,234)**

The Budget includes a decrease of \$31,234 in operating supplies and expenses. This decrease is comprised of multiple changes including a \$6,286 decrease in rental property costs as the Department intends to



consolidate staff and shifts these costs to federal funds, a \$12,752 decrease in information technology, a \$5,000 decrease in electrical costs and \$7,196 decrease in miscellaneous costs including printing services, staff trainings, and operating supplies.

***RI Kids Bridge (federal funds/restricted receipts) \$670,900***

The Budget includes an additional \$670,900 (\$624,000 in restricted receipts, \$46,900 in federal funds) for the RI Kids Bridge System. RI Kids Bridge is the IT system that the Child Support Enforcement division uses to deliver services to people involved with the program and to track child support payments. The system is provided by Northrup Grumman and has not yet been integrated into the Unified Health Infrastructure Project (UHIP). The additional funds will support programming, system enhancement, and interface processing.

**OFFICE OF HEALTHY AGING**

The Office of Healthy Aging, previously the Division of Elderly Affairs, provides comprehensive services, advocacy, and public policy dedicated to the needs of older Rhode Islanders, adults with disabilities, their caregivers, and families. The Office implements a system of community-based care for individuals sixty years and older as well as adults with disabilities. The Office is responsible for developing and implementing a State Plan on Aging under the federal Older Americans Act. The Office oversees the Aging and Disability Resource Center (called “The Point”) and a network of community information specialists who provide referrals to services and other resources to elders and adults with disabilities.

<b>Office of Healthy Aging</b>	<b>General Revenue</b>
FY2021 Enacted	\$10,707,745
<i>Target and Other Adjustments</i>	<i>119,208</i>
Adult Home and Day Care Services	837,773
Home and Community Care for Alzheimer's	446,192
Senior Companionship Program	20,000
<b>FY2022 Enacted</b>	<b>\$12,130,918</b>
<b>Office of Healthy Aging</b>	<b>Other Funds</b>
COVID-19 Federal Funds (federal funds)	\$1,982,936
Paratransit Program (other funds)	(\$158,508)

***Adult Home and Day Care Services \$837,773***

The Budget includes an additional \$837,773 in general revenue and \$1.1 million in federal funds for Adult Home and Day Care services. The majority of the general revenue increase, \$760,093, is related to the expansion of the Office of Healthy Aging @ Home program. The program subsidizes the cost of in-home and adult day health services for non-Medicaid eligible persons. Previously, the program covered persons with incomes up to 200.0 percent of the Federal Poverty Level (FPL) (\$25,760 for 1 person) in 2021. Article 12 of the Budget expands the program to include persons with incomes of up to 250.0 percent of the FPL (\$28,980 for 1 person) in 2021.

The federal funds increase includes \$249,818 in COVID-19 funds for the extension of the enhanced Federal Medical Assistance Percentage (FMAP) for the fourth quarter of FY2021. Pursuant to the Families First Coronavirus Response Act (FFCRA), the enhanced rate shifts an additional 6.2 percent of Medicaid expenses from general revenues to federal funds during the COVID-19 public health emergency. The FY2021 Enacted Budget included three quarters of savings, based on current law at the time. Federal guidance indicates that the enhanced rate will likely remain in place through December 31, 2021, or through

the second quarter of FY2022. Therefore, the FY2022 estimate includes two quarters of FMAP savings, while the FY2021 Supplemental Budget included three.

***Home and Community Care for Alzheimer's***

***\$446,192***

Article 12 of the Budget includes a resolution that expands the Office of Healthy Aging's Home and Community Care Co-Pay program, which supports individuals ages 65 and over who do not qualify for Medicaid long-term services and supports. The program pays for a portion of the costs of personal care and adult day services for individuals who are unable to leave home without considerable assistance but require help with personal care. The article increases the income limit for participation in the co-pay program from 200.0 percent of the federal poverty level (FPL) to 250.0 percent FPL in FY2022. In addition, the article expands the program to individuals between the ages of 19 and 64 with an Alzheimer's or related dementia diagnosis.

The Budget includes \$446,192 from general revenues (\$1.1 million all funds) to expand the program to an estimated 231 individuals with early-onset Alzheimer's.

***Senior Companionship Program***

***\$20,000***

The Budget includes \$20,000 for the Senior Companionship Program. This funding is for a 10.0 percent match to \$197,800 in federal funds to support the program. Program volunteers are people age 55 and older who provide companionship to older adults at home, at day centers, or at other community sites. Volunteers may assist with daily tasks, provide transportation to medical appointments, cook meals, and provide advocacy. Funding for this program support the salary and benefits for 1.0 Program Administrator as well as an average weekly stipend of \$120 for the volunteers.

***COVID-19 Federal Funds (federal funds)***

***\$2.0 million***

The Budget includes an additional \$2.0 million in federal funds to assist the Office of Healthy Aging in responding to the COVID-19 pandemic. Of this funding, \$1.8 million comes from the Consolidated Appropriations Act and will be used to support adult day services, congregate and home meal deliveries, and vaccine access. The remaining \$158,836 comes from the American Rescue Plan and will also be used to expand vaccine access for seniors throughout the State.

***Paratransit Program (other funds)***

***(\$158,508)***

The Budget includes \$4.3 million in other funds, a decrease of \$158,508 from the FY2021 Budget as Enacted, to support the Department's Paratransit Program run by the Office of Healthy Aging. The FY2021 Budget as Enacted including funding for this Program that was consistent with the Department's FY2021 Revised and FY2022 Budget requests. The FY2022 Budget as Enacted decreases this funding such that it is in line with the most recent gas tax estimate from the Office of Revenue Analysis (ORA). The Office of Healthy Aging receives one penny of the gas tax to support its Paratransit Program. As of May 2021, the ORA expects the motor fuel tax to generate a per penny yield of \$4.3 million in FY2022 consistent with what is include in the FY2022 Budget as Enacted.

**HEALTH CARE ELIGIBILITY**

Health Care Eligibility is responsible for determining Medicaid eligibility. This includes the determination of eligibility for medical benefits for certain low-income individuals and/or families with dependent children, and individuals who meet eligibility criteria within the following populations: RI Works participants; SSI participants; Children with Special Health Care Needs; children in foster care or subsisted adoption within the Department of Children, Youth, and Families; low income families; and aged, blind, or disabled individuals.

<b>Health Care Eligibility</b>	<b>General Revenue</b>
FY2021 Enacted	\$7,780,604
<hr/>	
<i>Target and Other Adjustments</i>	149,645
Office of Medical Review	479,617
Operating Supplies and Expenses	(244,106)
Outside Lease Costs	195,910
VRI Savings	(96,624)
<b>FY2022 Enacted</b>	<b>\$8,265,046</b>

***Office of Medical Review*** **\$479,617**

The Budget includes \$479,617 in general revenues and \$965,538 in federal funds to support the transfer of the Office of Medical Review (OMR) from the Executive Office of Health and Human Services to the Department of Human Services. This transfer includes 10.0 FTE positions.

The shift of the OMR is intended to improve the processing of Medicaid Long-Term Care applications by combining all functions of Long Term Service and Supports (LTSS) eligibility within the Department of Human Services.

***Operating Supplies and Expenses*** **(\$244,106)**

The Budget includes a decrease of \$244,106 in general revenue for operating supplies and expenses. This decrease is mainly related to a \$391,820 decrease for outside property rental. This decrease is partially offset by an increase of \$138,334 in IT charges and \$9,830 in facility management.

The decrease in outside rental property is related to the Department consolidating offices and expanding the number of staff who are working remotely.

***Outside Lease Costs*** **\$195,910**

The Budget includes an additional \$195,910 to allow the Department to renew various leases. The Department's lease is due to expire on four properties in FY2022, including spaces used by the Office of Rehabilitative Services and the Office of Disability Determination Services. These additional funds will allow the Department to continue leasing these spaces. Additional information can be found in Article 11.

***VRI Savings*** **(\$96,624)**

The Budget includes general revenue savings of \$96,624 within Health Care Eligibility from the voluntary retirement incentive (VRI). The State initiated a VRI payment to active State employees as of January 4, 2021, who had a full benefit retirement date on or before December 31, 2020. The VRI is intended to achieve strategic and budgetary objectives by refilling 70.0 percent of the resulting vacancies at 80.0 percent of the previous employee's cost for the first year, while allowing the State to recognize the long-term service of its employees and provide them with the flexibility to retire.

## **INDIVIDUAL AND FAMILY SUPPORT**

The Division of Individual and Family Support (IFS), also referred to as the Division of Economic Support, operates the Department's economic benefits and work support programs, including the federal Supplemental Nutrition Assistance Program (SNAP), the Emergency Food Assistance Program, child care subsidies, the Rhode Island Works cash assistance program, Supplemental Security Income (SSI), and General Public Assistance (GPA).

The Division also provides services to individuals with disabilities, operating the Office of Rehabilitation Services (ORS), which includes the State's vocational rehabilitation program, services for the blind and visually impaired, and disability determination.

<b>Individual and Family Support</b>	<b>General Revenue</b>
FY2021 Enacted	\$33,076,543
<i>Target and Other Adjustments</i>	
	678,442
Unified Health Infrastructure Project (UHIP) Contracts	5,566,709
Outside Lease Costs	384,230
VRI Savings	(294,286)
<b>FY2022 Enacted</b>	<b>\$39,411,638</b>
<b>Individual and Family Support</b>	
	<b>Other Funds</b>
Child Care Provider Stabilization Grants (federal funds)	\$57,251,352
LIHEAP Funding (federal funds)	\$34,077,270
COVID-19 Relief Funds (federal funds)	(\$1,295,087)

***Unified Health Infrastructure Project (UHIP) Contracts*** **\$5.6 million**

The Budget includes \$5.6 million more from general revenues relative to the FY2021 Enacted Budget for contracted services to support the ongoing development and maintenance of the RI Bridges system, previously known as UHIP. The Budget is consistent with the State's July 2020 Implementation Advanced Planning Document (IAPD-U).

The FY2021 Budget as Enacted includes a \$5.6 million savings due to a 25.0 percent rate discount that was included in the Deloitte contract for RI Bridges costs. The FY2022 Budget does not include this savings as the Deloitte contract expires June 30, 2021.

As noted previously, the 2019 settlement with Deloitte included a rate reduction through June 30, 2021. The Deloitte contract was later extended for an additional four months, through October 31, 2021. The 25.0 percent discount is not included in the four-month extension; therefore, the FY2022 Budget is predicated on an undiscounted contract. A new contract beginning November 1, 2021, will be procured through a competitive bidding process. The State anticipates that Deloitte will bid and likely be awarded the new contract; however, if the contract is awarded to a different vendor, the funding currently allocated to Deloitte will be utilized for the alternative contract.

***Outside Lease Costs*** **\$384,230**

The Budget includes an additional \$384,230 in general revenue (\$708,180 all funds) to allow the Department to renew various leases. The Department's lease is due to expire on four properties in FY2022, including spaces used by the Office of Rehabilitative Services and the Office of Disability Determination Services. These additional funds will allow the Department to continue leasing these spaces. Additional information can be found in Article 11.

***VRI Savings*** **(\$294,286)**

The Budget includes general revenue savings of \$294,286 within Individual and Family Support from the voluntary retirement incentive (VRI). The State initiated a VRI payment to active State employees as of January 4, 2021, who had a full benefit retirement date on or before December 31, 2020. The VRI is intended to achieve strategic and budgetary objectives by refilling 70.0 percent of the resulting vacancies at 80.0 percent of the previous employee's cost for the first year, while allowing the State to recognize the long-term service of its employees and provide them with the flexibility to retire.

***Child Care Providers Stabilization Grants (federal funds)*** **\$57.3 million**

The Budget includes \$57.3 million for child care stabilization grants to support child care centers that have been open during the pandemic. Child care centers were required to make a number of changes to their

facilities to continue to support children and families including increase sanitization needs, additional space for social distancing, and modified hours.

**LIHEAP Funding (federal funds)**

**\$34.1 million**

The Budget includes an additional \$34.1 million in federal funds for Low Income Home Energy Assistance Program (LIHEAP) costs. Of this increase, \$30.8 million is provided through the federal Consolidated Appropriations Act. The CAA was signed into law in December 2020 and includes an additional \$680.9 million for Rhode Island. The remaining \$3.3 million is a funding shift from FY2021 to FY2022. The Department anticipated spending \$2.6 million in LIHEAP funds in FY2021 and shifts the remaining amount to FY2022.

**COVID-19 Relief Funds (federal funds)**

**(\$1.3 million)**

The FY2022 Budget decreases federal COVID-19 relief funds by \$1.3 million. This decrease is related to a \$2.0 million decrease in the Child Care Development Block Grant and an \$111,058 decrease in funds for Family Violence Prevention. These decreases are partially offset by an increase of \$725,319 for pandemic Food Stamps administration and \$90,652 for rehabilitative services.

**RHODE ISLAND WORKS/CHILD CARE**

Rhode Island Works provides cash assistance and employment support services, including child care assistance, to enable working parents with children to support their families. Applicants may have up to \$1,000 in resources (excluding a home) and one vehicle per adult. Rhode Island Works (RIGL 40-5.2-5) replaced the Family Independence Program in 2008. This program is funded through the federal Temporary Assistance to Needy Families (TANF) program.

Prior to FY2020, beneficiaries were not allowed to receive cash assistance for more than 24 months (consecutive or not) within 60 continuous months. Article 13 of the FY2020 Budget as Enacted eliminated this constraint, but retains the 48-month lifetime limit beneficiaries are eligible for cash assistance. The lifetime limit includes Temporary Assistance for Needy Families (TANF) cash assistance paid to the beneficiary in other states. Cash assistance provided to a child will not be counted toward their lifetime limit should they need to apply for benefits as adults.

Article 13 of the Budget increases the amount of cash assistance for RI Works participants. Prior to FY2022, a typical family of three would receive about \$554/month in assistance; a family of three will now receive about \$721/month.

Article 13 of the FY2022 Budget amends the RI Works program to include children who are over 18 and still in high school, and amends the income section of the RI Works program, such that the first six months of earned income received by a RI Works member, in compliance with their employment plan, shall be excluded from the family's income as it pertains to receiving cash assistance. The article also amends the income section of the RI Works program, such that a veteran's disability pension benefits received as a result of disability sustained while in the military service shall not count as part of the family's income as it pertains to receiving cash assistance.

Article 13 of the FY2022 Budget expands child care supports to include families, at or below 180.0 percent of the Federal Poverty Level, with parents enrolled at a Rhode Island institution of higher education or in a qualified training program. The article also amends child care reimbursement rates for licensed child care centers providing care for infants/toddlers and preschool-aged children, and institutes a child care co-pay cap at 7.0 percent of a family's gross income, as defined in RIGL 40-5.2-20 (h).

<b>Rhode Island Works/Child Care</b>	<b>General Revenue</b>
FY2021 Enacted	\$8,981,094
<i>Target and Other Adjustments</i>	\$0
Caseload Estimating Conference - Child Care Assistance	(322,009)
<b>FY2022 Enacted</b>	<b>\$8,659,085</b>

<b>Rhode Island Works</b>	<b>Other Fund Changes</b>
Child Care Rates (federal funds)	\$6,838,312
RI Works Changes (federal funds)	5,651,429
Child Care Co-pays (federal funds)	485,679
Postsecondary Child Care Assistance (federal funds)	200,000

***Caseload Estimating Conference- Child Care Assistance*** **(\$322,009)**

The Budget includes \$8.7 million in general revenue for child care assistance as determined in the May 2021 Caseload Estimating Conference (CEC), a decrease of \$322,009 from FY2021 Enacted levels. While the May 2021 CEC assumed an additional 520 child care subsidies, as well as an increase in the cost per subsidy of \$350, the Budget includes additional federal funds which are used to offset general revenues leading to a decrease.

The FY2021 Budget as Enacted included 6,900 subsidies and a cost per subsidy of \$9,645, the May 2021 Caseload Estimating Conference increased subsidies in FY2022 to 7,400 while decreasing the cost per subsidy to \$9,091. The May Conference assumed that enrollment would be to stabilize in FY2022 leading to the increase in subsidies, the decrease in cost per subsidy included reimbursement rates consistent with current law and did not include the enhanced child care rates being paid due to the COVID-19 pandemic. The FY2022 Budget increases subsidies to 7,420 and increases the cost per subsidy to \$9,995. This increase includes the enhanced child care rates that are being paid to providers as a result of the pandemic, as well as increased child care rates included in Article 13 of the Budget.

***Child Care Rates (federal funds)*** **\$6.8 million**

Article 13 of the Budget amends child care reimbursement rates for licensed, child care centers to include a base rate. The base rate will be set at the 25th percentile of the 2018 weekly market rate for both infant/toddler care and preschool aged children. The maximum reimbursement rates for infant/toddler and preschool care that will be paid to licensed child care centers will be implemented in a tiered rate based on the quality rating the provider has achieved within the State's Quality Rating system.

The article also states that the base reimbursement rates for licensed family child care providers caring for infants/toddlers and preschool aged children will be determined through a collective bargaining agreement. Like licensed child care centers, the maximum reimbursement rates for infant/toddler and preschool care that will be paid to licensed family child care providers will be implemented in a tiered rate based on the quality rating the provider has achieved within the State's Quality Rating system.

Laws impacting child care reimbursement rates for licensed child care centers, providing care for infants and toddlers and pre-school aged children, were last altered in Article 15 of the FY2019 Budget as Enacted. Laws impacting reimbursement rates for school aged children have not been altered since FY2015. On May 27, 2020, Governor Raimondo issued Executive Order 20-39 which allowed child care centers that reopened during the pandemic to be reimbursed at a higher rate. Child care providers that were below the 5<sup>th</sup> tier, as determined by the State's Quality Rating system, are now reimbursed at the 5<sup>th</sup> tier level. Providers who were at the 5<sup>th</sup> tier are now reimbursed at the 90<sup>th</sup> percentile. This executive order has been extended such that child care centers will be reimbursed at the enhanced rates through December 2021. The Budget includes an additional \$6.8 million in federal funds to support increased child care rates.

The following table shows the enhanced rates for both licensed child care centers and licensed family child care providers.

<b>Enhanced Rates- Child Care Centers</b>					
	Tier 1	Tier 2	Tier 3	Tier 4	Tier 5
Infant/Toddler	\$257.54	\$257.54	\$257.54	\$257.54	\$273.00
Pre-School	195.67	195.67	195.67	195.67	260.00
School Age	200.00	200.00	200.00	200.00	245.00

<b>Enhanced Rates- Family Providers</b>					
	Tier 1	Tier 2	Tier 3	Tier 4	Tier 5
Infant/Toddler	\$224.43	\$224.43	\$224.43	\$224.43	\$224.43
Pre-School	171.45	171.45	171.45	171.45	171.45
School Age	162.30	162.30	162.30	162.30	162.30

The following tables illustrate the changes in reimbursement rates for infants/toddlers, preschool-aged, and school age children. These new rates will take effect January 1, 2022.

<b>Licensed Child Care Centers Infant/Toddler Rates</b>	<b>FY2019 Infant/Toddler Rates</b>	<b>Art. 13 Infant/Toddler Rates</b>	<b>Change from FY2019</b>	
Tier 1	\$198.48	\$236.36	\$37.88	19.1%
Tier 2	\$203.32	\$244.88	\$41.56	20.4%
Tier 3	\$218.81	\$257.15	\$38.34	17.5%
Tier 4	\$232.37	\$268.74	\$36.37	15.7%
Tier 5	\$257.54	\$284.39	\$26.85	10.4%

<b>Licensed Child Care Centers Preschool Rates</b>	<b>FY2019 Preschool Rates</b>	<b>Art. 13 Preschool Rates</b>	<b>Change from FY2019</b>	
Tier 1	\$165.75	\$207.51	\$41.76	25.2%
Tier 2	\$169.80	\$212.27	\$42.47	25.0%
Tier 3	\$177.88	\$218.45	\$40.57	22.8%
Tier 4	\$182.73	\$223.50	\$40.77	22.3%
Tier 5	\$195.67	\$231.39	\$35.72	18.3%

<b>Licensed Child Care Centers School Age Rates</b>	<b>FY2019 School Age Rates</b>	<b>Art. 13 School Age Rates</b>	<b>Change from FY2019</b>	
Tier 1	\$146.26	\$180.38	\$34.12	23.3%
Tier 2	\$146.26	\$182.77	\$36.51	25.0%
Tier 3	\$146.26	\$185.17	\$38.91	26.6%
Tier 4	\$146.26	\$187.57	\$41.31	28.2%
Tier 5	\$146.26	\$189.97	\$43.71	29.9%

- Rhode Island Works Program Changes:** The Budget includes an additional \$5.6 million related to changes within the Rhode Island Work (RI Works) program. The May 2021 Caseload Estimating Conference (CEC) adopted a RI Works caseload estimate of 6,565 at a monthly cost of \$182.93 per person. The FY2022 Budget increases the number of persons by 90 to 6,655 and increases the cost per person by \$54.88 from \$182.93 to \$237.81. The RI Works program is primarily funded through the federal Temporary Assistance to Needy Families (TANF) grant.

The increase in RI Works is related to changes made in Article 13 of the Budget. Article 13 amends the payment standard for families receiving cash assistance through the RI Works program. The following table illustrates the new cash assistance amounts, these increases bring the monthly benefit to about 40.0 percent of the federal poverty guideline. The Budget includes an additional \$4.3 million in federal funds to support this change.

<b>RI Works Cash Assistance</b>		
	<b>Previous Amount</b>	<b>New Amount</b>
1st Person	\$327	\$425
2nd Person	\$122	\$159
3rd Person	\$105	\$137
Additional Persons	\$80	\$104

The Article also amends the definition of a dependent child within the RI Works program to allow children, who turn 18 while in high school, to continue receiving cash assistance regardless of their graduation date and includes \$40,000 in TANF funds to support this expansion. In addition, the Article amends the income section of the RI Works program, such that the first six months of earned income received by a RI Works member be excluded from the family’s income as it pertains to receiving cash assistance and includes \$175,461 for this change. The Article also increases the amount of the clothing allowance, for children living with a family receiving cash assistance to include a child of any age, to \$100 per child per year, up from \$30 and includes \$116,300 to support the expansion.

- **Child Care Co-pays:** The article includes \$485,679 in federal funds to cap child care co-pays at 7.0 percent of a family’s gross income, as defined in RIGL 40-5.2-20 (h). Families who receive child care assistance with incomes greater than 100.0 percent but less than 185.0 percent of the Federal Poverty Level (FPL) will be required to pay a portion of their gross income for child care not to exceed 7.0 percent. Families who become in eligible for child care as a result of their incomes exceeding 185.0 percent of the FPL shall remain eligible until their income exceeds 225.0 percent of the FPL as long as they pay a portion of their gross income, not to exceed 7.0 percent, toward child care costs.
- **Postsecondary Child Care Assistance:** Article 13 of the Budget expands child care assistance eligibility to include families who require child care in order to pursue an educational degree or professional certificate. The Budget includes \$200,000 in federal funds to support this expansion. The Department of Human Services (DHS) administers the child care assistance program, which provides child care to families with incomes at or below 180.0 percent of the federal poverty level, so that parents are able to continue working at a paid employment position or participate in a short-term training apprenticeship or job readiness program. The beneficiary must attend an accredited post-secondary educational institute on a full-time basis, or on a part-time basis in conjunction with employment as approved by DHS.

**STATE FUNDED PROGRAMS**

State Funded Programs incorporates two different programs, General Public Assistance (GPA) and the Supplemental Nutrition Assistance Program (SNAP); however, only one of these programs is state-funded.

GPA is a state-funded program (RIGL 40-6-3) that provides basic cash assistance to adults between the ages of 19 and 64, with very limited income and resources, who have an illness, injury, or medical condition that is expected to last 30 days or more and prevents them from working. GPA also includes the hardship contingency fund, intended as the benefit of last resort for Rhode Islanders who do not qualify for Rhode



Island Works or SSI. This benefit and funding level is directed by statute and does not typically fluctuate from year to year.

SNAP, or “food stamps”, is a federal nutrition program that provides food assistance to low-income households. SNAP benefits (\$254.0 million in FY2022) are fully federally funded. SNAP’s benefit disbursements are budgeted within this program; however, administrative responsibility of SNAP, as well as corresponding budgetary resources, are maintained by the Individual and Family Support program.

<b>State Funded Programs</b>	<b>General Revenue</b>
FY2021 Enacted	\$908,960

<i>Target and Other Adjustments</i>	-
Caseload Estimating Conference - General Public Assistance	(57,256)
<b>FY2022 Enacted</b>	<b>\$851,704</b>

<b>State Funded Programs</b>	<b>Other Fund Changes</b>
SNAP Benefits (federal funds)	(28,014,423)

***Caseload Estimating Conference—General Public Assistance*** ***(\$57,256)***

Estimators at the May 2021 Caseload Estimating Conference (CEC) projected that, in FY2022, 64 people would receive general public assistance (GPA) at a monthly cost of \$178.00 per person. Expenditures for monthly cash payments, indigent burials, and the GPA hardship contingency fund are projected to be \$761,704 in FY2022, a \$57,256 general revenue decrease from FY2021 enacted levels.

***SNAP Benefits (federal funds)*** ***(\$28.0 million)***

The Budget includes \$254.0 million for Supplemental Nutrition Assistance Program (SNAP) benefits in FY2022, a decrease of \$28.0 million from FY2021 Enacted levels. This decrease is based on the Department’s projected need for this program.

## **SUPPLEMENTAL SECURITY INCOME**

The Supplemental Security Income (SSI) program is a federal income support program that provides basic cash assistance to individuals aged 65 or older and to adults and children with serious disabilities. Individuals eligible for SSI are also eligible for Medical Assistance (Medicaid) and SNAP (food stamps). Like all but four states (Arizona, North Dakota, Mississippi, West Virginia), Rhode Island pays beneficiaries a state supplement to the SSI benefit (RIGL 40-6-27).

The federal government, through the Social Security Administration, pays a basic benefit to SSI recipients. The actual monthly benefit depends on the recipient’s income; generally, the more income an individual earns, the lower the monthly benefit. Like most states, Rhode Island provides a supplemental state-funded payment to each recipient of the federal payment. The State also makes a state-only payment to some individuals who exceed the federal income eligibility requirements.

The total payment (state and federal) is set at a specific level and is recalculated each year as the federal benefit is adjusted so that the benefit keeps pace with inflation. As of January 1, 2020, the federal SSI payment was increased 1.6 percent based on the cost of living adjustment (COLA) calculated by the Bureau of Labor and Statistics. The state portion of the SSI payment remained the same at \$39.92 for individuals and \$79.38 for couples. Currently, the maximum federal monthly payment is \$783.00 for an individual and \$1,175.00 for a couple.

For SSI recipients in an assisted living residence, a majority of the payment goes to the facility and the resident retains up to \$20.00 of the payment as a personal needs allowance.

In order to be eligible for SSI, an individual must be age 65 or older, blind, or disabled. For the purposes of determining eligibility for SSI, “disabled” means that an individual over the age of 18 has a medically determinable physical or mental impairment that results in an inability to perform any “substantial gainful activity” and that is either expected to result in death or to last for a year or more. For a child, it is a condition that results in “marked and severe functional limitations” and is expected to either result in death or to last for a year or more.

SSI-eligible individuals must also have “limited resources,” defined as less than \$2,000 in resources for an individual or child, and less than \$3,000 in resources for a couple. Certain assets and resources are not included in the resource calculation, including the individual’s home, household goods and personal effects, burial plots, and a single vehicle.

<b>Supplemental Security Income Program</b>	<b>General Revenue</b>
FY2021 Enacted	\$18,558,000
<i>Target and Other Adjustments</i>	
Category F and Category D Payments	(624,125)
Caseload Estimating Conference - SSI	16,944
<b>FY2022 Enacted</b>	<b>\$17,950,819</b>

**Category F and Category D Payments** **(\$624,125)**

Article 12 eliminates the Supplemental Security Income (SSI) Category F payment and part of the Category D payment and includes \$624,125 in general revenue savings within the Department of Human Services, accordingly.

- **Category F:** Category F is an enhanced SSI payment for certain individuals in assisted living facilities. The payment assists with room and board expenses, but is State-only because the federal government does not provide matching funds for room and board outside of institutional settings. Article 12 eliminates the Category F payment. Individuals are not allowed to retain the payment for personal use and therefore will not be impacted by its elimination. Assisted living facilities, which benefit from the payment, will instead receive rate increases as noted above. This effectively builds the Category F payment into the federally-matched rates.
- **Category D:** Category D is a subset of assisted living residents who receive SSI but reside in an assisted living facility that is not eligible to receive Medicaid. The State makes supplemental \$206 payments per month to assisted living facilities for these beneficiaries. RIGL 40-6-27.2 previously included a provision for the \$206 payment for Category D individuals living in assisted living facilities financed by the Rhode Island Housing and Mortgage Financing Corporation (RI Housing). Article 12 strikes the language as it relates to \$206 payments to RI Housing facilities.

**Caseload Estimating Conference—SSI** **\$16,944**

The May 2021 Caseload Estimating Conference (CEC) adopted an SSI estimate of 33,400 persons at a monthly cost of \$46.18 and \$66,000 for transaction fees, a decrease of 100 persons and an increase of \$0.18 person relative to the FY2021 Budget as Enacted. The total general revenue cost of the SSI program in FY2022 is \$18.5 million, an increase of \$16,944 from the FY2021 Enacted level.

## VETERANS SERVICES

The Office of Veterans’ Services, previously the Division of Veterans’ Affairs, serves Rhode Island’s veteran population of approximately 70,000. The program operates the Rhode Island Veterans Home, a state-run nursing facility in Bristol, Rhode Island, and the Veterans Cemetery in Exeter, Rhode Island.

<b>Veterans' Services</b>	<b>General Revenue</b>
FY2021 Enacted	\$18,039,632
<i>Target and Other Adjustments</i>	
	(1,039,374)
Veterans' Home - Personnel	11,519,645
Centralized Service Charges	333,552
VRI Savings	(184,363)
COVID-19 Funding	(179,553)
RI Serves	84,456
<b>FY2022 Enacted</b>	<b>28,573,995</b>

<b>Veterans' Services</b>	<b>Informational</b>
Consolidated Appropriations Act (federal funds)	\$840,664
Veterans' Home Maintenance Fees	Informational

**Veterans' Home – Personnel** **\$11.5 million**

The Budget includes an additional \$11.5 million in general revenue for personnel costs within the Veterans' Home. The FY2021 Budget shifted \$11.8 million in COVID-related personnel costs from general revenue to Coronavirus Relief Funds (CRF) to cover CRF-eligible, personnel expenses incurred within the Department. The FY2022 Budget shifts these funds back to general revenue. This increase is partially offset by a \$279,136 savings related to an absentee initiative. The Department will work to strengthen the sanctions for sick leave abuse to achieve these savings.

**Centralized Service Charges** **\$333,552**

The Budget includes \$3.1 million in general revenue expenditures for Information Technology, Capital Assets Management, and Human Resource Service Center projected costs in FY2022. This is an increase of \$333,552 from the FY2021 Budget as Enacted amount of \$2.8 million. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In FY2019 these expenditures were reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. The Budget increases these costs for FY2022.

	<b>FY2021</b>	<b>FY2022</b>		
<b>Centralized Service Charges</b>	<b>Enacted</b>	<b>Enacted</b>	<b>Change from Enacted</b>	
Information Technology	\$365,254	\$245,730	(\$119,524)	-32.7%
Capital Asset Management	2,084,500	2,537,576	453,076	21.7%
Human Resources	364,479	364,479	-	-
<b>Total</b>	<b>\$2,814,233</b>	<b>\$3,147,785</b>	<b>\$333,552</b>	<b>11.9%</b>

**VRI Savings** **(\$184,363)**

The Budget includes general revenue savings of \$184,363 within Veterans' Services from the voluntary retirement incentive (VRI). The State initiated a VRI payment to active State employees as of January 4, 2021, who had a full benefit retirement date on or before December 31, 2020. The VRI is intended to achieve strategic and budgetary objectives by refilling 70.0 percent of the resulting vacancies at 80.0 percent of the previous employee's cost for the first year, while allowing the State to recognize the long-term service of its employees and provide them with the flexibility to retire.

**COVID-19 Funding****(\$179,553)**

Pursuant to a Governor's Budget Amendment dated April 19, 2021, the Budget includes a general revenue savings of \$179,553 million and a federal funds savings of \$1.2 million within Veterans' Services. This decrease accounts for allotted funding available in FY2022.

**RI Serves****\$84,456**

The Budget includes \$153,000 in general revenue for the RI Serves program within the Office of Veterans' Services, an increase of \$84,456 from FY2021 Enacted levels. The RI Serves program is a network of public, private, and non-profit organizations that serve veterans and their families.

**Consolidated Appropriations Act (federal funds)****\$840,664**

The Budget includes \$35.6 million for the Department of Human Services, including \$840,664 within Veterans' Services, from the Consolidated Appropriations Act (CAA). The CAA was signed into law in December 2020 and includes an additional \$680.9 million for Rhode Island.

**Veterans' Home Maintenance Fees****Informational**

On June 19, 2020, the U.S. Department of Veterans' Affairs (VA) sent a letter to the RI Department of Human Services' Office of Veterans' Services (Office) alleging that beginning July 1, 2019, veterans at the RI Veterans' Home who have a service connected disability rating of 70.0 percent or more are being billed for Occupational Therapy (OT) and Physical Therapy (PT). The letter also alleged that Veterans were paying out-of-pocket expenses for services which should be covered under their care at the Veterans' Home.

The VA found the claim that Veterans at the home who have a service connected disability rating of 70.0 percent or more are being billed for Occupational Therapy (OT) and Physical Therapy (PT) is unsubstantiated. However, the claim that Veterans are paying for out-of-pocket expenses was found to be substantiated. As of June 30, 2020, the Office has stopped collecting all maintenance fees as requested by the VA.

Pursuant to RIGL 30-24-10, the Office of Veterans' Services collects a maintenance fee from Veterans' Home residents that is equal to 80.0 percent of the resident's "net income" as defined under the law. Pursuant to federal law, the State may not collect additional fees from veterans for whom the VA pays the State home a prevailing wage to provide care. The VA pays a prevailing wage for residents with a service connected disability rating of 70.0 percent and over. From February 3, 2013, through June 30, 2020, the Veterans' Home was collecting maintenance fees from veterans with a service connect disability rating over 70.0 percent. In November 2020, the Office of Veterans Services (Office) received approval of their Corrective Action Plan from the Veterans Health Administration. The Plan outlines how they will refund maintenance fees that were collected from impacted veterans for whom the VA was paying a prevailing wage rate. According to the Corrective Action Plan, veterans who are eligible for a refund fall into three categories: current residents of the Veterans' Home; eligible veterans who once resided at the Veterans' Home but have since moved out; and deceased eligible veterans.

Since 2013, 53 veterans who are owed refunds totaling \$5.0 million have been impacted by this change.

As of July 15, 2021, the Office has refunded 39 checks totaling \$4.1 million to current residents of the Veterans' Home. Refunds totaling \$852,905 for an additional 14 veterans are pending.

<b>RIVets Home</b>	<b>Amount</b>	<b>Veterans</b>
Refunded:	\$4,124,496	39
Pending:	852,905	14
<b>Total:</b>	<b>\$4,977,401</b>	<b>53</b>

*\* Source: RI Veterans' Services*

## **CAPITAL PROJECTS**

The Budget includes \$895,000 in Rhode Island Capital (RICAP) funding for FY2022 and \$165,000 in FY2021. Projects include:

**Veterans Cemetery:** The Budget includes \$380,000 in RICAP funding in FY2022 for the expansion of the Veterans' Cemetery as well as crypt installations. This funding will support the design phase of the expansion and installation.

**Veterans' Home:** The Budget includes \$350,000 in RICAP funding in FY2022 for asset protection projects at the RI Veterans' Home. This funding is intended to extend the useful life of the facility by addressing problems as they arise.

**Blind Vending Facilities:** The Budget includes \$165,000 in FY2022 for blind vending facilities. This funding supports the ongoing construction and renovation of vending facilities at building owned or rented by the State. There are currently 11 locations throughout the State that support 6 blind vendors who operate the facilities. This ongoing project provides employment opportunities for persons who are legally blind.



## Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals

Expenditures by Program	FY2020	FY2021	FY2021	Change to		FY2022	Change to	
	Actual	Enacted	Revised	Enacted		Enacted	Enacted	
Central Management	\$5.3	\$5.6	\$5.6	\$0.1	1.2%	\$6.4	\$0.8	13.9%
Hospital & Community System Support	3.1	3.4	3.1	(0.3)	-8.4%	3.7	0.3	8.8%
Behavioral Healthcare Services	38.7	43.1	54.4	11.3	26.2%	58.5	15.4	35.7%
Services for the Developmentally Disabled	285.5	304.0	304.5	0.5	0.2%	336.7	32.7	10.7%
Hospital & Community Rehab. Services	124.4	129.9	135.3	5.3	4.1%	118.3	(11.6)	-9.0%
<b>Total</b>	<b>\$457.0</b>	<b>\$486.1</b>	<b>\$503.0</b>	<b>\$16.9</b>	<b>3.5%</b>	<b>\$523.6</b>	<b>\$37.5</b>	<b>7.7%</b>

Expenditures by Source								
General Revenue	\$243.5	\$248.9	\$258.0	\$9.1	3.7%	\$271.9	\$23.1	9.3%
Federal Funds	211.7	233.1	241.0	7.9	3.4%	247.1	13.9	6.0%
Restricted Receipts	1.5	3.7	3.6	(0.1)	-3.4%	4.2	0.5	13.2%
Other Funds	0.3	0.4	0.4	-	-	0.4	-	-
<b>Total</b>	<b>\$457.0</b>	<b>\$486.1</b>	<b>\$503.0</b>	<b>\$16.9</b>	<b>3.5%</b>	<b>\$523.6</b>	<b>\$37.5</b>	<b>7.7%</b>

Authorized FTE Levels	1,189.4	1,188.4	1,188.4	-	-	1,190.4	2.0	0.2%
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\$ in millions. Totals may vary due to rounding.

The Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals (BHDDH) provides a comprehensive system of care for individuals with mental or physical illnesses, developmental disabilities, and substance use disorders. BHDDH administers a coordinated system of mental health promotion and substance abuse prevention through contracted, community-based and direct services at the Eleanor Slater Hospital and Rhode Island Community and Living Supports (RICLAS) facilities. BHDDH delivers services to more than 50,000 vulnerable individuals annually.

### MAJOR ISSUES AND TRENDS

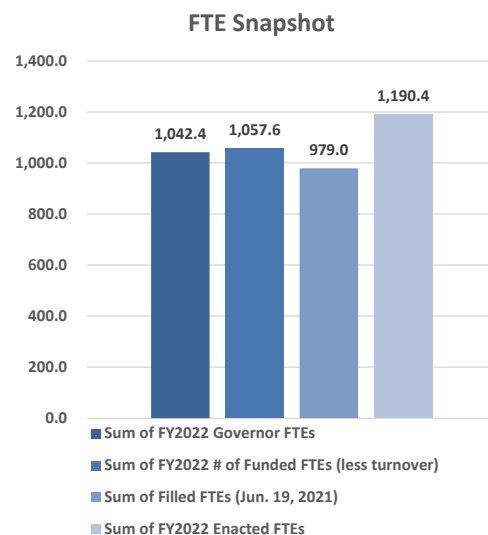
The Budget includes \$523.6 million from all funds for BHDDH in FY2022, of which \$271.9 million is from general revenues, \$247.1 million is from federal funds, \$4.2 million is from restricted receipts, and \$400,000 is from RICAP funds. The Budget includes an all funds increase of \$37.5 million (7.7 percent) compared to the FY2021 Budget as Enacted.

The Budget authorizes 1,190.4 FTE positions in FY2022, increasing the Department's authorized FTE positions by 2.0 FTEs. The Budget adds 2.0 FTEs to oversee the State's compliance with the Consent Decree, including management of the \$2.0 million system transformation fund and the inclusion of the Division of Developmental Disabilities within the Caseload Estimating Conference.

The Budget allocates a total of \$137.4 million for personnel expenditures, which fully funds approximately 1,057.6 FTEs. As of the pay period ending June 19, 2021, there were 979.0 filled and 209.4 vacant positions in the Department.

### Eleanor Slater Hospital

Eleanor Slater Hospital (ESH) provides long-term acute and post-acute hospital level of care to forensic, psychiatric, and medical patients with complex needs. The ESH patient population is heavily dependent on



court decisions, as the court decides when forensic patients require hospitalization at ESH and when a patient may be discharged.

Beginning in August of 2019, BHDDH oversight personnel found there was a possibility that the Hospital was out of compliance with federal Institute of Mental Disease (IMD) exclusion regulations. The regulations do not permit the State to bill Medicaid for patients aged 22-64 when the Hospital is in an IMD status, which occurs when the majority of patients have a primary diagnosis of mental illness. Upon discovering the IMD exclusion violation, the State hired a law firm in November 2019 to provide expertise. In addition, ESH is licensed as a long-term care hospital but many patients are not receiving and do not need a hospital level of care. As a licensed hospital, the State cannot bill for a hospital level of care if a patient needs a lower level of care. Due to the IMD exclusion and the fact that the Hospital is licensed as a long-term care hospital, the State could not bill Medicaid for any patient care beginning in September 2019.

The State submitted a State Plan Amendment (SPA) to allow Eleanor Slater Hospital to resume billing for certain patients at the Hospital in May of 2020 and the application was approved by the Centers for Medicare and Medicaid Services on March 25, 2021, with an effective date of April 1, 2020. The State is now able to bill Medicaid for medical, but not forensic, patients. Currently, the State is working with an outside, independent contractor to review patient records to ensure the accuracy and eligibility for reimbursement of certain expenses from Medicaid. During this review, the State fell back out of compliance with federal regulations.

The FY2022 Budget assumes that the State will be able to bill for the subset of patients that are under 22 or over 64. Per federal regulations, the State is able to bill for these patients regardless of the patient mix. The Budget shifts \$2.0 million in projected costs from general revenues to federal funds for these patients, accordingly. However, the Budget does not account for any federal financial participation for the remainder of the Hospital's patients due to the continued uncertainty surrounding the ability to bill Medicaid.

### ***Consent Decree***

The State has been under a Consent Decree with the United States Department of Justice since 2014 for violating the Olmstead Decision of the Americans with Disabilities Act. The United States Department of Justice, focusing specifically on sheltered workshops, concluded that the State's services for individuals with developmental disabilities were not adequately integrated within the community. The State subsequently entered into a Consent Decree, which requires BHDDH to foster more supportive and less isolated employment opportunities and day services for individuals with intellectual and developmental disabilities. Employment placements must be typical jobs that pay at least minimum wage and support employment for 20 hours or more per week. The Consent Decree requires funding to support a reformed system of care within the Division of Developmental Disabilities (DD) until FY2024.

With three years left in the Consent Decree, the presiding judge has issued a series of court orders with guidance on how the State should move forward to achieve the goals of the Consent Decree. The guidance states that the State must create a three-year budget strategy to transform the DD system that is a result of collaboration between the State and DD providers. This includes increasing wages for direct support professionals to \$20 per hour by FY2024. In support of this transformation, the FY2022 Budget includes a general revenue appropriation of \$16.8 million (\$39.7 million all funds) to increase wages to \$15.75 per hour and an additional \$1.0 million from general revenues (\$2.0 million all funds) for a system transformation fund, including adding the Division of DD to the biannual caseload estimating conference.

### ***Advanced Payments to DD Providers***

The FY2020 financial statements audit completed by the Auditor General reported that advances given to developmental disability (DD) providers were not reduced by the sale proceeds from State-owned group homes as required. When programs for individuals with intellectual and/or developmental disabilities were established, advances were made to certain providers to provide working capital until provider billings and reimbursements began. The expected duration and repayment terms were not sufficiently defined and



balances have existed for decades. The advances have been returned by the providers on the last day of the fiscal year with an immediate advance from the State to the providers made the following day. The temporary repayment, also called “check swap,” prevents accounting recognition of the advances in any budgetary period. The current annual advance process lacks statutory authorization, and the long duration of the advance procedure has led providers to dispute that the advances must be paid back to State.

The State Controller, with the approval of the Director of the Department of Administration, may offset outstanding liabilities with proceeds from the sale of state-owned group homes, but this has not decreased the balance of outstanding advances to any material extent. During FY2020, the State sold six group homes with total proceeds of \$1.1 million; however, these amounts were deposited into the information technology investment fund for the restricted use of that fund rather than reducing the amounts advanced to the related providers of services to developmentally disabled individuals.

### **CENTRAL MANAGEMENT**

The Office of the Director provides overall management and policy direction for the Department. The program oversees most functions within BHDDH. The program’s functions include Management and Administration, Legislative Affairs, Constituent Affairs, Advocacy, Hospital Appeals, Strategic Planning, Community and Provider Involvement, and Public Education. The program also centralizes emergency management, asset management, capital projects, performance improvement, and funds development for the Department.

<b>Central Management</b>	<b>General Revenue</b>
FY2021 Enacted	\$3,971,436
<i>Target and Other Adjustments</i>	
Personnel	17,675
Cost Allocation Plan Contract	732,678
Centralized Service Charges	360,000
<b>FY2022 Enacted</b>	<b>\$5,000,299</b>

#### ***Personnel*** **\$732,678**

The Budget increases general revenues by \$732,678 for personnel costs in FY2022 based on the Department’s cost allocation plan. The cost allocation plan shifts money across sources and programs and determines which personnel costs are eligible for matching federal funds. There is a concurrent federal funds reduction of \$815,328. The Budget also adjusts benefit expenses and includes some savings from the voluntary retirement incentive.

#### ***Cost Allocation Plan Contract*** **\$360,000**

The Budget increases general revenues by \$360,000 for a contract with Public Consulting Group (PCG) for consulting services related to the Department’s cost allocation plan. PCG assists the State in determining which portion of personnel costs are eligible for matching federal funds, allowing the State to maximize federal dollars.

#### ***Centralized Service Charges*** **(\$81,490)**

The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, facilities management, and human resources. These expenditures were previously centralized in the Department of Administration, and are now reflected in each agency based on actual use. The FY2021 Budget as Enacted included \$305,011 from general revenues for these expenses within Central Management. The Budget reduces these charges by \$81,490 based on updated projections.

**HOSPITAL AND COMMUNITY SYSTEM SUPPORT**

The Hospital and Community System Support program provides financial management support for the entire Department, including the hospital and community patient care facilities. Operational areas within the program include Budget Development, Program Analysis, Business Services, Accounting, and Financial Control, Federal Grants, Contract Management, Revenue Collection, Billing and Accounts Receivable, Patient Resources and Benefits, Rate Setting, and Financial Reporting.

<b>Hospital &amp; Community System Support</b>	<b>General Revenue</b>
FY2021 Enacted	\$2,840,854
<i>Target and Other Adjustments</i>	<i>67,487</i>
Personnel	525,026
<b>FY2022 Enacted</b>	<b>\$3,433,367</b>

**Personnel** **\$525,026**

The Budget increases general revenues by \$525,026 for personnel costs in FY2022 based on the Department's cost allocation plan. The cost allocation plan shifts money across sources and programs and determines which personnel costs are eligible for matching federal funds. There is a concurrent federal funds reduction of \$283,045 and restricted receipts reduction of \$149,584. The Budget also adjusts benefit expenses and includes some savings from the voluntary retirement incentive.

**BEHAVIORAL HEALTHCARE SERVICES**

The Division of Behavioral Healthcare Services is comprised of two subprograms: Integrated Mental Health Services and Substance Use Disorder Treatment and Prevention Services. The Division plans, coordinates, and administers a comprehensive system of mental health promotion and substance use disorder prevention, intervention, and treatment activities. The program, primarily funded by federal grants, provides screening, early interventions, referrals, clinical treatment services, and recovery support activities. The program coordinates with other departments and agencies in the State, including the criminal justice system, public healthcare system, child welfare, education, and other allied human service entities.

<b>Behavioral Healthcare Services</b>	<b>General Revenue</b>
FY2021 Enacted	\$2,537,473
<i>Target and Other Adjustments</i>	<i>(38,983)</i>
Personnel	(252,737)
<b>FY2022 Enacted</b>	<b>\$2,245,753</b>

<b>Behavioral Healthcare Services</b>	<b>Other Fund Changes</b>
COVID-19 Programs (federal funds)	\$18,900,715
Opioid Stewardship Fund (restricted receipts)	500,000

**Personnel** **(\$252,737)**

The Budget reduces general revenues by \$252,737 for personnel costs in FY2022 based on the Department's cost allocation plan. The cost allocation plan shifts money across sources and programs and determines which personnel costs are eligible for matching federal funds. There is a concurrent federal funds increase of \$607,820, which includes shifts from other programs and updated benefit expenses.

**COVID-19 Programs (federal funds)** **\$18.9 million**

The FY2022 Budget includes \$22.0 million in federal funds related to the Department's mental health and substance abuse prevention programs related to the COVID-19 pandemic. This represents a federal funds increase of \$18.9 million compared to the FY2021 Enacted level. The FY2021 Enacted Budget included \$3.1 million from the State's Coronavirus Relief Fund (CRF) allocation for behavioral healthcare services.

The State later received \$22.0 million in direct federal awards for mental health and substance abuse prevention programs through the American Rescue Plan (ARP) and Consolidated Appropriations Act (CAA) of 2021. The FY2022 Budget removes the \$3.1 million in CRF funds and adds the \$22.0 million in new ARP and CAA funds, accordingly, for a net increase of \$18.9 million.

***Opioid Stewardship Fund (restricted receipts)***

***\$500,000***

Article 13 of the FY2020 Budget as Enacted established an opioid registration fee paid by all manufacturers, distributors, and wholesalers of opioids. The fee is calculated based on the licensee's in-state market share of opioid sales and deposited quarterly to the Opioid Stewardship Fund. The Fund is used to finance substance abuse prevention and education activities across the State.

The FY2022 Budget includes \$2.3 million within BHDDH for opioid-related treatment services, reflecting an increase of \$500,000 compared to the FY2021 Budget as Enacted. The funding includes \$780,000 for recovery and supportive housing, \$500,000 for Medication-Assisted Treatment (MAT), \$350,000 for the Behavioral Health Online Database, and \$200,000 for the Recovery Friendly Workplace program, consistent with the FY2021 Enacted level. The Budget also adds \$500,000 to support the State's seven regional substance abuse prevention coalitions. Funding supports access to resources, developing plans to address any gaps in resources or community readiness, implementing interventions based on community needs, and evaluation.

**SERVICES FOR THE DEVELOPMENTALLY DISABLED**

The Division of Developmental Disabilities (DD) supports a statewide network of programs for adults with developmental disabilities. These supports include several levels of residential care, community placements, day programs, and respite programs. The program works to provide access to appropriate services in the least restrictive setting possible. The program manages a population that ranges from those previously institutionalized at the Ladd School, before the closure of the facility in 1994, to those with mild functional disabilities in need of daytime supports and vocational training to function within the community.

The program serves approximately 4,500 individuals through State-run programs and community-based providers, including those who only receive case management services. The system consists of 24-hour, nursing-level facilities; the State group home system, otherwise known as Rhode Island Community Living and Supports (RICLAS); and a private residential provider network. DD clients are also served through day programs, supportive employment, and programs that provide support to allow individuals to continue living with their families. Many individuals are served by more than one program.

The FY2022 Budget provides \$336.7 million from all funds for the Division, including \$145.3 million from general revenues. This is \$20.5 million more from general revenues compared to the FY2021 Budget as Enacted and \$17.9 million more compared to actual expenditures in FY2020.

<b>Services for the Developmentally Disabled</b>	<b>General Revenue</b>
FY2021 Enacted	\$124,786,530
<i>Target and Other Adjustments</i>	<i>(50,917)</i>
DSP Wage Increase	16,780,500
Caseload Adjustment	10,012,038
Enhanced FMAP	(8,843,943)
Maintenance of Need	1,058,186
DD Transition Fund	1,000,000
Centralized Service Charges	550,910
<b>FY2022 Enacted</b>	<b>\$145,293,304</b>

**DSP Wage Increase**

**\$16.8 million**

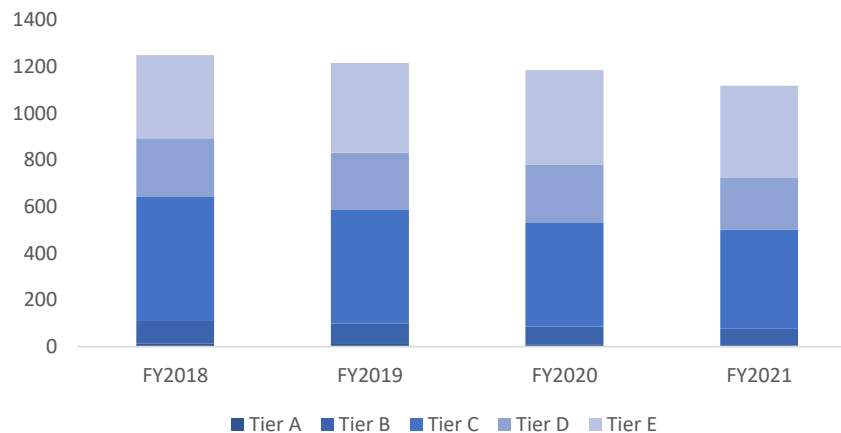
The Budget adds \$16.8 million from general revenues and \$23.0 million from federal funds to enable a wage increase for direct support professionals (DSPs) who support individuals with intellectual and/or developmental disabilities (I/DD). Article 1 includes proviso language ensuring that the general revenue and federal funds appropriations are directed towards the wage increase. Historically, I/DD service providers have struggled to recruit, train, and retain a workforce because they are not able to offer competitive wages. The Consent Decree court order issued in January 2021 requires the State to increase wages to \$20 per hour by 2024. The all funds total of \$39.7 million increases the average DSP wage from \$13.18 to \$15.75 per hour. This also results in a wage increase for other staff, including supervisors, whose hourly wages are calculated as a percentage of DSP wages.

**Caseload Adjustment**

**\$10.0 million**

The Budget includes an additional \$10.0 million from general revenues to support the program’s projected caseload needs for FY2022 based on expected case mix and federal match rates. The adjustment for FY2022 accounts for an additional \$3.1 million from general revenues (\$6.8 million all funds) to reflect the Department shifting from quarterly to annual per-person budget authorizations. Previously, individual authorizations were done on a quarterly basis, which providers advised against because they were inflexible and overly burdensome on providers. At the end of each quarter, any remaining funds were eliminated and not carried over to the next quarter. The shift to annual authorizations increases access to services by allowing individuals to use their authorized funding as needed throughout the year. While the change does not increase an individual’s maximum funding level, the budget assumes an increase in spending since individuals now have more time to use authorizations. The chart below displays the DD population tier levels by fiscal year. Tiers are assigned based on each individual’s level of need as determined by an interview and assessment, known as the Supports Intensity Scale. Tier A corresponds to the lowest level of need and annual funding authorization and Tier E corresponds to the highest.

**Tier Assignments by Fiscal Year**



**Enhanced FMAP**

**(\$8.8 million)**

The Budget includes \$8.8 million in general revenue savings to reflect the extension of the enhanced federal medical assistance percentage (FMAP) through the first half of FY2022. Pursuant to the Families First Coronavirus Response Act (FFCRA), the enhanced FMAP shifts an additional 6.2 percent of eligible Medicaid and Title IV-E expenses from general revenues to federal funds during the COVID-19 public health emergency. On January 22, 2021, the federal Secretary of Health and Human Services issued a letter stating that the public health emergency “will likely remain in place for the entirety of [calendar year] 2021.” The Budget includes two quarters of savings within the Division, accordingly.

***Maintenance of Need******\$1.1 million***

Article 12 raises the Maintenance of Need allowance from 100.0 percent of the federal poverty level plus \$20 per month (\$1,093 per month) to 300.0 percent of the federal standard for supplemental security income (\$2,382 per month). This enables individuals to retain more of their income while receiving home- and community-based services (HCBS).

Medicaid does not cover room and board expenses when individuals receive services in home- or community-based arrangements. To ensure that beneficiaries opting for care in these settings have adequate resources to meet these and other personal needs, the State allows individuals in HCBS programs to retain part of their income, known as the Maintenance of Need. By increasing the allowance, individuals can retain more of their income to cover more expenses at home. This will reduce the likelihood that individuals need to move into institutional settings because staying home is cost prohibitive. The increase in the Maintenance of Need allowance means that individuals will contribute less towards their cost of care. The Budget adds \$1.1 million from general revenues (\$2.7 million all funds) to recognize the corresponding increase in the cost to the State for services provided by the Division of Developmental Disabilities.

***DD Transition Fund******\$1.0 million***

The Budget adds \$1.0 million from general revenues and \$1.0 million from federal funds for a Transition Fund to support the DD system transformation mandated by the Consent Decree court orders. The presiding judge ordered the State to negotiate with providers and other stakeholders to develop a plan for the remaining years of the Consent Decree to ensure compliance by FY2024. The Fund is a result of these negotiations and would be used to invest in tools and technology for providers to support individual needs and transform the system into an outcome-based payment methodology. The funding includes \$157,409 from general revenues (\$314,818 all funds) for 2.0 FTEs to manage the fund and to help prepare data for submission to the biannual caseload estimating conference (CEC). The Budget adds the Division to the CEC in Article 3, consistent with the requirements of the court orders.

***Centralized Service Charges******\$550,910***

The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, facilities management, and human resources. These expenditures were previously centralized in the Department of Administration, and are now reflected in each agency based on actual use. The FY2021 Budget as Enacted included \$1.1 million from general revenues for these expenses within the Division of Developmental Disabilities. The Budget increases these charges by \$550,910 based on updated projections.

**HOSPITAL AND COMMUNITY REHABILITATION SERVICES**

The Hospital and Community Rehabilitation Services Program, or Eleanor Slater Hospital, provides a continuum of treatment and residential options for psychiatric and developmentally disabled clients. The Hospital facilities are licensed by the Department of Health (DOH) and accredited by the national board for health care organizations, the Joint Commission on Accreditation of Healthcare Organizations (JCAHO). Eleanor Slater Hospital (ESH) has two campuses: the Pastore Center in Cranston and the Zambarano Campus in Burrillville. The Pastore Center campus focuses on long-term psychiatric and psychogeriatric services while the Zambarano campus focuses on long-term and rehabilitative care.

<b>Hospital &amp; Community Rehabilitation Services</b>	<b>General Revenue</b>
FY2021 Enacted	\$114,719,440
<i>Target and Other Adjustments</i>	107,586
Hospital License Fee	(6,476,817)
ESH Billing	6,174,217
Centralized Service Charges	1,445,674
<b>FY2022 Enacted</b>	<b>\$115,970,100</b>

**Hospital License Fee** **(\$6.5 million)**

The Budget includes \$6.5 million in general revenue savings based on a reduction in the estimated liability for the hospital license fee in FY2022. The FY2021 Enacted Budget included \$6.8 million from general revenues to pay a 6.0 percent fee assessed against FY2019 patient revenues. Article 6 of the FY2022 Budget authorizes a 5.725 percent fee assessed against FY2020 patient revenues. Due to ongoing billing issues, the Hospital reported a 94.6 percent decline in eligible patient revenues in FY2020, lowering from \$113.8 million in FY2019 to \$6.1 million in FY2020. The total fee paid in FY2022 will be \$351,684 based on the 5.725 percent fee, or \$6.5 million less than the FY2021 Enacted amount.

<b>Hospital License Fee</b>	<b>FY2021 Enacted</b>	<b>FY2022 Enacted</b>	<b>Change</b>
Revenue Base	\$113,808,358	\$6,142,948	(\$107,665,410)
Fee Rate	6.000%	5.725%	-0.275%
Liability	6,828,501	351,684	(6,476,817)

**ESH Billing** **\$6.2 million**

Based on the ongoing federal billing issues at the Hospital, the Budget assumes that most expenses will be paid through general revenues in FY2022. Excluding the hospital license fee, centralized service charges, and other minor adjustments, the Budget projects the need for \$6.2 million more from general revenues resources to fund the operations at the Hospital in FY2022 compared to FY2021.

<b>Eleanor Slater Hospital Changes</b>	<b>General Revenue</b>	<b>Federal Funds</b>	<b>All Funds</b>
COVID-19 Personnel	4,900,823	(4,900,823)	-
Pharmaceuticals	2,051,302	-	2,051,302
Current Services	(777,908)	(7,996,478)	(8,774,386)
<b>Total</b>	<b>\$6,174,217</b>	<b>(\$12,897,301)</b>	<b>(\$6,723,084)</b>

- **COVID-19 Personnel:** The FY2021 Budget as Enacted shifted \$4.9 million in healthcare personnel expenses at the Hospital from general revenues to federal Coronavirus Relief Funds in FY2021. These funds are not available in FY2022 and are transferred back to general revenues, accordingly.
- **Pharmaceuticals:** The FY2022 Budget includes \$2.9 million from general revenues for pharmaceuticals at ESH, a \$2.1 million increase compared to FY2021. Historically, these expenses have been paid by Medicare Part D. Without the ability to bill Medicare, the funding is replaced with general revenues. In FY2020, total pharmaceutical expenditures at the Hospital were \$3.5 million and were paid through general revenues.
- **Current Services:** The FY2021 Budget as Enacted shifted \$10.0 million from general revenues to federal funds in anticipation of an approved State Plan Amendment to allow billing for medical patients. The FY2022 Budget revises this figure to \$2.0 million to account for only patients under age 22 or over age 64 that are eligible for federal billing. This results in a shift of \$8.0 million from federal funds back to general revenues. However, the Budget also assumes a reduction in the overall Hospital census in FY2022 compared to FY2021 due to efforts to minimize admissions and provide appropriate levels of care, reducing general revenue expenses by \$8.8 million. The net overall impact from current service adjustments is a general revenue reduction of \$777,908.

**Centralized Service Charges****\$1.4 million**

The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, facilities management, and human resources. These expenditures were previously centralized in the Department of Administration, and are now reflected in each agency based on actual use. The FY2021 Budget as Enacted included \$10.7 million from general revenues for these expenses at Eleanor Slater Hospital. The Budget increases these charges by \$1.4 million based on updated projections.





## Governor's Commission on Disabilities

<b>Expenditures By Program</b>	<b>FY2020 Actual</b>	<b>FY2021 Enacted</b>	<b>FY2021 Revised</b>	<b>Change from Enacted</b>		<b>FY2022 Enacted</b>	<b>Change from Enacted</b>	
Governor's Commission on Disabilities	\$1,475,214	\$1,583,171	\$1,584,649	\$1,478	0.1%	\$1,530,481	(\$52,690)	-3.3%
<b>Expenditures By Source</b>								
General Revenue	\$996,865	\$1,072,008	\$1,073,478	\$1,470	0.1%	\$1,090,710	\$18,702	1.7%
Federal Funds	458,709	400,000	400,000	-	0.0%	380,316	(19,684)	-4.9%
Restricted Receipts	19,640	111,163	111,171	8	0.0%	59,455	(51,708)	-46.5%
<b>Grand Total</b>	<b>\$1,475,214</b>	<b>\$1,583,171</b>	<b>\$1,584,649</b>	<b>\$1,478</b>	<b>0.1%</b>	<b>\$1,530,481</b>	<b>(\$52,690)</b>	<b>-3.3%</b>
Authorized FTE Levels	4.0	4.0	4.0	-	-	4.0	-	-

The Governor's Commission on Disabilities advocates for individuals with disabilities, expands economic opportunities for businesses owned by or employing individuals with disabilities and their families, and ensures that individuals with disabilities have access to government. The Commission is responsible for coordinating compliance by state agencies with federal and state disability rights laws.

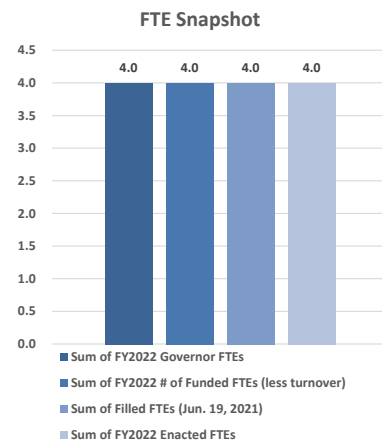
### MAJOR ISSUES AND TRENDS

The FY2021 Revised Budget includes \$1.6 million, of which \$1.1 million is general revenue. This reflects an all funds increase of \$1,478 from the FY2021 Budget as Enacted. The increase covers the payroll assessed fringe benefit assessment costs required for the last nine payroll periods to finance the ongoing Voluntary Retirement Incentive Program. The assessed fringe benefit personnel expense is a bi-weekly assessment of 3.95 percent charged to direct salaries.

For FY2022, the Budget includes \$1.5 million, of which \$1.1 million is general revenue. This reflects an all funds decrease of \$52,690 from the FY2021 Budget as Enacted. The decrease primarily reflects reduced donations appropriated under the Technical Assistance – GCD restricted receipt funds.

The Budget includes \$507,850 in general revenue for continued funding of the Livable Homes Modification Program.

The Budget includes 4.0 FTE positions in FY2021 and FY2022, consistent with the enacted level.



<b>Governor's Commission on Disabilities</b>	<b>General Revenue</b>
FY2021 Enacted	\$1,072,008
<i>Target and Other Adjustments</i>	9,406
Personnel Adjustments	27,690
Centralized Services	(18,394)
Livable Home Modification Grant Program	<i>Informational</i>
<b>FY2022 Enacted</b>	<b>\$1,090,710</b>
<b>Other Fund Changes</b>	
Technical Assistance - GCD	(51,901)
Handicapped Accessibility Capital Projects	<i>Informational</i>

**Personnel Adjustments**

**\$27,690**

The Budget increases general revenue by \$27,690 for various adjustments including step and grade changes and the consolidation of personnel expenses under the central management line sequence.

**Centralized Service Adjustment**

**(\$18,394)**

The Budget decreases general revenue expenditures by \$18,394 for statewide services provided by and previously centralized in the Department of Administration. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. As of FY2019, these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. The FY2021 Budget as Enacted appropriated \$28,682 for these expenses, which is reduced by \$18,394 to \$10,288 in the FY2022 budget.

**Livable Home Modification Grant Program**

**Informational**

The Governor’s Commission on Disabilities (GCD) has administered the Livable Home Modification grant program since January 2018. The grant program allocates funding for home modification projects to allow people to stay in their homes longer and decrease the length and frequency of nursing home stays. Improvements include bathroom modifications, wheelchair ramps, and stability rails, along with other home modifications. Since inception, the Commission has awarded and paid \$1.1 million for 454 awards.

Fiscal Year	# of Grants		Amount	
	Awarded	Amount	# Paid	Paid
FY2018	48	\$154,248	27	\$86,304
FY2019	164	435,458	161	423,795
FY2020	155	420,093	179	499,701
<b>Total</b>	<b>367</b>	<b>\$1,009,799</b>	<b>367</b>	<b>\$1,009,800</b>

The Governor continues to support the Livable Home Modification Grant Program and includes \$528,295 in general revenue to support the Livable Home Modification Grant Program in the FY2021 Supplemental Budget and includes \$507,850 to support the Livable Home Modification Grant Program in FY2022.

[sw1]The FY2021 Supplemental Budget and the FY2022 Budget disperse the appropriations amongst the categories where expenditures occur. Approximately 92.5 percent of the appropriations will be used on grant awards in FY2021 and 96.9 percent is projected to be spent on grant awards in FY2022. The Commission tracks the project awards by the fiscal year in which they are awarded. The project and award are carried forward into succeeding fiscal years until the project is completed.

Liveable Homes Modification	FY2021	FY2022
	Revised	Enacted
Salary and Benefits	\$12,320	\$0
Contract Services	23,160	15,504
Operating Costs	3,948	420
Grants and Awards	488,867	491,926
<b>Total</b>	<b>\$528,295</b>	<b>\$507,850</b>

In FY2019, the Commission started a waiting list. At the beginning of FY2020, there was \$28,586 of FY2019 funds awarded, but the project was not yet completed. This created the need to re-appropriate those funds into FY2020. In January 2020, the Commission began a new waiting list, after all of the FY2020 appropriation and the proposed reappropriated funds had all been awarded.

In response to the number of projects that the Commission had already committed to, the Commission modified the Livable Home Modification program regulations in 2019 by reducing the maximum award from \$5,000 to \$4,000, a 20.0 percent reduction. Due to the COVID-19 Pandemic, the number of awards decreased in 2020 and 2021 as many of the approved recipients were reluctant to have contractors in their homes.

Article 14 of the FY2022 Budget codifies the current Livable Home Modification Grant program with a hard grant amount of 50.0 percent of the modification cost.

**Technical Assistance –GCD (restricted receipts)****(\$51,901)**

The Budget decreases restricted receipts by \$51,901 under the Technical Assistance-GCD line sequence. This line houses donations received by the Commission. In recent years the majority of the donations paid for the annual July series of Public Forums on the Concerns of People with Disabilities and their Families. Other donations and expenses from the line include ADA/RIGL 42-87 training fees and the occasional disability parking signs. Funding under this line sequence was significantly higher in the FY2021 Budget as Enacted because the line included donations for the year-long celebration of the 30th anniversary of the signing of the Americans with Disabilities Act (ADA), which are not required in FY2022. In addition, due to the COVID-19 pandemic, the Commission did not conduct forums last July nor were there any in-person ADA anniversary events, which decreased receipts into the line sequence.

**Handicapped Accessibility Capital Projects (RICAP funds)****Informational**

All handicapped accessibility capital projects are consolidated into the Department of Administration to improve project coordination and oversight; however, the Commission still has a role in determining and prioritizing specific handicapped accessibility projects. The project involves accessibility renovations to State structures to comply with the federal Americans with Disabilities Act (ADA). The project and funds were originally under the Governor's Commission of Disabilities budget.

The Budget provides a total of \$5.0 million in Rhode Island Capital Plan (RICAP) funds for ADA and accessibility renovations at state buildings, including \$1.0 million annually from FY2022 through FY2026.



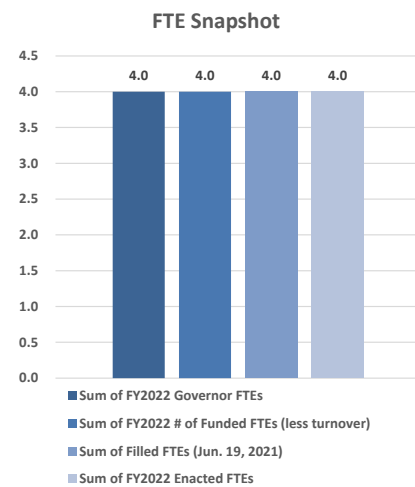
## Commission on the Deaf and Hard of Hearing

Expenditures by Program	FY2020 Actual	FY2021 Enacted	FY2021 Revised	Change to Enacted		FY2022 Enacted	Change to Enacted	
Central Management	\$673,997	\$650,270	\$711,960	\$61,690	9.5%	\$818,664	\$168,394	25.9%
<b>Expenditures by Source</b>								
General Revenue	\$496,573	\$507,816	\$569,463	\$61,647	12.1%	\$655,862	\$148,046	29.2%
Federal Funds	46,057	-	-	-	-	-	-	-
Restricted Receipts	131,367	142,454	142,497	43	0.0%	162,802	20,348	14.3%
<b>Total</b>	<b>\$673,997</b>	<b>\$650,270</b>	<b>\$711,960</b>	<b>\$61,690</b>	<b>9.5%</b>	<b>\$818,664</b>	<b>\$168,394</b>	<b>-74.1%</b>
Authorized FTE Levels	4.0	4.0	4.0	-	-	4.0	-	-

The Commission on the Deaf and Hard of Hearing (CDHH) advocates and coordinates the promotion of an environment in which deaf and hard of hearing persons in Rhode Island are afforded equal opportunity in all aspects of their lives. The CDHH develops policy and provides recommendations for programs and legislation that will enhance cooperation and coordination among agencies and organizations that currently serve, or have the potential to serve, the deaf and hard of hearing community.

### MAJOR ISSUES AND TRENDS

The Budget includes total funding of \$818,664, including \$655,862 from general revenues for FY2022. General revenue funding increases by 29.2 percent compared to the FY2021 Enacted level. The Budget authorizes and fully funds 4.0 FTE positions in FY2021 and FY2022, consistent with the FY2021 Enacted Budget.



Commission on the Deaf and Hard of Hearing	General Revenue
FY2021 Enacted	\$507,816
<i>Target and Other Adjustments</i>	<i>8,000</i>
Temporary Services	61,200
Personnel	28,105
Interpreters and CART Services	27,635
Centralized Service Charges	23,106
<b>FY2022 Enacted</b>	<b>\$655,862</b>

### Temporary Services **\$61,200**

The Budget includes a general revenue increase of \$61,200 (\$96,923 all funds) for temporary services. Historically, funds have been used for temporary staff to complete interpreter referral services, general office support, and other needs of the Commission. According to the Commission, the increased funding will allow for 100.0 percent of referrals for interpreters and captioning services to be fulfilled. Currently, the Commission is able to fulfill 82.0 percent of referral requests because there are not enough staff to meet the need for referral services.

### Personnel **\$28,105**

The Budget adds \$28,105 from general revenues for personnel expenses in FY2022 to fully fund the Commission's 4.0 FTE positions. The increase is based on a change that was made in the FY2021 Revised Budget to properly account for salaries and benefits based on actual payroll costs.

***Interpreters and CART Services*****\$27,635**

The Budget increases general revenues by \$27,635 for sign language interpreters and Communication Access Real-time Translation (CART) services, also known as real-time captioning.

The FY2022 Budget restores general revenue funding that was shifted to restricted receipts in the FY2021 Budget as Enacted. The additional general revenues are offset by a reduction in restricted receipt funding. The funding supports payments to on-call interpreters' and call center expenses for emergency referral requests and expenses and hourly fees for non-emergent interpreters and CART operators. CDHH assists individuals by referring qualified sign language interpreters and CART providers to government agencies, private and non-profit businesses, healthcare providers, employers, K-12 schools, colleges and universities, and law enforcement agencies.

***Centralized Service Charges*****\$23,106**

The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, facilities management, and human resources. These expenditures were previously centralized in the Department of Administration, and are now reflected in each agency based on actual use. The FY2021 Budget as Enacted included \$18,829 from general revenues for these expenses for the Commission. The FY2022 Budget increases these charges by \$23,106 based on updated projections.

## Office of the Child Advocate

Expenditures by Program	FY2020 Actual	FY2021 Enacted	FY2021 Revised	Change to Enacted		FY2022 Enacted	Change to Enacted	
Central Management	\$1,028,374	\$1,233,388	\$1,237,225	\$3,837	0.3%	\$1,243,526	\$10,138	0.8%
<b>Expenditures by Source</b>								
General Revenue	\$865,115	\$1,005,223	\$1,008,314	\$3,091	0.3%	\$1,036,219	\$30,996	3.1%
Federal Funds	163,259	228,165	228,911	746	0.3%	207,307	(20,858)	-9.1%
<b>Total</b>	<b>\$1,028,374</b>	<b>\$1,233,388</b>	<b>\$1,237,225</b>	<b>\$3,837</b>	<b>0.3%</b>	<b>\$1,243,526</b>	<b>\$10,138</b>	<b>0.8%</b>
Authorized FTE Levels	10.0	10.0	10.0	-	-	10.0	-	-

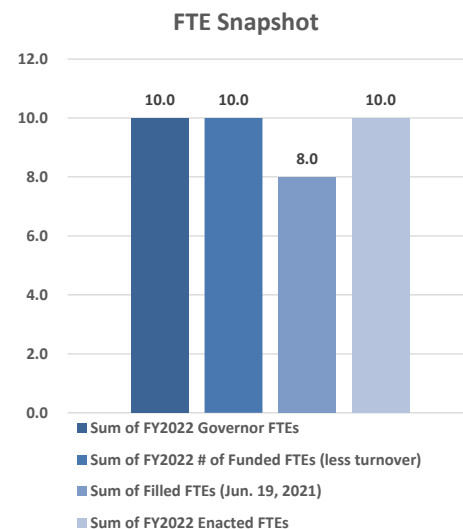
The Office of the Child Advocate (OCA) is mandated by statute to protect the legal, civil, and special rights of all children in the care of the Department of Children, Youth, and Families (DCYF). The Office strives to improve conditions and circumstances through monitoring, intervention, and advocacy. The OCA receives federal funding through the Victims of Crime Act (VOCA) to provide public education and support services for victims of crime and their families. The Office reviews all youth residential programs, including the Rhode Island Training School, and oversees compliance by all DCYF-contracted providers. The General Assembly amended the Office's statutory charge in both 2016 and 2019, further requiring the Child Advocate to investigate any child fatality or near fatality if:

- The child is involved with, or the child's family previously received services from, DCYF;
- The incident involves alleged abuse or neglect and the child's family had prior contact with DCYF; or
- The child's sibling, household member, or daycare provider was the subject of a child abuse or neglect investigation within 12 months of the incident.

### MAJOR ISSUES AND TRENDS

In January 2018, the State and DCYF settled a long-standing class action lawsuit. The lawsuit, initially filed in 2007, demanded systemic reforms to the State's child welfare system and cited deficiencies throughout DCYF, including excessive caseworker assignments and an inappropriate residential service array. The settlement, known as the Children's Rights Settlement, outlined a number of new screening and reporting requirements for DCYF. The OCA acts as the federal monitor to the settlement and oversees DCYF's progress towards meeting the established benchmarks.

The Budget provides \$1.2 million from all funds for the Office in FY2022. This represents a modest all funds increase compared to the FY2021 Enacted Budget, net of a \$30,996 general revenue increase offset by a \$20,858 federal funds reduction. The Budget authorizes and fully funds 10.0 FTE positions in both FY2021 and FY2022.



Office of the Child Advocate	General Revenue
FY2021 Enacted	\$1,005,223
Target and Other Adjustments	(4,374)
Cost Allocation	35,370
<b>FY2022 Enacted</b>	<b>\$1,036,219</b>

***Cost Allocation***

***\$35,370***

The Budget adds \$35,370 from general revenues to update the cost allocation for 2.0 FTE positions in FY2022. Due to a reduction in federal VOCA grant funding, the Office's FY2022 request shifted 20.0 percent of the expenses associated with the Case Management Coordinator and Grants Manager positions to general revenues. These positions were previously funded entirely with federal VOCA funds. The Budget includes funding for the position as requested, adding \$35,370 to cover 20.0 percent of the combined \$176,849 in salaries and benefits expenses for the two positions.



## Office of the Mental Health Advocate

Expenditures by Program	FY2020 Actual	FY2021 Enacted	FY2021 Revised	Change to Enacted		FY2022 Enacted	Change to Enacted	
Central Management	\$620,923	\$630,982	\$632,932	\$1,950	0.3%	\$680,190	\$49,208	7.8%

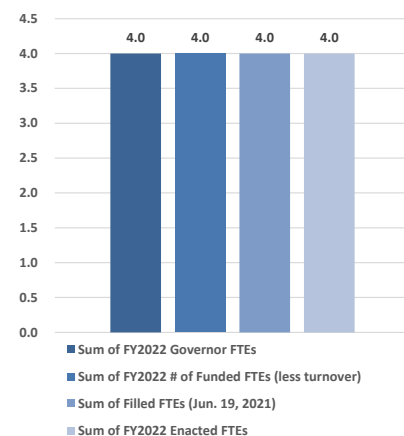
### Expenditures by Source

General Revenue	\$620,923	\$630,982	\$632,932	\$1,950	0.3%	\$680,190	\$49,208	7.8%
Authorized FTE Levels	4.0	4.0	4.0	-	-	4.0	-	-

The Office of the Mental Health Advocate (OMHA) is statutorily mandated to protect the legal, civil, and special rights of people living with mental illness in Rhode Island. This includes providing legal representation at involuntary commitment proceedings, monitoring policies and procedures at inpatient treatment facilities and community-based mental health programs, proposing and evaluating legislation, and litigating civil and treatment rights disputes.

The Office also advocates for improvements in the mental health system by monitoring and evaluating the quality of services available to clients and combating the stigmatization and discrimination associated with mental illness. The Office seeks to close gaps in the programs administered by mental health providers, including the shortcomings in services related to emergency hospitalizations, psychiatric care for prison inmates, and homelessness among individuals with chronic mental illness.

FTE Snapshot



### MAJOR ISSUES AND TRENDS

The Budget includes \$680,190 from general revenues for the Office in FY2022, an increase of 7.8 percent compared to the FY2021 Enacted level. The Office is funded entirely through general revenues. The Budget authorizes and fully funds 4.0 FTE positions in FY2022, consistent with the FY2021 Budget as Enacted. The 4.0 FTE positions include 1.0 Mental Health Advocate, 2.0 Staff Attorneys, and 1.0 Administrative Assistant.

#### Office of the Mental Health Advocate

	General Revenue
FY2021 Enacted	\$630,982
<i>Target and Other Adjustments</i>	7,575
Centralized Service Charges	41,633
<b>FY2022 Enacted</b>	<b>\$680,190</b>

#### Centralized Service Charges

**\$41,633**

The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, facilities management, and human resources. These expenditures were previously centralized in the Department of Administration, and are now reflected in each agency based on actual use. The FY2021 Budget as Enacted included \$51,402 from general revenues for these expenses within the Office. The FY2022 Budget increases these charges by \$41,633 based on updated projections.



## Elementary and Secondary Education

Expenditures By Program	FY2020	FY2021	FY2021	Change from		FY2022	Change from	
	Actual	Enacted	Final	Enacted		Enacted	Enacted	
Administration of the Comprehensive Education Strategy	\$214.7	\$317.6	\$322.6	\$5.0	1.6%	\$354.4	\$36.8	11.6%
Central Falls School District	42.0	47.0	47.0	-	0.0%	69.7	22.7	48.4%
Davies Career and Technical Center	19.2	20.7	20.2	(0.5)	-2.5%	25.9	5.2	24.9%
Rhode Island School for the Deaf	7.8	8.0	8.0	(0.1)	-0.7%	8.8	0.7	8.9%
Metropolitan Career and Technical School	9.6	10.0	10.0	-	-	14.3	4.3	43.0%
Education Aid	974.8	1,063.5	1,066.3	2.8	0.3%	1,569.1	505.6	47.5%
School Construction Aid	79.7	80.0	80.0	-	-	80.0	-	-
Teacher Retirement	112.9	118.4	118.4	-	-	123.9	5.5	4.7%
<b>Total</b>	<b>\$1,460.5</b>	<b>\$1,665.2</b>	<b>\$1,672.4</b>	<b>\$7.2</b>	<b>0.4%</b>	<b>\$2,246.0</b>	<b>\$580.8</b>	<b>34.9%</b>
<b>Expenditures By Source</b>								
General Revenue	\$1,195.0	\$1,282.5	\$1,282.4	(\$0.1)	0.0%	\$1,330.8	\$48.3	3.8%
Federal Funds	232.3	337.8	342.5	4.8	1.4%	865.6	527.8	156.3%
Restricted Receipts	32.1	42.9	46.4	3.5	8.2%	46.7	3.8	8.9%
Other Funds	1.1	2.0	1.1	(0.9)	-47.2%	2.9	0.9	45.5%
<b>Total</b>	<b>\$1,460.5</b>	<b>\$1,665.2</b>	<b>\$1,672.4</b>	<b>\$7.2</b>	<b>0.4%</b>	<b>\$2,246.0</b>	<b>\$580.8</b>	<b>34.9%</b>
Authorized FTE Levels	325.1	325.1	325.1	-	-	326.1	1.0	0.3%

*\$ in millions. Totals may vary due to rounding.*

The Rhode Island Department of Elementary and Secondary Education, under the leadership of the Board of Education, is responsible for a strategic plan defining goals and objectives for elementary and secondary education; preparation and presentation annually of an educational budget for the Department of Elementary and Secondary Education, subordinate boards and agencies, and State aid to local school districts; approval of the basic subjects and courses of study to be taught, and instructional standards required to be maintained in the public elementary and secondary schools of the State; and, adoption of standards and qualifications for the certification of teachers and provision for the issuance of certificates.

### MAJOR ISSUES AND TRENDS

The Budget fully funds the education funding formula, holding districts harmless from COVID-related enrollment declines, and provides funding for categorical aid accounting for most of the \$48.3 million general revenue increase in FY2022. In general, the aid categories are level funded or reduced relative to the FY2021 Enacted Budget; however, article 10 reestablishes density aid for districts where 5.0 percent or more of the average daily membership (ADM) are enrolled in a charter or state school. \$1.0 million is provided for density aid in FY2022. Regional transportation shows a decrease in the distribution tables since the numbers are based on the June 2020 data in the Uniform Chart of Accounts (UCOA); however, the funding necessary to level fund the category is included in the Budget. The decreased expenditures are likely due to COVID-related school closings.

Other general revenue increases include \$587,273 for 4.0 new FTE positions, including 2.0 FTE school spending analysts to look at the cost of the basic education plan, 1.0 FTE Social Studies Education Specialist to develop social studies standards for middle and high schools, and 1.0 FTE World Language Education Specialist to establish and improve world language and dual language programs. The Budget also includes \$600,000 in general revenue to support the current testing levels for the Scholastic Aptitude Test (SAT), \$560,000 to replace Opioid Stewardship Funds used to support mental/behavioral health training, curricula, and materials to increase in-classroom training resources in FY2021; \$400,000 to provide free Advanced Placement (AP) tests for low-income students; and, \$115,000 in general revenue to expand assessments for English Learners.

The increase in federal funds is due primarily to the appropriation of federal Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) and the American Rescue Plan Act are provided in the Budget. The restricted receipt increase is due to increased costs associated with statewide transportation and the increase in other funds is due primarily to increases for Davies Health asset protection and the HVAC repair and replacement project.

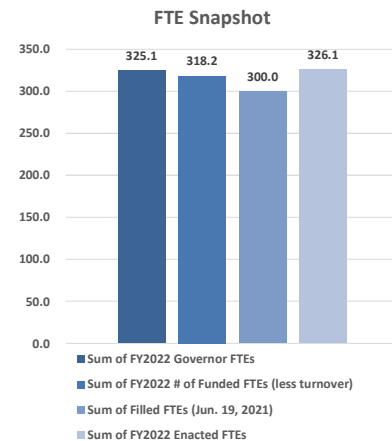
As of April 2021, Congress has passed three COVID relief bills to address the impact of the coronavirus pandemic on states and school districts. The Coronavirus Aid, Relief, and Economic Security (CARES) Act was passed in March 2020, the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) was passed in December 2020, and the American Rescue Plan (ARP) Act was passed in March 2021. While other difference exist between the bills, all three of them require that the majority of the funding, 90.0 percent, or more, be distributed to districts, no more than 10.0 percent can be reserved by the state education agency (SEA), and no more than 0.05 percent of the reserve amount can be used for administrative costs.

For Elementary and Secondary School Emergency Relief (ESSER) III funds, provided through the ARP Act, 5.0 percent of the reserve amount must be used for interventions to address learning loss, 1.0 percent for summer enrichment programs, and 1.0 percent for comprehensive afterschool programs. All three acts include a maintenance of effort (MOE) that requires states to maintain support for elementary and secondary education and for higher education in FY2020 through FY2023; however, the calculation of this MOE varies slightly. A per-district distribution of funds is provided at the end of this analysis.

**Federal COVID-19 Related Emergency Relief**

	<b>ESSER I (CARES Act) (available for obligation through September 30, 2022)</b>	<b>ESSER II (CRRSA) (available for obligation through September 30, 2023)</b>	<b>ESSER III (ARP) (available for obligation through September 30, 2023)</b>
<b>Total Award</b>	<b>\$46,350,444</b>	<b>\$184,791,567</b>	<b>\$415,015,610</b>
Minimum LEA Distribution	41,715,400	166,312,410	373,514,049
Maximum SEA Reservation	4,635,044	18,479,157	41,501,561
<i>Maximum SEA Administration</i>	<i>231,752</i>	<i>923,958</i>	<i>2,075,078</i>

The Budget provides 326.1 FTE positions across the Elementary and Secondary Education system, including 143.1 FTE positions at the Department of Elementary and Secondary Education, 123.0 FTE positions at Davies, and 60.0 FTE positions at the School for the Deaf. While resulting in a net change of 1.0 FTE positions across the system, relative to the FY2021 Budget as Enacted, there is an increase of 4.0 FTE positions in the Administration of the Comprehensive Education Strategy program and a decrease of 3.0 at the Davies Career and Technical School. The FTE level in FY2021 is consistent with the Budget as Enacted.



**ADMINISTRATION OF THE COMPREHENSIVE EDUCATION STRATEGY (ACES)**

The Administration of the Comprehensive Education Strategy (ACES) program encompasses the offices of Accelerating School Performance, Educator Excellence and Instruction Effectiveness, Fiscal Integrity and Efficiencies, and Legal. Through these offices, the Department provides leadership and support for the entire elementary and secondary education system in Rhode Island.

<b>Administration of the Comprehensive Education Strategy</b>	<b>General Revenue</b>
FY2021 Enacted	\$21,621,645
<i>Target and Other Adjustments</i>	
Scholastic Aptitude Test (SAT)	189,679
Behavioral Health Training (shift to general revenue)	600,000
School Construction Administration	590,000
Advanced Placement (AP) Test Waivers for Low-Income Students	500,000
UCOA School Spending Analysis (2.0 new FTE positions)	400,000
Alternative Assessments (shift to federal funds)	292,182
Social Studies Education Specialist (1.0 FTE position)	(150,000)
World Language Education Specialist (1.0 FTE position)	149,000
WIDA ACCESS Tests	146,091
VRI Savings - Distributed	115,000
Centralized Services - Distributed	(71,593)
<b>FY2022 Enacted</b>	<b>\$24,339,679</b>

<b>Administration of the Comprehensive Education Strategy</b>	<b>Other Fund Changes</b>
COVID Relief (federal funds)	\$91,332,656

***Scholastic Aptitude Test (SAT)*** **\$600,000**

The Budget includes an increase of \$600,000 in general revenue, \$1.8 million in total, to pay for assessments previously supported by Title VI funds. The testing period for the Scholastic Aptitude Test (SAT) and the Preliminary Scholastic Aptitude Test (PSAT) was cancelled in FY2020 due to COVID-19; however, there was an additional testing period provided in fall of 2020. Since the funds provided in the FY2020 Budget were not shifted into FY2021, the Department used federal Title VI funds for the additional testing period, resulting in a shortfall of federal funds in FY2022. These general revenues will be used to fill that deficit.

***Behavioral Health Training (shift to general revenue)*** **\$590,000**

The Budget provides \$590,000 in general revenue to support mental/behavioral health training, curricula, and materials to increase in-classroom training resources. This funding is to replace restricted receipts from the Opioid Stewardship Fund that were used in the FY2021 Budget. The enhanced training is intended to help teachers intervene more effectively when students show signs of challenges and allow teachers to teach students behavioral health skills. Of the total funding, \$330,000 will be used to train one individual at each school across the State as a “trainer”. The remaining \$260,000 will be used to purchase materials to support each trainer in training their fellow teachers.

***School Construction Services Fund Shift*** **\$500,000**

The Budget shifts \$500,000 in personnel costs for School Construction Services to general revenue from restricted receipts. Article 9 of the FY2019 Budget as Enacted shifted the payment of expenses for the School Building Authority, which is located within the Department of Elementary and Secondary Education, from general revenue to a restricted receipt account. The restricted receipt account is funded by the Rhode Island Health and Education Building Corporation (RIHEBC) from the School Building Authority Capital Fund fees generated from the origination of municipal bonds and other financing vehicles used for school construction, and its own reserves. There is no limit on the amount or type of expenses that will be funded; however, Article 9 limited the fee that RIHEBC can impose on cities, towns and districts to one tenth of one percent (0.001) of the principal amount of the bond. Article 10 of the Governor’s FY2021 Budget raised the cap on the fee charged to municipalities from one tenth of one percent (0.001) to one percent (0.01) of the principal amount; however, the General Assembly did not concur with the increase.

In FY2022, costs are projected at \$793,596. Shifting some of these costs back to general revenue will bring the costs covered by RIHEBC back in line with projected fee revenue.

***Advanced Placement (AP) Test Waivers for Low-Income Students*** **\$400,000**

The Budget includes \$400,000 in general revenue to reduce financial barriers that may prevent students from taking the AP test by providing no-cost tests to low-income students. This funding is in addition to \$25,000 included in the FY2019 Budget as Enacted for the same purpose. Studies by the United States Department of Education have shown that students who complete AP courses are more likely to graduate from college within five years and have higher grade point averages. Students who take the credit-bearing exit exam are even better prepared for college than those who only complete the coursework. According to the College Board website, AP test generally cost \$95; however, the College Board provides a \$33 fee reduction to eligible students with financial need, resulting in a cost of \$62 per exam for a standard AP test. Based on this per-exam cost, the total funding of \$425,000 should provide for 6,855 AP exams. Article 10 of the Budget limits the use of the funds to providing AP examinations to low-income students at no cost to the student. “Low-income” or “poverty level” is defined as students whose family income is at or below 185 percent of federal poverty guidelines.

***UCOA School Spending Analysis (2.0 new FTE positions)*** **\$292,182**

The Budget provides \$292,182 in salaries and benefits and 2.0 new FTE positions to enable the Department to meet new spending analysis requirements. Article 10 requires the Department to use Uniform Chart of Accounts (UCOA) data to develop benchmarks, specific to each local education agency (LEA), to improve cost controls, efficiencies, and program effectiveness, as well as provide a report to each LEA and a summary of all the LEA reports to the Governor and General Assembly.

The Department is also required to assess the programmatic compliance of each LEA with the Basic Education Plan (BEP) to ensure a high-quality education is available to all public schools students, regardless of where they reside or what school they attend, and determine the sufficiency of state and local education to support compliance with the BEP. If a deficiency is found in the local education aid, the Department is required to consult with the Department of Revenue to issue a report to the General Assembly on the feasibility of the municipality to raise sufficient funds to meet the BEP standard.

***Alternative Assessments (shift to federal funds)*** **(\$150,000)**

The Budget shifts \$150,000 in general revenue funded costs to federal funds. There is a total of \$49.4 million in federal Individuals with Disabilities Education Act (IDEA) funds in the Budget for Elementary and Secondary Education, including \$49.1 million in ACES, \$254,712 in Davies, and \$75,850 in the School for the Deaf. According to the Department, the additional costs should be supported by the IDEA budget indefinitely.

Alternative assessments are designed for students with significant cognitive disabilities. The assessments are designed around the students’ physical and cognitive disabilities to allow them then to answer test questions and participate in the test as independently as possible.

***Social Studies Education Specialist (1.0 FTE position)*** **\$149,000**

The Budget provides 1.0 new FTE position and \$149,000 salary and benefits for a social studies education specialist. This position will develop social studies standards for middle and schools, as well as create standards, curriculum, and professional development.

***World Language Education Specialist (1.0 FTE position)*** **\$146,091**

The Budget provides \$146,091 in salary and benefits to support 1.0 new FTE World Language Education Specialist. The position will work with districts to establish and improve world language and dual language

programs, oversee the implementation of dual language immersion pilot program, and ensure the inclusion of world language and dual language immersion program data. This position is in addition to an English Learner/ World Language Leadership position provided in the FY2018 Budget as Enacted.

**WIDA ACCESS Tests**

**\$115,000**

The Budget includes \$115,000 in general revenue, in addition to \$425,000 in ongoing federal funds, to support increased WIDA (World-Class Instructional Design and Assessment) ACCESS (Assessing Comprehension and Communication in English State to State) assessment costs for multilingual learners. WIDA is a consortium of state departments of education that developed the ACCESS test that is administered annually to English Learners to monitor the student's language development. Approximately 14,000 tests were administered in FY2019, 15,500 in FY2020, and 18,000 are projected in FY2022. Currently, a standard test costs \$27.75, while a Braille test costs \$187.75 and an alternative assessment \$141.25.

**VRI Savings – Distributed**

**(\$71,593)**

The Governor's recommended budget included \$8.2 million of undistributed savings in the Department of Administration's budget from the voluntary retirement incentive (VRI) program the administration implemented during FY2021. The savings assumes a delay in filling the positions and a lower salary for the new hires. The FY2021 Budget included \$2.2 million for employee payouts statewide. The Budget distributes \$71,593 in projected VRI program savings to the Department based two individuals who took the incentive in FY2021.

**Centralized Services – Distributed**

**(\$42,325)**

The Governor's recommended budget includes \$7.1 million from general revenues in undistributed centralized service expenditures in the Department of Administration's budget. Based on actual projected expenditures, the FY2022 Budget decreases centralized service charge funding by \$42,325 in the Department. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In FY2019, and thereafter, these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency.

**COVID Relief (federal funds)**

**\$91.3 million**

The Budget appropriates \$91.3 million in federal COVID relief funds to allow expenditure in FY2022, including the following:

- **Education Stabilization Discretionary (\$60.0 million):** The CRSSA and ARP Acts provide \$18.5 million and \$41.5 million, respectively, in ESSER funds reserved by the SEA for emergency needs in responding to the pandemic. These funds may be used for activities and interventions that respond to students' academic, social, and emotional needs, and that address the disproportionate impact of COVID-19 on underrepresented subgroups such as racial groups, low-income students, children with disabilities, English learners, migrant students, students experiencing homelessness, and children in foster care.
- **Governor's Emergency Education Stabilization Funds (\$13.4 million):** The Budget includes \$7.1 million in federal aid for Emergency Assistance to Non-Public School (EANS) provided through the CRSSA Act and an additional \$6.2 million from the ARP Act. Private schools will apply to the Rhode Island Department of Education for federal aid to support the safe reopening of schools, continuing instruction, addressing learning loss, supporting educational technology, and reimbursing for certain coronavirus-related costs.

- **Individuals with Disabilities Education Act (IDEA) (\$11.7 million):** IDEA funds will be administered by the Department to help recover from the pandemic and reopen schools safely. The IDEA grants assist in providing free appropriate public education in the least restrictive environment for children, ages three through 21, with disabilities. Of the total, \$9.6 million will be used for school-age children, \$1.2 million for infants and toddlers with disabilities, and \$875,645 for preschool.
- **Rethink K-12 Education Grant Correction (\$6.3 million):** The Department received \$10.9 million in Rethink K-12 Education Models grant funding from the US DOE as part of the CARES Act package for states that were hardest hit by COVID. The grant funds can be used over three years. The FY2021 Budget as Enacted included all the funds in one fiscal year, despite the Department only expects to spend \$1.0 million in FY2021; consequently, the Budget shifts funding into FY2022 and FY2023. The funding will be used for the following:
  - **Advanced Course Network (ACN):** The Department plans to triple the size of the ACN, expand the program to all grade levels, expand course offerings, offer virtual dual enrollment course, and expand the College Readiness Project courses in math and ELA for 8<sup>th</sup> and 12<sup>th</sup> graders.
  - **High-quality instructional materials:** to add materials in core subject areas and provide professional development for teachers to use the materials successfully.
  - **Counselors:** to imbed more school counselors in high poverty communities.
  - **Enrollment platform:** build a user-friendly online platform to serve as one-stop-shopping for RIDE’s statewide course options.

#### CENTRAL FALLS SCHOOL DISTRICT

The State of Rhode Island assumed control of the Central Falls School District in 1991 when it was determined that the City of Central Falls could not afford to meet its contractual, legal, and regulatory obligations related to school funding because its tax base had sustained little or no growth over several years. Since FY1993, the State has been responsible for 100.0 percent of the education expenditures for the Central Falls School District.

Since FY2012, Central Falls has been funded according to the education funding formula. The Budget provides \$47.7 million for the Central Falls School Department in FY2022. This includes the funding formula distribution as well as \$9.1 million in funding through the Central Falls Stabilization Fund, excluding aid received through other education aid categories. (See Education Aid in the Special Report section of this publication for further detail.)

<b>Central Falls</b>	<b>General Revenue</b>
FY2021 Enacted	\$45,109,045
<i>Target and Other Adjustments</i>	
Central Falls Stabilization	2,137,656
Funding Formula Adjustment	456,045
<b>FY2022 Enacted</b>	<b>\$47,702,746</b>

<b>Central Falls</b>	<b>Other Fund Changes</b>
COVID Relief (federal funds)	\$22,041,316

#### **Central Falls Stabilization** **\$2.1 million**

The Budget funds this category at \$9.1 million in FY2022, an increase of \$2.1 million over the FY2021 Budget as Enacted. Central Falls schools are currently 100.0 percent state funded, with the State providing both the local and state contributions calculated through the formula, as well as the local share that would be supported outside of the core amount. Generally, the costs outside the foundation aid formula, such as



transportation, facility maintenance and retiree health benefits, are paid by the district. This program was created due to concerns regarding the city's capacity to meet the local share of education costs. Previously the statute required Central Falls to pay its share of the local contribution prior to receiving stabilization funds. However, the 2012 General Assembly amended the statute to provide for an annual review of the respective shares and to allow stabilization funds to be provided without the district having to pay the entire local share as determined from the education funding formula.

Although Central Falls has been working with the Department to reduce expenditures over the last several years, the district has not been able to reduce costs enough to keep pace with the phase in of the funding formula. Also, charter school tuitions have been increasing resulting in a corresponding increase in district expenses. Consequently, the stabilization fund has been used to replace aid lost through the implementation of the funding formula and local payments to public schools of choice. To date, Central Falls has been unable or unwilling to absorb any educational costs.

***Funding Formula Adjustment*** ***\$456,045***

Since FY1993, the State has been responsible for 100.0 percent of the education expenditures for the Central Falls School District; however, beginning in FY2012, the district's state funding has been determined through the new funding formula. In FY2022, the district will receive an increase of \$456,045 in funding formula aid; however, the stabilization aid and other categorical aid provide for a net increase of \$2.7 million over the previous fiscal year.

***COVID Relief - Education Stabilization Aid to Districts (federal funds)*** ***\$22.0 million***

In addition to the \$46.4 million provided through the Coronavirus Aid, Relief, and Economic Security (CARES) Act, Rhode Island is slated to receive additional \$166.3 million in Elementary and Secondary School Emergency Relief (ESSER) II funds from the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act. Another \$373.5 million in ESSER III funds were provided through the American Rescue Plan (ARP) Act. Of the \$539.8 million in total new funding to local education agencies (LEAs) statewide, \$22.0 million is for Central Falls. These subgrants may be used for the same purposes as the CARES Act ESSER I funds, such as preventing, preparing for, and responding to COVID-19, as well as additional uses such as addressing learning loss and preparing for reopening. The ARP Act requires that LEAs reserve at least 20.0 percent of its total ESSER III allocation to address learning loss through evidence-based interventions such as summer learning, or enrichment, extended day, comprehensive after school programs, or extended school year programs. LEAs must ensure that such interventions respond to students' academic, social, and emotional needs, and address the disproportionate impact of COVID-19 on underrepresented student subgroups.

**DAVIES CAREER AND TECHNICAL CENTER**

The Davies Career and Technical School provides a high school education program in occupational areas for students in grades nine through twelve. The school provides an integrated academic and vocation curriculum with up-to-date technology programs to provide a solid foundation for students entering postsecondary education or the community. Davies operates as a local education agency and is governed by a Board of Trustees.

The Budget provides \$14.4 million in general revenue funding for the Davies Career and Technical School, an increase of \$710,922 from the FY2021 Budget as Enacted. (See Education Aid in the Special Report section of this publication for further detail.)

Davies Career and Technical School	General Revenue
FY2021 Enacted	\$13,726,982

<i>Target and Other Adjustments</i>	-
Funding Formula Adjustment	409,174
Davies Stabilization Fund	301,748
<b>FY2022 Enacted</b>	<b>\$14,437,904</b>

Davies Career and Technical School	Other Funds
COVID Relief - Education Stabilization to Districts (federal funds)	\$3,803,961

**Funding Formula Adjustment** **\$409,174**

The Davies School receives funding from state and federal sources; however, beginning in FY2012, it receives its State funding as determined through the new funding formula. In FY2022, the Davies School will receive an increase of \$409,174 in funding formula aid (\$9.2 million in total aid). Instead of being entirely State funded, the sending districts now pay a portion of the tuition for each student from their district. Furthermore, Davies is now responsible for the cost of transporting students to and from their sending districts. The estimated cost for transportation is about \$600,000 annually.

**Davies Stabilization Fund** **\$301,748**

Article 11 of the FY2017 Budget as Enacted established a stabilization fund to provide additional support to Davies for costs associated with a stand-alone high school offering both academic and career and technical coursework. The Budget provides an additional \$301,748 (\$5.3 million total) in FY2022. Based on the budget documents, the increase is due primarily to step increase for teachers.

**COVID Relief - Education Stabilization Aid to Districts (federal funds)** **\$3.8 million**

In addition to the \$46.4 million provided through the Coronavirus Aid, Relief, and Economic Security (CARES) Act, Rhode Island is slated to receive additional \$166.3 million in Elementary and Secondary School Emergency Relief (ESSER) II funds from the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act. Another \$373.5 million in ESSER III funds were provided through the American Rescue Plan (ARP) Act. Of the \$539.8 million in total new funding to local education agencies (LEAs) statewide, \$3.8 million is for Davies. These subgrants may be used for the same purposes as the CARES Act ESSER I funds, such as preventing, preparing for, and responding to COVID-19, as well as additional uses such as addressing learning loss and preparing for reopening. The ARP Act requires that LEAs reserve at least 20.0 percent of its total ESSER III allocation to address learning loss through evidence-based interventions such as summer learning, or enrichment, extended day, comprehensive after school programs, or extended school year programs. LEAs must ensure that such interventions respond to students' academic, social, and emotional needs, and address the disproportionate impact of COVID-19 on underrepresented student subgroups.

**RHODE ISLAND SCHOOL FOR THE DEAF**

The Rhode Island School for the Deaf (RISD) is a public school which offers educational programs to approximately 85 deaf and hard of hearing youth (and their families) from birth through age 21 in the elementary program, junior and senior high school, and early intervention and preschool programs.

<b>School for the Deaf</b>	<b>General Revenue</b>
FY2021 Enacted	\$6,718,335
<i>Target and Other Adjustments</i>	
Restoration of Turnover Savings	89,292
Current Service	435,000
<b>FY2022 Enacted</b>	<b>\$7,402,627</b>
<b>School for the Deaf</b>	<b>Other Funds</b>
COVID Relief - Education Stabilization to Districts (federal funds)	\$370,478

***Restoration of Turnover Savings*** **\$435,000**

The Budget restores \$435,000 in general revenue funded turnover savings relative to the FY2021 Budget as Enacted. As of March 29, 2021, all of the 60.0 FTE positions authorized were filled. According to the School, RISD needs to fill every FTE currently available in order to meet every student individual education plan (IEP) as required by state and federal law. In the last five years, student enrollment at RISD has increase by 22.4 percent (15 students) at an average annual rate of 4.4 percent. As enrollment has increased, additional staff have been needed and RISD does not anticipate achieving much, if any, turnover savings.

In FY2022, the Department requested \$101,832 in salary and benefits for 1.0 new FTE Speech Pathologist position at RISD; however, the position was not recommended by the Governor or added by the General Assembly.

***Current Service*** **\$160,000**

The Budget provides an additional \$160,000 in general revenue to support personnel and operating costs at the Rhode Island School for the Deaf (RISD). The Council on Elementary and Secondary Education requested an increase of about \$588,000 in FY2022 primarily for salaries and benefits. Much of this was for unachievable turnover (\$435,000) the was built into the base; however, the Governor's Budget restored the turnover savings since RISD needs to fill every FTE currently available in order to meet every student individual education plan (IEP) as required by state and federal law. The additional funds will support ongoing costs such as the cost-of-living adjustments (COLA's) in the state employee contract. The current state employee contract agreements between the State and the state employee bargaining units includes a 4-year contract ending June 30, 2020, that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. According to RISD, the additional cost was never built into their budget.

***COVID Relief - Education Stabilization Aid to Districts (federal funds)*** **\$370,478**

In addition to the \$46.4 million provided through the Coronavirus Aid, Relief, and Economic Security (CARES) Act, Rhode Island is slated to received additional \$166.3 million in Elementary and Secondary School Emergency Relief (ESSER) II funds from the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act. Another \$373.5 million in ESSER III funds were provided through the American Rescue Plan (ARP) Act. Of the \$539.8 million in total new funding to local education agencies (LEAs) statewide, \$370,478 is for RISD. These subgrants may be used for the same purposes as the CARES Act ESSER I funds, such as preventing, preparing for, and responding to COVID-19, as well as additional uses such as addressing learning loss and preparing for reopening. The ARP Act requires that LEAs reserve at least 20.0 percent of its total ESSER III allocation to address learning loss through evidence-based interventions such as summer learning, or enrichment, extended day, comprehensive after school programs, or extended school year programs. LEAs must ensure that such interventions respond to students' academic, social, and emotional needs, and address the disproportionate impact of COVID-19 on underrepresented student subgroups.

**METROPOLITAN CAREER AND TECHNICAL SCHOOL**

The Metropolitan Career and Technical School (Met School) is a career and technical public school district with two campuses in Providence and a third in Newport. It provides a comprehensive education which includes internships, individual learning plans, advisory, and a college transition program for students in grades nine through twelve.

The Budget provides \$9.3 million in general revenue funding for the Met, level funded with the FY2021 Budget as Enacted. This includes \$1.1 million for the Met School Stabilization Fund. The Met School is governed by a board, appointed by the Board of Education but operated independently. Also, unlike Davies, the employees at the Met School are not state employees. (See Education Aid in the Special Report section of this publication for further detail.)

<b>Metropolitan Career and Technical School</b>	<b>General Revenue</b>
FY2021 Enacted	\$9,342,007
<i>Target and Other Adjustments</i>	
Funding Formula Adjustment	563,953
Met School Stabilization Fund	(563,953)
<b>FY2022 Enacted</b>	<b>\$9,342,007</b>
<b>Metropolitan Career and Technical School</b>	
COVID Relief - Education Stabilization to Districts (federal funds)	<b>Other Funds</b> \$4,667,210

**Funding Formula Adjustment** **\$563,953**

In FY2022, the Met School will receive an increase of \$563,953 in funding formula aid (\$8.0 million in total aid). Previously, the Met School was 100.0 percent state funded; however, beginning in FY2012, it received its general revenue funding through the new funding formula and sending districts pay a portion of the tuition for each student from their district. Furthermore, the Met School is now responsible for the cost of transporting students to and from their sending districts and will no longer be reimbursed by sending districts for transportation costs. Generally, the school provides RIPTA passes to students; however, due to the lack of RIPTA services available to students in Woonsocket, the school contracts for bus service for those students. The total estimated cost to the school is about \$177,000 annually.

**Met School Stabilization Fund** **(\$563,953)**

Article 11 of the FY2017 Budget as Enacted established a stabilization fund to provide additional support to the Met School for costs associated with a stand-alone high school offering both academic and career and technical coursework. The \$596,953 decrease relative to the enacted budget (\$1.1 million total) provided in FY2022 is to provide a zero net impact on funding relative to FY2021.

**COVID Relief - Education Stabilization Aid to Districts (federal funds)** **\$4.7 million**

In addition to the \$46.4 million provided through the Coronavirus Aid, Relief, and Economic Security (CARES) Act, Rhode Island is slated to receive additional \$166.3 million in Elementary and Secondary School Emergency Relief (ESSER) II funds from the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act. Another \$373.5 million in ESSER III funds were provided through the American Rescue Plan (ARP) Act. Of the \$539.8 million in total new funding to local education agencies (LEAs) statewide, \$4.7 million is for the Met School. These subgrants may be used for the same purposes as the CARES Act ESSER I funds, such as preventing, preparing for, and responding to COVID-19, as well as additional uses such as addressing learning loss and preparing for reopening. The ARP Act requires that LEAs reserve at least 20.0 percent of its total ESSER III allocation to address learning loss through evidence-based interventions such as summer learning, or enrichment, extended day, comprehensive after

school programs, or extended school year programs. LEAs must ensure that such interventions respond to students' academic, social, and emotional needs, and address the disproportionate impact of COVID-19 on underrepresented student subgroups.

## EDUCATION AID

The Department provides direct support to schools and school districts, including charter and state-owned schools through this program. This program also provides funding for group home beds, non-public textbook reimbursement, state-level professional development, the early childhood demonstration pilot project, state E-rate reimbursement, and the state's share of the school breakfast program.

<b>Education Aid</b>	<b>General Revenue</b>
FY2021 Enacted	\$987,621,657
<i>Target and Other Adjustments</i>	
Funding Formula Distribution	35,500,007
Categorical Aid	585,452
<b>FY2022 Enacted</b>	<b>\$1,023,707,116</b>
<b>Education Aid</b>	
	<b>Other Funds</b>
COVID Relief (federal funds)	\$508,943,494
Statewide Transportation (restricted receipts)	4,618,259

### **Funding Formula Distribution**

**\$35.5 million**

The FY2022 Budget as Enacted includes an additional \$35.5 million for the education funding formula distribution, for a total of \$981.8 million for all the school districts except Central Falls and the state schools, which are included as separate budget programs.

The increase for all school districts, charter schools, Davies Career & Technical School (Davies), and the Metropolitan Career and Technical School (Met) totals \$36.3 million. The difference is due to the increase in the funding formula distribution to Central Falls (\$456,045) and the Met (\$563,953), and the decrease to Davies (\$174,910), in FY2022 relative to the FY2021 enacted level.

The Education Adequacy Act (2010-S-2770, Substitute A as Amended) provided a new school funding formula that creates a single methodology for distributing state aid to all public schools. The core principle behind the formula is that state funding should follow the student; therefore, distribution could change annually based on shifts in enrollment. There are no changes in funding methodology for the School for the Deaf, since it is an education program that already has a state, federal and local share.

The formula establishes a per-pupil spending amount (\$10,635 in FY2022) and allocates this funding based on student enrollment. The formula also includes a single factor to adjust the core foundation amount to address the effects of poverty and other factors influencing educational needs. The high need student weight, or student success factor, increases the core foundation amount by 40.0 percent, (\$4,254 in FY2022) for each student eligible for free or reduced lunch. The formula accounts for local revenue generating capacity and overall poverty level by using the EWAV (Equalized Weighted Assessed Valuation) and the concentration of pre-kindergarten through sixth grade students eligible for free or reduced price lunch.

Article 11 of the FY2017 Budget as Enacted changed the threshold for the high-need student weight to a family income at or below 185.0 percent of the federal poverty guidelines. The change is in response to the United States Department of Agriculture no longer requiring districts to collect eligibility data. Since this income level is the same threshold as that used for the free or reduced lunch program, the Department of Elementary and Secondary Education (Department) does not anticipate a change in the eligibility numbers.

The Act included a multi-year transition plan to ease districts into the new formula, allowing time to adjust for gains or losses in education aid. The plan provides a transition period of ten years for those districts projected to receive less school aid than they did through the aid distribution in FY2011, and seven years for those districts projected to receive more aid. As of FY2022 the funding formula distribution is fully phased in. (See Education Aid in the Special Report section of this publication.)

**Categorical Aid**

**\$585,452**

When the education funding formula was passed in 2010, five categorical funds were identified that would not be distributed according to the formula, but according to other methodology to address the priorities and funding needs of the districts. These categories include Transportation, High-Cost Special Education, Career & Technical Education, Early Childhood, and the Regionalization Bonus. Article 11 of the FY2017 Budget as enacted added two new aid categories: English Learners and Density Fund. The Density Fund support ended in FY2019. In the FY2019 Budget as Enacted a temporary category for School Resource Officer Support was added. (The Central Falls, Davies and Met School Stabilization Funds are addressed in the relevant sections of this analysis.)

The FY2022 Budget includes funding for all of the categories, except the Regionalization Bonus. In addition, Article 10 reestablishes density aid for districts where 5.0 percent or more of the average daily membership (ADM) are enrolled in a charter or state school.

Categorical	Change from Enacted	Total Funding
Transportation	\$0.0	\$7.7
Early Childhood	-	14.9
High-Cost Special Education	-	4.5
Career & Tech. Schools	-	4.5
English Learners	-	5.0
Regionalization Bonus	-	-
School Resource Officer Support	(0.3)	-
Group Home Aid	(0.1)	2.9
Density Aid	1.0	1.0
<b>Total</b>	<b>\$0.6</b>	<b>\$40.5</b>

*\$ in millions*

- **Transportation:** This fund provides funding for transporting students to out-of-district, non-public schools and for 50.0 percent of the local costs associated with transporting students within regional school districts. The program provides for a pro-rata reduction in reimbursements to districts based on available funding. The Budget funds this category at \$7.7 million in FY2022, level with the FY2021 Budget as Enacted.

*Analyst Note: For Regional Transportation, only \$4.2 million of the \$4.6 in the Budget is distributed to districts in the aid tables, since the distribution is based on the June 30, 2020, unaudited expenditure data from the Uniform Chart of Accounts (UCOA). However, the full \$4.6 million needed to level fund regional transportation relative to the FY2021 Budget as Enacted is included in the funding. The decrease in spending is likely due to virtual learning practices implemented in response to COVID-19.*

- **Early Childhood Education:** This fund is designed to increase access to voluntary, free, high-quality pre-kindergarten programs. The funds will be distributed through a request for proposals process targeting communities in three tiers, with the first tier having the highest concentration of children at risk for poor educational outcomes. The Budget level funds this category at \$14.9 million in FY2022.
- **High-Cost Special Education:** This fund reimburses districts for instructional and related services provided to a student pursuant to an Individual Education Plan (IEP). The State reimburses costs that exceed five times the combined core instruction and student success factor funding (currently \$74,445 for FY2022). The program provides for a pro-rata reduction in reimbursements to districts based on available funding. The Budget funds this category at \$4.5 million in FY2022, level with the FY2021 Budget as Enacted. An additional \$4.6 million would be needed to fully fund this category.

- **Career and Technical Schools:** This fund contributes toward the initial investment needed to transform existing programs or create new programs and the costs associate with facilities, equipment maintenance and repair, and supplies associated with higher-cost programs at career and technical schools. The Budget funds this category at \$4.5 million in FY2022, level with the previous year.
- **English/Multilingual Learners:** Article 11 of the FY2017 Budget as Enacted established a categorical fund for English Learners (EL). The fund provides additional aid of 10.0 percent of the per-pupil core instruction amount for each qualified EL student. This additional aid is then multiplied by the state share. When the article was originally enacted, the additional the per-pupil weight was \$898 for each identified English learner. In FY2022, the per-pupil weight increases to \$1,064, to reflect 10.0 percent of the \$10,635 core instruction amount. This amount is then multiplied by the state share ratio. The formula is provided below.

*(Per-pupil core instruction amount x number of EL students) x 10.0 percent x state share ratio = additional state support per EL student*

This support is then ratably reduced based on the total amount appropriated.

The Article restricted the funds to provide new services to EL students and required that the funds be managed in accordance with requirements enumerated by the Commissioner. The Article also required the Department to collect performance reports and approve the use of funds prior to expenditure to ensure the funded activities align to innovative and expansive activities. Distribution is subject to a pro-rata reduction based on the funds available. The Budget level funds this category in FY2022 at \$5.0 million; however, an additional \$5.8 million would be needed to fully fund this category.

- **Regionalization Bonus:** This fund provides a bonus to regionalized districts and those that regionalize in the future. In the first year, the bonus is 2.0 percent of the State's share of the total foundation aid. In the second year, the bonus is 1.0 percent of the State's share and in the third year the bonus phases out. The program provides for a pro-rata reduction in reimbursements to districts based on available funding. The Budget provides no funding in FY2022. This category has not been funded since FY2014, as no new regionalized districts have been formed.
- **School Resource Officer Support:** Article 9 of the FY2019 Budget as Enacted establishes a new aid category to support new Resource Officers at public middle and high schools. The program provides support for districts to add Resource Officers but does not mandate their use. For FY2019 through FY2021, the State will reimburse one half the cost of salaries and benefits for qualifying positions created after July 1, 2018; however, for schools with < 1,200 students, only one resource officer position is eligible for reimbursement. Schools with  $\geq$  1,200 students may receive reimbursement for up to 2 positions. Each resource officer can only be assigned to one school. The Budget does not fund this category since the program expired in FY2021.
- **Group Home Aid:** The Group Home aid category was created by the General Assembly in 2001, prior to the establishment of the current funding formula, to provide state support to districts hosting group homes in exchange for relieving the resident sending district of financial responsibility for students placed in group homes. When enacted, the Act maintained the current funding for group homes as a categorical grant program, and provided \$15,000 annually per bed, except for group home beds associated with Bradley Hospital Children's Residential and Family Treatment (CRAFT) Program, which received \$22,000 per bed. Through Article 11 of the FY2017 Budget as Enacted, the per-bed aid increased by \$2,000 for a total of \$17,000 per bed, except for beds associated with the Bradley Hospital

Children’s Residential and Family Treatment (CRAFT) Program, which increased by \$4,000 for a total of \$26,000 per bed.

The FY2022 Budget includes \$2.9 million to fund group home beds. This is \$100,048 less than the FY2021 Budget as Enacted. This adjustment represents the most recent update on the number of group home beds per district and the decrease required pursuant to RIGL 16-7-22(1)(ii) to reduce the average daily membership of a district by the number of group home beds used in the group home aid calculation.

- **Density Aid:** Article 10 of the FY2022 Budget as Enacted reestablishes density aid for districts where 5.0 percent or more of the average daily membership (ADM) are enrolled in a charter or state school and provides \$1.0 million in education aid for FY2022. The intent is to provide one \$500 payment for each new resident student enrolled in a charter or state school. For FY2022, the aid will be calculated based on the number of new students attending a public school of choice since FY2019. FY2019 is the last year density aid was provided. In subsequent fiscal years, the \$500 will be paid for each new charter or state school student relative to the previous year.

**COVID Relief - Education Stabilization Aid to Districts (federal funds)**

**\$508.9 million**

In addition to the \$46.4 million provided through the Coronavirus Aid, Relief, and Economic Security (CARES) Act, Rhode Island is slated to receive additional \$166.3 million in Elementary and Secondary School Emergency Relief (ESSER) II funds from the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act. Another \$373.5 million in ESSER III funds were provided through the American Rescue Plan (ARP) Act. Of the \$539.8 million in total new funding to local education agencies (LEAs) statewide, \$508.9 million is for traditional school districts, excluding Central Falls, Davies, and the Met. These subgrants may be used for the same purposes as the CARES Act ESSER I funds, such as preventing, preparing for, and responding to COVID-19, as well as additional uses such as addressing learning loss and preparing for reopening. The ARP Act requires that LEAs reserve at least 20.0 percent of its total ESSER III allocation to address learning loss through evidence-based interventions such as summer learning, or enrichment, extended day, comprehensive after school programs, or extended school year programs. LEAs must ensure that such interventions respond to students' academic, social, and emotional needs, and address the disproportionate impact of COVID-19 on underrepresented student subgroups.

**Statewide Transportation (restricted receipts)**

**\$4.6 million**

The statewide student transportation program was created to help districts provide transportation for students attending private schools outside their transportation district, special needs students, homeless students, and foster youth with greater service and cost efficiencies. Transportation is provided to students who attend private, parochial, and charter schools, as well as career & technical education centers and other approved programs. This program maximizes the sharing of buses when possible to achieve service and cost efficiencies. This program is entirely funded by participating school districts but managed by the Department. Payments from the participating districts are deposited into a restricted receipt account within the Department for payment to the vendor providing the transportation services. The costs associated with the statewide transportation program are expected to increase in FY2021 due to an increase in rates and in resources and accommodations needed to transport a growing number of students. Due to the federal McKinney-Vento Homeless Education Assistance Act, districts are required to provide transportation for homeless students to and from their school of origin if it is in the student’s best interest. Also, the federal Every Student Succeeds Act requires that students placed in foster care be bused to their district of origin if it is the best interest of the student. Both of these initiatives have led to greater participation in the program and the need to service more locations.



The FY2022 Budget includes an estimated increase in expenditures for the statewide transportation program of \$4.6 million in restricted receipts (\$35.1 million total), relative to the FY2021 Budget as Enacted. The FY2021 Revised Budget includes an increase of \$2.8 million. Based on information received from the Department, the primary reasons for the increase include:

- Student capacity limits, instituted to meet social distancing guidelines, resulted in 199 additional routes
- The rate increase for emergency bus vendors increase by 46.0 percent relative to the FY2019 rates
- PPE and sanitization costs of \$50 per day were paid to vendors for each vehicle
- The contract allows the vendor to bill 50.0 percent per day for routes with COVID-related service interruptions
- The new five-year contract with First Student began on July 1, 2020, with a 5.0 percent rate increase
- The new five-year contract for the system manager also began on July 1, 2020, with a \$1.0 million increase due to the team expanding from 8 to 14 employees; the system manager was located in a separate area from the Department, due to social distancing guidelines; and, the state mandated an increase in the insurance bond.

### **SCHOOL CONSTRUCTION AID**

In 1960, the school housing aid program was enacted by the General Assembly to guarantee adequate school facilities for all public school children in the state, and to prevent the cost of constructing and repairing facilities from interfering with the effective operation of the schools. Applications for aid to support the construction and renovation of school buildings are submitted to and evaluated by the Rhode Island Department of Elementary and Secondary Education (RIDE). State aid is provided for approved projects based on a percentage of cost. The percentage provided by the State to the school district is determined based on a share ratio designed to measure a community's need. For FY2022, the minimum state share is 35.0 percent for school districts and the maximum is 93.8 percent for Central Falls: the state share for charter schools is 30.0 percent.

The 2010 General Assembly passed legislation increasing the minimum share ratio from 30.0 percent in FY2011 to 35.0 percent in FY2012 and to 40.0 percent in FY2013. The 2012 General Assembly froze the reimbursement rate at 35.0 percent, but provided that projects completed after June 30, 2010, that received approval from the Board of Regents by June 30, 2012, receive the 40.0 percent minimum.

The 2011 General Assembly enacted legislation limiting the approval of new projects between FY2012 and FY2015, to those necessitated by immediate health and safety reasons. Any project requested during the moratorium was reported to the chairs of the House and Senate Finance Committees. Furthermore, any project approval granted prior to the adoption of the school construction regulations in 2007, which was currently inactive, had not receive voter approval, or had not been previously financed, was deemed no longer eligible for reimbursement. Article 22 of the FY2015 Budget extended the moratorium from June 30, 2014, to May 1, 2015, limiting the approval of new projects between FY2012 and FY2015 to those necessitated by immediate health and safety conditions.

As part of the 2011 legislation, RIDE was charged with developing recommendations for further cost containment strategies in the school housing aid program. The following recommendations were submitted on March 22, 2012:

- Establish capital reserve funds on the state and local level.
- Reduce the minimum share ratio.

- Limit costs associated with bonding by establishing a mechanism to allow districts with poor bond ratings to borrow at a lower interest rate, reduce the State’s reimbursement rate on interest, and provide incentives for districts to refinance bonds.

Article 13 of the FY2014 Budget as Enacted provided an incentive to communities to refinance existing school housing bonds by allowing communities to receive 80.0 percent of the total savings, instead of distributing the savings based on the state share ratio. The increased savings to the communities would only apply to refinancing done between July 1, 2013, and December 31, 2015. The table shows the estimated savings realized through the incentive.

<b>School Bond Refinancing Incentive Estimated Savings Summary</b>			
<b>Municipality</b>	<b>Local Savings</b>	<b>State Savings</b>	<b>Total Savings</b>
Burrillville	\$391,582	\$97,896	\$489,478
Central Falls	485,690	121,423	607,113
Cumberland	392,456	98,136	490,592
Johnston	41,684	10,421	52,105
Lincoln	1,590,165	397,541	1,987,706
New Shoreham	329,114	82,278	411,392
North Kingstown	419,141	104,785	523,926
North Providence	492,390	123,098	615,488
Pawtucket	44,094	11,023	55,117
Portsmouth	208,533	52,135	260,668
Providence	5,854,680	1,463,670	7,318,350
South Kingstown	232,603	58,151	290,754
Tiverton	753,270	188,317	941,587
West Warwick	525,572	131,393	656,965
Woonsocket	728,129	182,083	910,212
<b>Total Savings</b>	<b>\$12,489,103</b>	<b>\$3,122,350</b>	<b>\$15,611,453</b>

Article 9 of the FY2019 Budget as Enacted provided temporary incentives to encourage districts to improve the condition of public school buildings in Rhode Island, establishes a permanent incentive for school safety and security projects, and established school maintenance expenditure requirements.

For FY2022, the Budget provides \$80.0 million, level funded with the FY2021 Budget as Enacted. For FY2022, the Department projects expenditures of \$79.4 million in school housing aid, an increase of \$278,993 from the FY2021 Budget as Enacted. The surplus will be deposited into the School Building Authority Capital Fund.

*Analyst Note: Beginning in FY2023, the school construction aid entitlements are projected to exceed the \$80.0 million amount traditionally included in the annual budget. For FY2023 the projection is \$93.4 million, in FY2024 it is \$100.6 million, and in FY2025 it is \$117.3 million.*

<b>School Construction Aid</b>	<b>General Revenue</b>
FY2021 Enacted	\$80,000,000
<i>Target and Other Adjustments</i>	-
School Building Authority Capital Fund	Informational
<b>FY2022 Enacted</b>	<b>\$80,000,000</b>

**School Building Authority Capital Fund**

**Informational**

Article 9 of the FY2016 Budget as Enacted designated the Department of Elementary and Secondary Education (Department) as the State’s School Building Authority and charged the Department with implementing a system of state funding for school facilities, managing the school housing aid program, and developing a project priority system. The Authority oversees two distinct funding mechanisms for school facilities: the Foundation Program, as enumerated in RIGL 16-7-35 through 16-7-47, and the School Building Authority Capital Fund (Capital Fund), as created through the article. The FY2016 Budget added 1.0 FTE position to the Department for a new construction manager to assist in developing procedures for the proposed Capital Fund. In FY2016, the Department received a one-time, pass-through appropriation of \$20.0 million in new general revenue to capitalize the Capital Fund, which is held in trust and administered by the Rhode Island Health and Education Building Corporation (RIHEBC). For FY2022, the Budget

provides \$590,814 in general revenue from the surplus construction aid to the Capital Fund. Beginning in FY2023, a surplus in construction aid will no longer be available at the current \$80.0 million funding level.

Through Article 9, the FY2019 Budget also shifted the 3.0 FTE positions currently responsible for the administration of the school construction program from general revenue to a new school construction services restricted receipt account, and added 1.0 FTE Director of School Construction Services. The new restricted receipt account, named the “School Construction Services”, is funded by the Rhode Island Health and Education Building Corporation (RIHEBC) from the School Building Authority Capital Fund, fees generated from the origination of municipal bonds and other financing vehicles used for school construction, and its own reserves. There is no limit on the amount or type of expenses that will be funded; however, Article 9 limited the fee that RIHEBC can impose on cities, towns and districts to one tenth of one percent (0.001) of the principal amount of the bond. In FY2021, RIHEBC expects to collect \$300,000 in school bond fees. In FY2022, this revenue is estimated at \$175,000.

In FY2018, RIHEBC was required to transfer \$6.0 million to the State Controller. In FY2019, RIHEBC supported \$737,735 in SBA personnel expenses. These expenses increased to \$770,946 in FY2020, and \$768,976 in FY2021. Personnel expenses are project to be \$793,596 in FY2022; however, the FY2022 Budget as Enacted provides \$500,000 in general revenue for SBA administration.

## TEACHER RETIREMENT

Since 1949, all teachers are required to become members of the State Retirement System. The State pays 40.0 percent of the employer’s share of the retirement contribution each year. These funds, which are actuarially determined annually, are appropriated to the Department of Education for transfer to the State Retirement Fund.

On November 17, 2011, the General Assembly passed the Rhode Island Retirement Security Act of 2011 (RIRSA) to reform the state and local pension systems. The Act introduces a hybrid pension structure for all State employees, except public safety employees and judges, to shift risk to the employee by combining the attributes of both the defined benefit and defined contribution plans.

<b>Teacher Retirement</b>	<b>General Revenue</b>
FY2021 Enacted	\$118,375,402
<i>Target and Other Adjustments</i>	
Defined Benefit Plan	4,831,705
Defined Contribution Plan	709,059
<b>FY2022 Enacted</b>	<b>\$123,916,166</b>

### **Defined Benefit Plan**

**\$4.8 million**

The Budget provides total funding of \$119.0 million for the State’s contribution to the teacher retirement defined benefit plan, reflecting a net increase of \$4.8 million from the FY2021 Budget as Enacted. The employer contribution rates are actuarially determined annually, and appropriated to the Department of Education for transfer to the State Retirement Fund. For teachers the State pays 40.0 percent of the employer contribution. This projection is based on 2.5 percent annual wage growth.

### **Defined Contribution Plan**

**\$709,059**

The Budget provides \$4.8 million in general revenue for the State’s share of the contribution to the new defined contribution portion of the hybrid pension system, reflecting a net increase of \$709,059 from FY2021 Budget as Enacted. The plan includes a mandatory 5.0 percent employee and 1.0 percent employer contribution. For teachers the State pays 40.0 percent of the employer contribution.

**CAPITAL PROJECTS**

The Budget includes a total of \$975,000 in capital expenditures from Rhode Island Capital Plan (RICAP) funds in FY2021 and \$2.6 million in FY2022. This provides an increase of \$975,000 in FY2021 and \$915,000 in FY2022 relative to the FY2021 Budget as Enacted, including:

- **Davies Asset Protection:** \$150,000 in FY2021 and \$665,000 in FY2022 for asset protection projects at Davies. While level funded in FY2021, FY2022 reflects an increase of \$515,000 over the FY2021 Budget as Enacted. The increase is due to the annual maintenance of effort requirements implemented by the Department in response to the requirements promulgated with the implementation of the \$250.0 million general obligation bond. Although Davies is not a beneficiary of the bond, the Department is enforcing the formula-based funding requirements on the schools' budget request.
- **Davies HVAC:** \$500,000 in FY2021 and \$900,000 in FY2022 to replace and repair the HVAC system at Davies. Davies recently developed a facility master plan to guide ongoing repairs and upgrades. The assessment evaluated the educational space for academic and technical programs, future enrollment patterns, energy efficiencies, building condition, traffic studies, and Americans with Disabilities Act compliance and provided an extensive list of deferred maintenance and renovation projects. However, due to the dire need in other schools around the State and the need for a substantial investment to address the major repairs at Davies, the master plan is being advanced in smaller projects. Consequently, the funding in FY2021 is to address old HVAC units in classrooms that would not be addressed through a new facility, which is currently on hold.
- **Davies Health Care Classrooms:** \$500,000 in FY2022 for the architectural and engineering phase of the Davies Health Care Classroom Improvements to design replacement space for the Health Care classrooms and eliminate the detached modular classroom building where the program is currently housed. The remaining \$4.5 million is provide in FY2023 when construction is scheduled to occur. This project was previously scheduled to begin in FY2021; however, the late passage of the FY2021 Budget delayed progress.

## Federal COVID-19 Related Emergency Relief to LEAs

District	ESSER I (CARES Act) (available for obligation through September 30, 2021)	ESSER II (CRRSA) (available for obligation through September 30, 2022)	ESSER III (ARP) (available for obligation through September 30, 2023)	Total
Barrington	\$79,799	\$288,735	\$648,458	\$1,016,992
Burrillville	394,852	1,548,747	3,478,266	5,421,865
Charlestown	-	-	-	-
Coventry	623,392	2,419,802	5,434,532	8,477,726
Cranston	2,304,283	9,038,195	20,298,503	31,640,981
Cumberland	530,621	2,252,791	5,059,448	7,842,860
East Greenwich	69,858	241,108	541,494	852,460
East Providence	1,343,727	5,270,561	11,836,931	18,451,219
Foster	52,429	180,788	406,023	639,240
Glocester	149,926	581,253	1,305,412	2,036,591
Hopkinton	-	-	-	-
Jamestown	98,636	342,190	768,511	1,209,337
Johnston	660,667	2,591,365	5,819,839	9,071,871
Lincoln	476,313	1,931,628	4,338,162	6,746,103
Little Compton	33,278	64,348	144,517	242,143
Middletown	263,613	953,185	2,140,718	3,357,516
Narragansett	184,416	672,411	1,510,139	2,366,966
Newport	795,683	3,079,969	6,917,172	10,792,824
New Shoreham	12,538	-	-	12,538
North Kingstown	452,552	1,775,065	3,986,543	6,214,160
North Providence	720,309	2,825,301	6,345,224	9,890,834
North Smithfield	182,153	682,368	1,532,502	2,397,023
Pawtucket	3,618,740	14,193,947	31,877,588	49,690,275
Portsmouth	243,247	894,792	2,009,575	3,147,614
Providence	14,390,236	57,702,326	129,591,234	201,683,796
Richmond	-	-	-	-
Scituate	211,568	775,558	1,741,794	2,728,920
Smithfield	202,518	794,344	1,783,984	2,780,846
South Kingstown	352,990	1,344,338	3,019,191	4,716,519
Tiverton	194,599	763,284	1,714,228	2,672,111
Warwick	1,488,005	5,470,524	12,286,019	19,244,548
Westerly	552,501	2,020,394	4,537,517	7,110,412
West Warwick	961,349	3,705,668	8,322,405	12,989,422
Woonsocket	3,308,150	12,975,705	29,141,589	45,425,444
Bristol-Warren	485,476	1,904,207	4,276,577	6,666,260
Exeter-West Greenwich	142,555	521,496	1,171,205	1,835,256
Chariho	315,655	1,183,347	2,657,629	4,156,631
Foster-Glocester	90,511	535,272	1,202,144	1,827,927
Central Falls	1,575,794	6,790,598	15,250,718	23,617,110
<b>District Total</b>	<b>\$37,562,936</b>	<b>\$148,315,610</b>	<b>\$333,095,791</b>	<b>\$518,974,337</b>
Charter School Total	3,454,925	14,938,873	33,550,589	51,944,387
Davies	269,601	1,171,943	2,632,018	4,073,562
Met School	316,356	1,437,897	3,229,313	4,983,566
Urban Collaborative	85,140	333,948	749,999	1,169,087
School for the Deaf	26,441	114,139	256,339	396,919
<b>Total</b>	<b>\$41,715,400</b>	<b>\$166,312,410</b>	<b>\$373,514,049</b>	<b>\$581,541,859</b>

Source: Rhode Island Department of Education



## Public Higher Education

Expenditures By Program	FY2020	FY2021	FY2021			FY2022		
	Actual	Enacted	Final	Change from Enacted		Enacted	Change from Enacted	
Office of Postsecondary Commissioner	\$35.4	\$40.8	\$48.5	\$7.7	18.7%	\$46.5	\$5.6	13.8%
University of Rhode Island	823.3	861.7	865.1	3.4	0.4%	867.4	5.7	0.7%
Rhode Island College	184.8	202.9	198.9	(4.0)	-2.0%	225.8	22.9	11.3%
Community College of R.I.	164.1	169.4	163.9	(5.5)	-3.3%	231.7	62.4	36.8%
<b>Total</b>	<b>\$1,207.5</b>	<b>\$1,274.8</b>	<b>\$1,276.3</b>	<b>\$1.6</b>	<b>0.1%</b>	<b>\$1,371.4</b>	<b>\$96.6</b>	<b>7.6%</b>
<b>Expenditures By Source</b>								
General Revenue	\$231.4	\$238.0	\$237.9	(\$0.1)	0.0%	\$260.0	\$22.0	9.3%
Federal Funds	23.9	31.4	35.5	4.2	13.3%	140.4	109.1	347.9%
Restricted Receipts	1.7	3.0	3.0	0.0	0.1%	4.1	1.2	39.9%
Other Funds	950.5	1,002.5	1,000.0	(2.5)	-0.3%	966.9	(35.6)	-3.6%
<b>Total</b>	<b>\$1,207.5</b>	<b>\$1,274.8</b>	<b>\$1,276.3</b>	<b>\$1.6</b>	<b>0.1%</b>	<b>\$1,371.4</b>	<b>\$96.6</b>	<b>7.6%</b>
Third Party Funded FTE	523.8	523.8	523.8	-	-	523.8	-	0.0%
Authorized FTE Levels	3,860.5	3,860.5	3,860.5	-	-	3,862.5	2.0	0.1%
<b>Total</b>	<b>4,384.3</b>	<b>4,384.3</b>	<b>4,384.3</b>	<b>-</b>	<b>-</b>	<b>4,386.3</b>	<b>2.0</b>	<b>0.0%</b>

\$ in millions. Totals may vary due to rounding.

Prior to January 1, 2013, higher education in Rhode Island functioned under the direction of the Board of Governors for Higher Education. The FY2013 Budget as Enacted established a new Board of Education consisting of 11 members, appointed by the Governor with the advice and consent of the Senate. The Board of Governors for Higher Education and the Board of Regents for Elementary and Secondary Education were abolished as of January 1, 2013.

The major responsibilities of the Board of Education (Board), pertaining to higher education, include the governance of public institutions of higher learning and the regulation of proprietary schools; the preparation of a public higher education budget and capital development program; and the development of policies in pursuit of the primary goals of excellence, opportunity and access, diversity and responsiveness, coordination and accountability in public higher education.

The system of public higher education consists of three major institutions located at eight different campuses across the State of Rhode Island: the University of Rhode Island (URI), Rhode Island College (RIC), and the Community College of Rhode Island (CCRI).

The FY2015 Budget as Enacted established the Council on Postsecondary Education, which has duties and responsibilities per RIGL 16-59-1 and 16-59-4, much the same as the former Board of Governors for Higher Education. Article 9 of the FY2020 Budget as Enacted shifted oversight of the University of Rhode Island (URI) from the Board of Education, Council of Postsecondary Education (Council), and the Commissioner of Postsecondary Education to a newly established Board of Trustees (Board) at the University. The article further transferred all the duties and responsibilities pertaining to employees, debt service, and property from the Council to the Board.

### MAJOR ISSUES AND TRENDS

The FY2022 Budget includes total funding of \$1,371.4 million, representing an increase of \$96.6 million (7.6 percent) from the FY2021 Budget as Enacted, including a general revenue increase of \$6.1 million (2.6 percent). The increase includes \$23.6 million in state funding to promote alignment between the State's priorities for higher education and institutional practice and policy, partially offset by a decrease of \$1.6 million for general obligation debt service. The increased state funding will be split among the three institutions, providing \$7.3 million to URI, \$5.9 million to RIC, and \$168,214 to CCRI.

The increase in federal funds of \$109.1 million (347.9 percent) is due primarily to the appropriation of federal Higher Education Emergency Relief Funds (HEERF) provided through Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act and the American Rescue Plan (ARP) Act, partially offset by the discontinuation of the original Coronavirus Aid, Relief and Economic Security Act, 2020 (CARES Act). The Budget appropriates \$145.4 million in federal HEERF II and III to the public higher education institutions. The Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) was signed into law on December 27, 2020, providing \$22.7 billion to the U.S. Department of Education for distribution to institutions of higher education to prevent, prepare for, and respond to through the Higher Education Emergency Relief Fund (HEERF) II. The American Rescue Plan (ARP) was signed into law on March 11, 2021, providing \$39.6 million in support to institutions of higher education in serving students and ensuring learning continues during the COVID-19 pandemic.

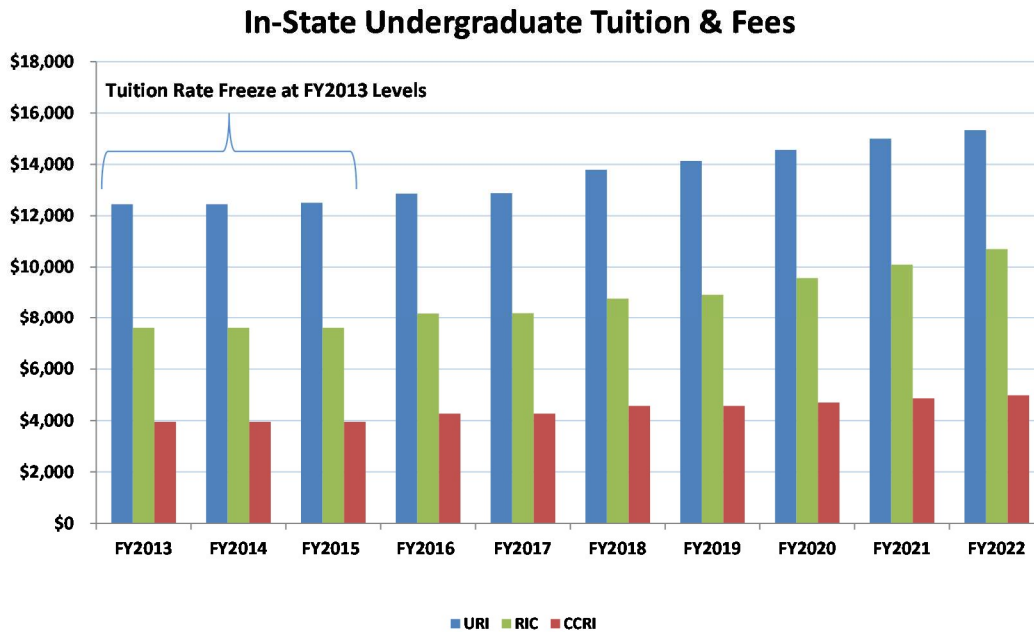
Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (CRRSAA) HEERF II					American Rescue Plan (ARP) HEERF III			Grand Total
Institution	Institutional Allocation	Minimum Amount for Student Grants	SIP	Total	Institutional Allocation	Minimum Amount for Student Grants	Total	
CCRI	\$17.0	\$5.0	\$0.9	\$22.9	\$19.1	\$19.4	\$39.5	\$62.3
RIC	8.4	3.7	0.5	12.6	11.3	10.7	22.0	34.6
URI	11.8	5.6	-	17.4	11.7	19.4	31.1	48.5
<b>Total</b>	<b>\$37.2</b>	<b>\$14.3</b>	<b>\$1.4</b>	<b>\$52.9</b>	<b>\$42.1</b>	<b>\$49.4</b>	<b>\$92.5</b>	<b>\$145.4</b>

Source: Rhode Island Office of Management and Budget

Restricted receipts increase by \$1.2 million (39.9 percent) due to increased revenue projections from the Higher Education and Industry Centers as the Woonsocket center is scheduled to open in October 2021.

**Tuition and Fees**

Actual tuition and fee rates, by institution, along with a projection for FY2021 and FY2022, are shown in the following graph.





URI	FY2018	FY2019	FY2020	FY2021	FY2022	Change from FY2021	
In-State Tuition	\$12,002	\$12,248	\$12,590	\$12,922	\$13,250	\$328	2.5%
Out-of-State Tuition	28,252	28,972	29,710	30,496	31,272	776	2.5%
Mandatory Fees	1,790	1,890	1,976	2,082	2,082	-	-
Tuition & Fee Revenue	316,248,105	323,265,906	334,895,206	343,782,541	352,063,419	8,280,878	2.4%
<b>RIC</b>							
In-State Tuition	\$7,637	\$7,790	\$8,218	\$8,835	\$9,277	\$442	5.0%
Out-of-State Tuition	20,150	20,553	21,683	23,310	24,475	1,165	5.0%
Northeast Neighbors Program	11,456	11,685	12,328	13,252	13,915	663	5.0%
Mandatory Fees	1,139	1,139	1,360	1,268	1,425	157	12.4%
Tuition & Fee Revenue	72,656,239	70,945,602	65,868,388	66,521,065	67,839,867	1,318,802	2.0%
<b>CCRI</b>							
In-State Tuition	\$4,148	\$4,148	\$4,284	\$4,414	\$4,524	\$110	2.5%
Out-of-State Tuition	11,740	11,740	12,128	12,492	12,804	312	2.5%
Mandatory Fees	416	416	416	446	456	10	2.2%
Tuition & Fee Revenue	53,493,373	53,997,972	56,551,293	54,196,881	55,544,270	1,347,389	2.5%

In FY2022, URI is projecting an increase in tuition and fee revenue of \$8.3 million, or 2.4 percent, based on an increase in in-state tuition of \$328, or 2.5 percent; and, out-of-state tuition of \$776, or 2.5 percent. RIC is projecting an increase in tuition and fee revenue of \$1.3 million, or 2.0 percent, based on an increase in in-state tuition of \$442, or 5.0 percent; an increase in out-of-state tuition of \$1,165, or 5.0 percent; and, an increase in mandatory fees of \$157, or 12.4 percent, partially offset by a decrease in enrollment of 3.0 percent. CCRI projects an increase in tuition and fee revenue of \$1.3 million, or 2.5 percent, based on an increase in in-state tuition of \$110, or 2.5 percent; an increase in out-of-state tuition of \$312, or 2.5 percent; and, an increase in mandatory fees of \$10, or 2.2 percent.

### State Support for Public Education

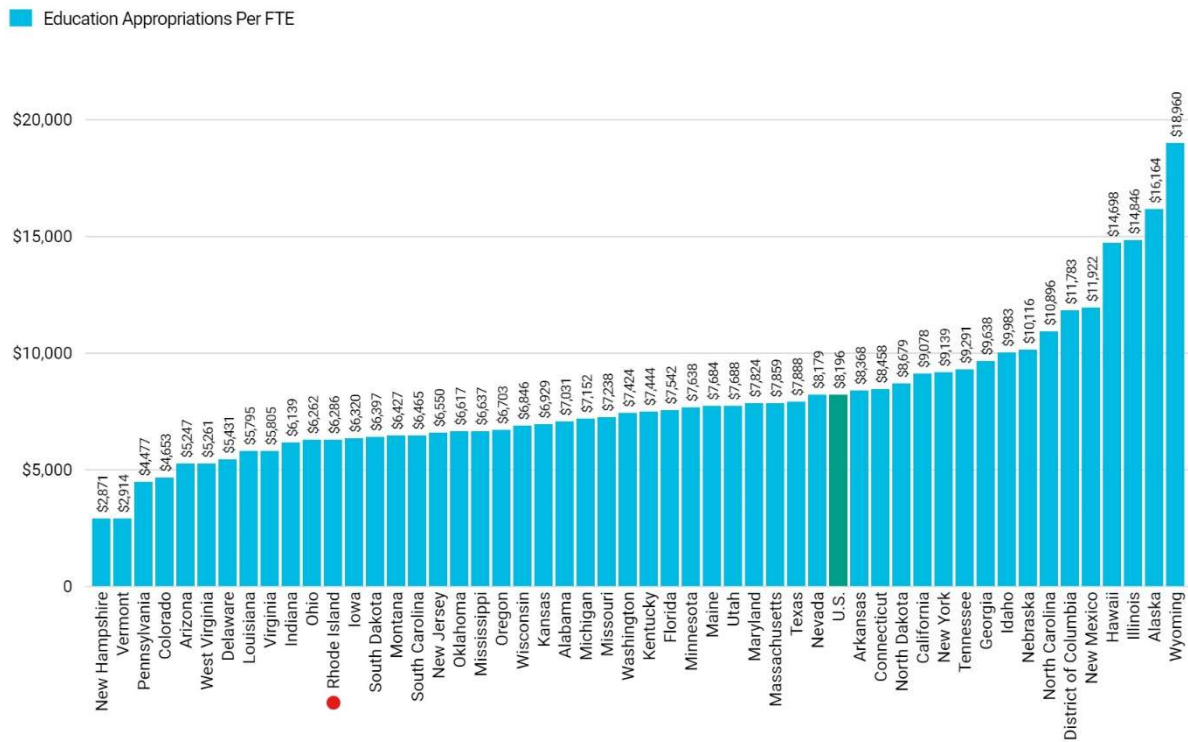
When looking at state support for public higher education, many policy makers tend to take a regional approach. For example, if looking at New England, Rhode Island is in the middle of the pack. In FY2019, the most recent data available, Connecticut appropriated \$2,172 more per student FTE than Rhode Island and Massachusetts appropriated \$1,573 more. Based on Rhode Island's FY2019 FTE enrollment of 30,204, the difference in per-student FTE between Rhode Island and Massachusetts is \$47.5 million.

However, on a national perspective in FY2019, the State of Wyoming appropriated \$12,674 more per student FTE than Rhode Island. The chart below is from the State Higher Education Executive Officers Association (SHEEO). The chart illustrates state appropriations to public higher education based on student FTEs. The State of Rhode Island appropriates \$1,910 less per student than the national average.

FY2019 State Educational Appropriations per FTE	
Connecticut	\$8,458
Massachusetts	7,859
Maine	7,684
Rhode Island	6,286
Vermont	2,914
New Hampshire	2,871
<b>Regional Average</b>	<b>\$6,012</b>

Source: State Higher Education Executive Officers (SHEEO)

Public Higher Education Appropriations Per FTE by State, FY 2019 (Adjusted)



Notes:

1. Education appropriations are a measure of state and local support available for public higher education operating expenses, and exclude appropriations for independent institutions, financial aid for students attending independent or out-of-state institutions, research, hospitals, and medical education.
2. The U.S. calculation does not include the District of Columbia.
3. Constant dollars adjusted by the Higher Education Cost Adjustment (HECA).
4. Adjusted to account for interstate differences using the Enrollment Mix Index (EMI).
5. Adjusted to account for interstate differences using the Cost of Living Index (COLI). The COLI is not a measure of inflation over time.

Source(s): State Higher Education Executive Officers Association

In FY2022, the three state institutions requested a \$14.1 million increase in the State general revenue support, excluding general obligation debt service. The Budget provides \$13.4 million in additional funding.

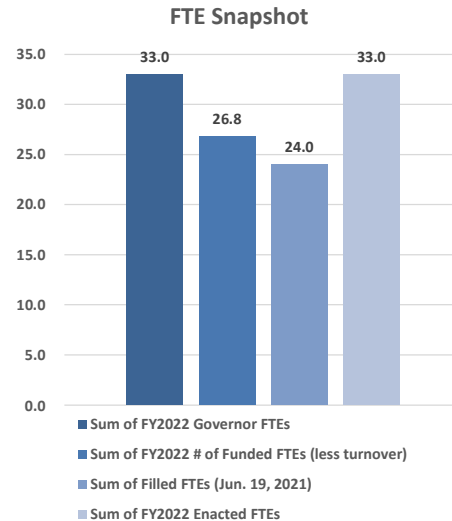
## OFFICE OF THE POSTSECONDARY COMMISSIONER

Expenditures By Source	FY2019	FY2020	FY2021		Change from		FY2022	Change from	
	Actual	Actual	Enacted	FY2021 Final	Enacted	Enacted	Enacted	Enacted	Enacted
General Revenue	\$15.9	\$16.1	\$16.8	\$16.7	(\$0.1)	-0.5%	\$27.0	\$10.2	60.7%
Federal Funds	8.0	8.3	8.4	18.1	9.7	116.4%	7.2	(1.2)	-14.0%
Restricted Receipts	1.9	1.1	2.3	2.3	0.0	0.2%	3.5	1.2	51.1%
Other Funds	10.3	9.9	13.4	11.4	(2.0)	-14.9%	8.8	(4.6)	-34.1%
<b>Total</b>	<b>\$36.1</b>	<b>\$35.4</b>	<b>\$40.8</b>	<b>\$48.5</b>	<b>\$7.7</b>	<b>18.7%</b>	<b>\$46.5</b>	<b>\$5.6</b>	<b>13.8%</b>

\$ in millions

The mission of the Office of the Postsecondary Commissioner (OPC), formerly the Office of Higher Education, is to support the work of the Board of Education and the Council on Postsecondary Education in providing an excellent, accessible, and affordable system of higher education designed to improve the education attainment of Rhode Island citizens, support economic development, and enrich the civic, social, and cultural life of the residents of the State. The Commissioner works with the presidents of the state higher education institutions to determine the benefits or disadvantages of proposed new programs, departments, courses of study, and policies with the scope and role adopted by the Council on Postsecondary Education. The OPC also supports specific programs, such as early college access and veterans affairs. The FY2016 Budget as Enacted created a new Division of Higher Education Assistance (DHEA) within the Office of the Postsecondary Commissioner and eliminated the Rhode Island Higher Education Assistance Authority. The OPC provides research, policy, and fiscal analysis, and seeks to ensure that higher education in Rhode Island remains economically and geographically accessible.

The Budget provides 33.0 FTE positions for the OPC in FY2022, including 1.0 FTE that is third-party funded. This represents an increase of 2.0 FTE positions from the FY2021 Budget as Enacted. The increase is due to the addition of 2.0 FTE Executive Assistant positions for the Northern RI Education Center. Of the positions provided, 10.0 are available only for the State's Higher Education Centers located in Woonsocket and Westerly, and 10.0 for the Nursing Education Center.



Office of Postsecondary Commissioner	General Revenue
FY2021 Enacted	\$16,793,746
<i>Target and Other Adjustments</i>	<i>(191,640)</i>
Last Dollar (Promise I) Scholarship Fund Source	9,595,000
Rhode Island Promise Scholarship Program	446,974
Reduction in Turnover Savings	290,330
Centralized Services - Distributed	45,510
<b>FY2022 Enacted</b>	<b>\$26,979,920</b>

Office of Post Secondary Commissioner	Other Fund Changes
GEER funds I and II (federal funds)	\$3,095,402
Higher Education and Industry Centers (2.0 FTE position) (restricted receipts)	190,356

**Last Dollar (Promise I) Scholarship Fund Source** **\$9.6 million**

The Budget shifts \$4.0 million in federal and \$5.6 million in other funds to general revenue to reserve future program funding. Based on current projections, there will not be sufficient funding for the Dual/Concurrent

Enrollment program and the RI Last Dollar (Promise I Need-Based) Scholarship program in FY2023. Shifting one year of scholarship funding to general revenue will allow funding from other sources to be reserved for FY2023.

Office of the Postsecondary Commissioner						
Projection of DHEA Revenues/Expenses for FY2020 through FY2023						
Revenues	Governor's Budget				FY2022 Budget as Enacted	
	FY2020 Enacted	FY2021 Projected	FY2022 Projected	FY2023 Projected	FY2022 Projected	FY2023 Projected
Reserves	\$21,298,391	\$14,803,391	\$8,007,560	\$312,560	\$8,007,560	\$5,907,560
CollegeBound Fund Fees (from Treasurer)	5,800,000	5,500,000	4,600,000	4,400,000	4,600,000	4,400,000
<b>Total</b>	<b>\$27,098,391</b>	<b>\$20,303,391</b>	<b>\$12,607,560</b>	<b>\$4,712,560</b>	<b>\$12,607,560</b>	<b>\$10,307,560</b>
Expenditures						
Promise 1 Scholarship (CollegeBound Fees)	(5,595,000)	(5,595,000)	(5,595,000)	(5,595,000)	\$0	(5,595,000)
Promise 1 Scholarship (DHEA Reserves)	(4,000,000)	(4,000,000)	(4,000,000)	(4,000,000)	(4,000,000)	(4,000,000)
Dual/Concurrent Enrollment (DHEA Reserves)	(2,300,000)	(2,300,000)	(2,300,000)	(2,300,000)	(2,300,000)	(2,300,000)
Personnel Expenses (DHEA Reserves)	(400,000)	(400,831)	(400,000)		(400,000)	
<b>Total</b>	<b>(\$12,295,000)</b>	<b>(\$12,295,831)</b>	<b>(\$12,295,000)</b>	<b>(\$11,895,000)</b>	<b>(\$6,700,000)</b>	<b>(\$11,895,000)</b>
<b>Ending Balance</b>	<b>\$14,803,391</b>	<b>\$8,007,560</b>	<b>\$312,560</b>	<b>(\$7,182,440)</b>	<b>\$5,907,560</b>	<b>(\$1,587,440)</b>

Source: Reserves and expenditure projections from the OPC. CollegeBound Fee projections from the General Treasurer's Office.

On December 6, 2017, the Council on Postsecondary Education voted to authorize the Commissioner to transfer the Federal Family Education Loan Portfolio to the United States Department of Education. The transfer was completed in FY2018; consequently, the Division of Higher Education Assistance (DHEA) no longer receives any guaranty agency fee revenues. Without the revenues, the reserves balance declines and will be exhausted in FY2022. Pursuant to RIGL 16-57-6.1(b) and 16-56-6, CollegeBound Fund fees **must be used** for need-based grant programs; thereby limiting the use of these funds. Additionally, revenues from the CollegeBound fund are expected to decline due to the raising average age of participants and smaller contributions. The revenues are based on the amount of assets under management.

The average age of the participants is currently 16; and, as these participants enter college, they will withdraw assets. Furthermore, the new, younger participants are not joining in the numbers needed to offset withdrawals, and these new participants are generally making smaller contributions to their savings plans. Historically generating about \$6.0 million annually, the General Treasurer projects revenue to decline to \$5.5 million in FY2021, \$4.6 million in FY2022, and \$4.3 million in FY2023. These revenues are used to partially support the need-based Promise I grant program.

#### **Rhode Island Promise Scholarship Program**

**\$446,974**

The Budget includes an additional \$446,974 in general revenue (\$7.7 million total) to fund the Rhode Island Promise Scholarship program (RI Promise). Article 3 of the FY2018 Budget established the program to provide students with two years of tuition and mandatory fees at the Community College of Rhode Island (CCRI), less federal and all other financial aid available to the recipient. FY2022 represents the sixth year of the program. The Budget assumes no enrollment growth for the fall of 2021 cohort. The increase is due entirely to the 2.5 percent increase in tuition and fees at the College. The program was scheduled to sunset with the high school graduating class of 2021; however, 2021-S-0079 Sub A eliminated the sunset and made the program permanent.

#### **Reduction in Turnover Savings**

**\$290,330**

The Budget reduces turnover savings within the OPC from \$440,000 to \$149,670 by adding \$290,330 in general revenue. With an average cost per FTE of \$96,493, this increase represents funding for 3.0 positions. The Budget funds 27.0 positions. As of March 13, 2021, 23.0 positions were filled.

**Centralized Services – Distributed****\$45,510**

The Governor's recommended budget includes \$7.1 million from general revenues in undistributed centralized service expenditures in the Department of Administration's budget. Based on actual projected expenditures, the FY2022 Budget increases centralized service charge funding by \$45,510 in the OPC. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In FY2019, and thereafter, these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency.

**GEER Funds I and II (federal funds)****\$3.1 million**

The Budget provides \$3.1 million in Governor's Emergency Education Relief (GEER) Funds in FY2022 and \$776,200 in FY2021. Based on a memorandum from Governor Raimondo, dated January 14, 2021, the funds will be used for specific criteria related to three projects.

- **Higher Education and Education Training Opportunities:** A total of \$470,884 in federal GEER funds, will be used in FY2022 to improve access and accessibility to higher education and education training programs in communities where there currently is not a public higher education campus in an effort to serve students and workers dislocated by the pandemic. The project will create a communication plan to increase awareness of new education training programs at the Northern RI Education Center where the pandemic has been devastating to high-density communities. Employer-driven, training programs will be designed and implemented to support unemployed or underemployed individuals. This project started in November 2021 and is scheduled for completion in December 2022.
- **Innovation and Institutional Effectiveness:** A total of \$1.0 million in federal GEER Funds, including \$667,200 in FY2021 and \$332,800 in FY2022, will be used to support innovation and institutional effectiveness at institutions that have been most financially impacted by COVID to support ongoing operations. The funds will support activities such as the payment of services to Alvarez & Marsal for analyzing institutional improvement at Rhode Island College in relation to the COVID-19 pandemic. Areas identified for further growth include the dual/concurrent enrollment program, and the recruitment and matriculation of Rhode Island students from postsecondary education, including the seamless transfer of students from the Community College of Rhode Island to four-year institutions.
- **Education-Related Jobs and Child Care Programming:** A total of \$2.4 million in federal GEER funds, including \$109,000 in FY2021 and \$2.3 million FY2022, will be used to build an infrastructure to protect education-related jobs and to increase the quality of child care programming to address learning loss among the State's youngest learners. The funds will be used to implement an Early Childhood Care & Education (ECCE) Workforce Center at the OPC to develop and implement programming that supports at least 80 incumbent child care workers in earning credits and/or degrees to allow them to advance to higher wage positions.

**Higher Education and Industry Centers (2.0 FTE position) (restricted receipts)****\$190,356**

The Budget includes an additional \$190,356 in restricted receipt funding for 2.0 new FTE Executive Assistant positions at the Northern Rhode Island Higher Education and Industry Centers. The Northern Center is expected to open in October 2021. The Higher Education Facilities are self-supporting through occupancy fees charged for the use of the facility.

**UNIVERSITY OF RHODE ISLAND**

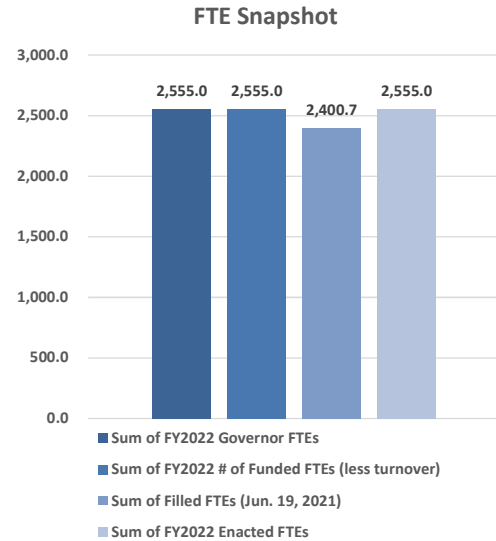
Expenditures By Source	FY2019	FY2020	FY2021		Change from		FY2022	Change from	
	Actual	Actual	Enacted	FY2021 Final	Enacted	Enacted	Enacted	Enacted	Enacted
General Revenue	\$110.0	\$112.7	\$109.5	\$109.5	\$0.0	0.0%	\$115.3	\$5.8	5.3%
Federal Funds	-	4.5	14.0	17.4	3.4	0.25	31.1	\$17.1	122.2%
Other Funds	687.5	706.1	738.2	738.2	-	-	721.0	(17.2)	-2.3%
<b>Total</b>	<b>\$797.4</b>	<b>\$823.3</b>	<b>\$861.7</b>	<b>\$865.1</b>	<b>\$3.4</b>	<b>0.4%</b>	<b>\$867.4</b>	<b>\$5.7</b>	<b>0.7%</b>

\$ in millions

The University of Rhode Island (URI) was founded in 1888 as an agricultural school known as the Rhode Island College of Agriculture and Mechanic Arts. The college was actually the second State college established in Rhode Island. The Agricultural Experiment Station building was the first structure on campus, and was built in 1889; the building was later renamed Taft Hall. Today, Taft Hall houses internship, international exchange, and foreign student programs. In 1955, the school became known as the University of Rhode Island.

URI quickly evolved beyond its genesis as a land grant and agricultural school, and today has retained a focus on biological and natural sciences, along with a developing focus on technology in areas such as ocean engineering, chemistry, pharmacy, economics, nursing, and renewable energy. URI has the third oldest continuously operating marine laboratory in the United States, the oldest turfgrass research program in the country, and has implemented green building technology in the expansion and renovation of its facilities. URI provides Bachelor’s, Master’s, and Doctorate level degrees.

URI has four campuses: the 1,250 acre Kingston Campus; the 153 acre Bay Campus in Narragansett; the Providence Campus, located in the Shepard Building on Washington Street in Providence; and, the W. Alton Jones Campus located on 2,300 acres in West Greenwich. The Budget provides 2,555 FTE positions, consistent with the FY2021 Budget as Enacted, including 357.8 positions that are third party funded.



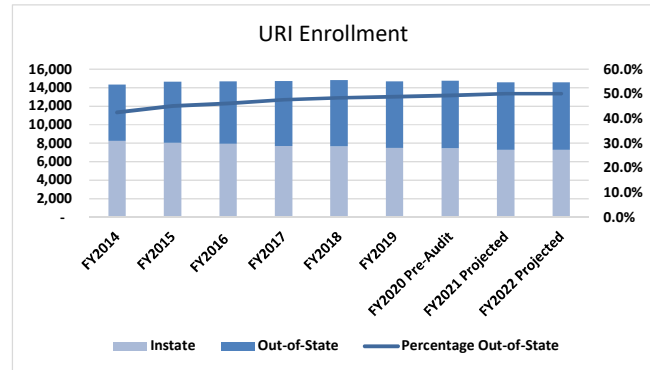
**Major Issues and Trends**

In addition to the 2.5 percent increase in tuition and fee revenue, URI requested a general revenue, state appropriation increase of \$8.1 million excluding general obligation debt service. Of the requested increase for personnel costs, \$6.0 million is for COLAs and associated fringe benefits, \$300,000 for contracts such as audit feeds and background checks, and \$200,000 is for 10 new graduate assistants. The student aid increase includes \$2.7 million to offset tuition increase and \$580,772 for waivers for new graduate assistants as well increased cost for tuition growth. Operating costs increase by \$940,316 (2.0 percent) for insurance and utility increases.

While approving the tuition and fee increase, the Budget provides a general revenue increase of \$7.3 million, excluding debt service for general obligation bonds.

**Enrollment**

In-state enrollment is projected to be 7,267 full-time equivalent students and out-of-state students are projected at 7,306 in FY2022, level with FY2021 projections.



University of Rhode Island	General Revenue
FY2021 Enacted	\$109,533,078
<i>Target and Other Adjustments</i>	-
State Appropriation	6,983,825
General Obligation Debt Service	(1,543,043)
Small Business Development Center	350,000
State Crime Lab	8,895
<b>FY2022 Enacted</b>	<b>\$115,332,755</b>

**State Appropriation**

**\$7.0 million**

State general revenue support for URI increase by \$7.0 million in FY2022 to a total of \$85.1 million, excluding general obligation bond debt service. In 2016, the General Assembly passed the Performance Incentive Funding Act to promote alignment between the State’s priorities for higher education and institutional practice and policy. The statute delineates three priorities for the public institutions including improving graduation/persistence; increasing graduates in high-demand, high-wage fields (HDHW); and, advancing institutions missions. The institution-specific performance measures were designed by the Commissioner, in consultation with the Council on Postsecondary Education (Council). Data collection began in FY2017. Under the statute, the institutions do not lose any funding, since the statute is triggered by the allocation of “otherwise unrestricted higher education general revenue”. The Budget no longer itemizes performance incentive funding, instead it is rolled into general support.

**General Obligation Debt Service**

**(\$1.5 Million)**

The Budget includes \$29.8 million in general revenue for general obligation debt service at URI in FY2022 and \$31.4 million in FY2021. This is a decrease of \$1.5 million in FY2022 and level funded in FY2021 relative to the FY2021 Budget as Enacted. The change is due primarily to the issuance of bonds for the College of Engineering projects at URI.

	FY2021 Enacted	FY2021 Final	Change from Enacted		FY2022 Enacted	Change from Enacted	
University of Rhode Island	\$31,380,282	\$31,380,282	\$0	0.0%	\$29,837,239	(\$1,543,043)	-4.9%
Rhode Island College	5,706,171	5,706,171	-	-	6,024,998	318,827	5.6%
Community College of Rhode Island	1,486,945	1,486,945	-	-	1,095,685	(391,260)	-26.3%
<b>Total</b>	<b>\$38,573,398</b>	<b>\$38,573,398</b>	<b>\$0</b>	<b>0.0%</b>	<b>\$36,957,922</b>	<b>(\$1,615,476)</b>	<b>-4.2%</b>

Source: Rhode Island Budget Office

**Small Business Development Center**

**\$350,000**

The Governor’s FY2022 Budget included \$1.0 million for the Executive Office of Commerce’s Small Business Assistance program, which helps small businesses (under 200 employees) gain access to capital through the Commerce Corporation’s lending partners. The Budget reduces the appropriation to \$650,000 and shifts \$350,000 to the University of Rhode Island’s Small Business Development Center (SBDC), bringing the total state support for the SBDC to \$700,000.

The Rhode Island Small Business Development Center (RISBDC) has been housed at URI since 2014, where it provides small business owners with the services and expertise need to launch and grow to maturity at no cost. Since FY2018, the Center has received \$350,000 annually in state support, which has then been used to leverage additional federal funding. According to the RISBDC, every \$1 of state investment generates \$3 in state return.

**Crime Lab**

**\$8,895**

The Budget provides an additional \$8,895 in general revenue (\$1.3 million total) for the State Crime Lab, consistent with the requested budget.

**RHODE ISLAND COLLEGE (RIC)**

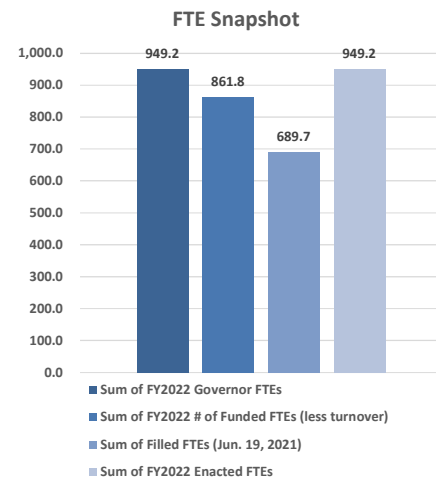
Expenditures By Source	FY2019	FY2020	FY2021	Change from		FY2022	Change from		
	Actual	Actual	Enacted	FY2021 Final	Enacted	Enacted	Enacted	Enacted	
General Revenue	\$55.3	\$54.1	\$57.9	\$57.9	\$0.0	0.0%	\$64.1	\$6.3	10.8%
Federal Funds	-	7.0	4.0	-	(\$4.0)	-100.0%	34.6	\$30.6	764.3%
Other Funds	141.4	123.7	141.0	141.0	-	0.0%	127.1	(13.9)	-9.9%
<b>Total</b>	<b>\$196.7</b>	<b>\$184.8</b>	<b>\$202.9</b>	<b>\$198.9</b>	<b>(\$4.0)</b>	<b>-2.0%</b>	<b>\$225.8</b>	<b>\$22.9</b>	<b>11.3%</b>

*\$ in millions*

Rhode Island College (RIC) was established in 1854 as the Rhode Island State Normal School, with the mission of providing teacher preparation to Rhode Island residents. In 1959, RIC moved to its current campus location on 180 acres off of Mount Pleasant Avenue in Providence and was renamed Rhode Island College to reflect expanded curriculum.

Today, RIC provides comprehensive education at the Bachelor’s and Master’s level, with a focus on Rhode Island residents. Rhode Island College is accredited by the New England Commission of Higher Education, the Council on Social Work Education, National Association of Schools of Art and Design, National Association of Schools of Music, National Association of State Directors of Teacher Education and Certification, National Council for Accreditation of Teacher Education, and the Commission on Collegiate Nursing Education.

The Budget includes 949.2 FTE positions in FY2022, including 76.0 third-party funded positions, consistent with the FY2021 Budget as Enacted.





### Major Issues and Trends

The Budget includes a tuition increase of 5.0 percent for both in-state (\$442) and out-of-state students (\$1,165). Mandatory fees increase by 12.4 percent (\$157) relative to FY2021; however, several fees that were waived or reduced in FY2021 are reinstated in FY2022. The increase relative to FY2020 is 4.8 percent (\$65). Based on projected decline enrollment of 3.0 percent, the tuition and fee increase is projected to net an increase of \$1.3 million. In addition, RIC requested an increase in the state general revenue appropriation of \$6.0 million, excluding G.O. debt service, relative to the FY2021 Budget as Enacted. Beginning in FY2022, RIC will no longer be subsidizing the Henry Barnard School for a savings of \$2.6 million, and the college will also resume assessing the indirect cost recovery on auxiliary enterprises for additional revenue of \$1.6 million relative to FY2021.

Rhode Island College FY2022 Budget Request Increase over FY2021 Budget as Enacted	
Revenue Initiatives	Change
State Appropriation <sup>1</sup>	\$6.0
Tuition and Fee increase from FY2021 Revised Request <sup>2</sup>	1.3
Henry Barnard School Subsidy Savings	2.6
Auxiliary Indirect Cost Recovery	1.6
Sales and service	0.2
<b>Total</b>	<b>\$11.6</b>

<sup>1</sup> Excludes general obligation bond debt service.

<sup>2</sup> The FY2021 Revised request lower tuition and fee revenue by \$14.4 million based on actual experience.

\$ in million. Totals may not add due to rounding.

*Analyst Note: At RIC, the FY2022 Request shows an 11.5 percent decrease (739 students) in FTE enrollment and a 17.8 percent (\$14.4 million) decrease in tuition and fee revenue.*

Of the requested increase, 51.6 percent is for fixed costs and commitments such as the third and final year of contracted salary adjustments to bring faculty salaries in line with peer institutions (\$4.2 million), contracted COLAs for July 1, 2021 (\$1.6 million), and healthcare and fringe benefit costs to meet the budget planning values instructions (\$750,000). The request also restores temporary cuts from FY2021 that were possible due to the nature of remote instruction. An initiative to target new student populations with online, evening, and weekend class scheduling is intended to increase enrollment by reaching the students where they are and appealing to a broader population of more diverse learners. The request also includes a 4.9 percent increase in student aid (\$470,079) to offset the impact of the tuition increase for low income students.

Rhode Island College FY2022 Budget Request Increase over FY2021 Budget as Enacted	
Expenditure Request	Change
Fixed Personnel Costs	\$6.0
Restoration of FY2021 Temporary Cuts	2.4
Targeting New Student Populations Initiative	2.3
Early Retirement Program <sup>1</sup>	0.5
Financial Aid - 5.0 Percent Increase	0.5
<b>Total</b>	<b>\$11.6</b>

<sup>1</sup> Represents the net of projected \$1.8 million in payouts versus \$1.3 million in savings for FY2022.

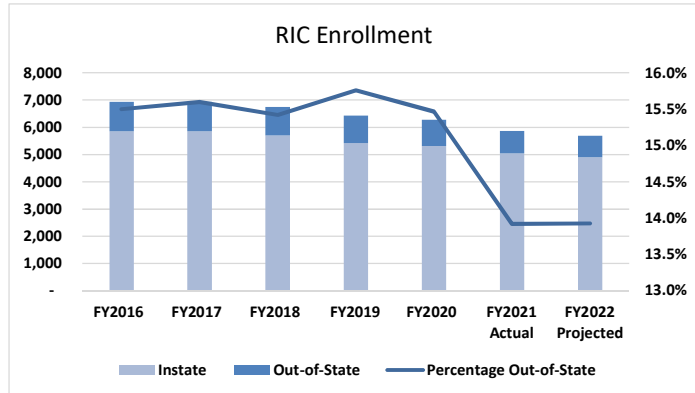
\$ in million. Totals may not add due to rounding.

While approving the tuition and fee increase, the Budget provides a general revenue increase of \$5.9 million, excluding debt service for general obligation bonds, consistent with the request.

RIC is proposing an early retirement program targeting faculty and staff not reached by the State program. The program is expected to target employees 62 years of age, or older, with 20 or more years of service at RIC as of June 19, 2021. Qualified employees will be eligible to received 50.0 percent of their current annual salary, or 50.0 percent of the third year of the faculty salary schedule, whichever is higher, with a minimum payout of \$20,000. The enrollment period will begin in April 2021 with program participants confirmed in May 2021.

### Enrollment

Total enrollment is projected to be 5,693 full-time equivalent students in FY2022, a decrease of 176 students, or 3.0 percent, relative to FY2021 Actual enrollment.



Rhode Island College	General Revenue
FY2021 Enacted	\$57,878,556
Target and Other Adjustments	-
State Appropriation	5,935,770
General Obligation Debt Service	318,827
<b>FY2022 Enacted</b>	<b>\$64,133,153</b>

### State Appropriation

**\$5.9 million**

The Budget includes \$5.9 million in increased general revenue support (\$58.1 million total). Rhode Island College (RIC) had requested a \$6.0 million increase in the state appropriation to support fixed costs and commitments such as the third and final year of contracted salary adjustments to bring faculty salaries in line with peer institutions (\$4.2 million), contracted COLAs for July 1, 2021 (\$1.6 million), and healthcare and fringe benefit costs to meet the budget planning values instructions (\$750,000). The request also restores temporary cuts from FY2021 that were possible due to the nature of remote instruction. An initiative to target new student populations with online, evening, and weekend class scheduling is intended to increase enrollment by reaching the students where they are and appealing to a broader population of more diverse learners. The Governor's Budget included an increase in the state appropriation of \$35,770.

### General Obligation Debt Service

**\$318,827**

The Budget provides \$6.0 million in FY2022 for general obligation debt service at RIC funded by general revenue, and \$5.7 million in FY2021. This is an increase of \$318,827 in FY2022 level funded in FY2021 relative to the FY2021 Budget as Enacted.

	FY2021 Enacted	FY2021 Final	Change from Enacted		FY2022 Enacted	Change from Enacted	
University of Rhode Island	\$31,380,282	\$31,380,282	\$0	0.0%	\$29,837,239	(\$1,543,043)	-4.9%
Rhode Island College	5,706,171	5,706,171	-	-	6,024,998	318,827	5.6%
Community College of Rhode Island	1,486,945	1,486,945	-	-	1,095,685	(391,260)	-26.3%
<b>Total</b>	<b>\$38,573,398</b>	<b>\$38,573,398</b>	<b>\$0</b>	<b>0.0%</b>	<b>\$36,957,922</b>	<b>(\$1,615,476)</b>	<b>-4.2%</b>

Source: Rhode Island Budget Office

**COMMUNITY COLLEGE OF RHODE ISLAND (CCRI)**

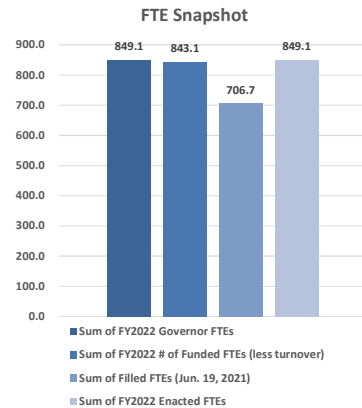
Expenditures By Source	FY2019	FY2020	FY2021		Change from		FY2022	Change from	
	Actual	Actual	Enacted	FY2021 Final	Enacted	Enacted	Enacted	Enacted	Enacted
General Revenue	\$52.4	\$48.5	\$53.7	\$53.7	\$0.0	0.0%	\$53.5	(\$0.2)	-0.4%
Federal Funds	-	4.2	5.0	-	(5.0)	-100.0%	67.6	62.6	1252%
Restricted Receipts	0.6	0.6	0.7	0.7	-	-	0.7	0.0	0.7%
Other Funds	107.4	110.7	110.0	109.5	(0.5)	-0.5%	110.0	0.0	0.0%
<b>Total</b>	<b>\$160.4</b>	<b>\$164.1</b>	<b>\$169.4</b>	<b>\$163.9</b>	<b>(\$5.5)</b>	<b>-3.3%</b>	<b>\$231.7</b>	<b>\$62.4</b>	<b>36.8%</b>

*\$ in millions*

The Community College of Rhode Island (CCRI) was established by the General Assembly in 1960 as Rhode Island Junior College. The first class of 325 students enrolled at a temporary Providence location in the fall of 1964. CCRI has provided a variety of career, technical, and academic programs and has established partnerships with businesses and non-profit organizations to provide worker training.

Today, CCRI has four main campuses: the 205 acre Knight Campus in Warwick; the 300 acre Flanagan Campus in Lincoln; the 7 acre Liston Campus in downtown Providence; and the 5 acre Newport County Campus in Newport. In addition, CCRI holds classes in the Westerly Higher Education and Industry Center.

The Budget includes 849.1 FTE positions in FY2022 and FY2021, including 89.0 third-party funded FTE positions, consistent with the enacted level.



**Major Issues and Trends**

CCRI’s budget request represents a current services budget with no new or expanded initiatives. The request includes a 2.5 percent increase in tuition and mandatory fees that is projected to increase tuition and fee revenue by \$1.3 million (2.5 percent) over the FY2021 Budget as Enacted. The state appropriation request remains level with the enacted at \$54.4 million. While approving the tuition and fee increase, the Governor recommends an increase of \$168,214 in general revenue funding.

The expenditure request includes an increase in personnel costs of \$1.8 million or 2.0 percent, reflecting fringe benefit changes, restoration of some FY2021 funding, and a reduction in turnover. Bad debt increases by \$200,000 or 28.6 percent based on a five-year experience calculation and driven primarily by students not meeting financial aid requirements or defaulting on payment plans. Student aid is increased by \$100,334 or 2.5 percent to offset the impact of the tuition increase on lower-income students. There is also an \$833,125 reduction, 35.9 percent, in projected general obligation bond debt service.

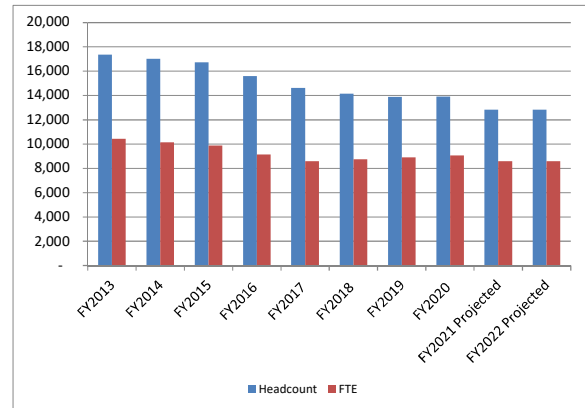
**Community College of Rhode Island  
FY2022 Budget Request  
Increase over FY2021 Budget as  
Enacted**

Revenue Initiatives	Amount
Tuition and Fee Increase	\$1.3
State Appropriation <sup>1</sup>	-
<b>Total</b>	<b>\$1.3</b>
Expenditure Request	Amount
Personnel	\$1.8
Bad Debt	0.2
Student Aid	0.1
G.O. Debt Service	(0.8)
<b>Total</b>	<b>\$1.3</b>

<sup>1</sup> Does not include G.O. bond debt service.  
*\$ in millions*

**Enrollment**

Year	Headcount		FTE	
	Headcount	% Change	FTE	% Change
FY2013	17,351	-1.1%	10,433	-1.5%
FY2014	17,017	-1.9%	10,141	-2.8%
FY2015	16,718	-1.8%	9,882	-2.6%
FY2016	15,611	-6.6%	9,128	-7.6%
FY2017	14,624	-6.3%	8,593	-5.9%
FY2018	14,155	-3.2%	8,732	1.6%
FY2019	13,878	-2.0%	8,899	1.9%
FY2020	13,923	0.3%	9,065	1.9%
FY2021 Projected	12,821	-7.9%	8,592	-5.2%
FY2022 Projected	12,821	0.0%	8,592	0.0%
<b>10-Year Average</b>	<b>14,892</b>	<b>-3.0%</b>	<b>9,206</b>	<b>-2.0%</b>



The table shows the actual student enrollment, both by headcount and by FTE, from 2013 through 2020, and a projection for 2021 and 2022. In FY2022, enrollment is projected to decrease by 1,102 full-time equivalent students, or 5.2 percent, relative to FY2020.

Community College of Rhode Island	General Revenue
FY2021 Enacted	\$53,745,811
Target and Other Adjustments	-
General Obligation Debt Service	(391,260)
Performance Incentive Fund	168,214
<b>FY2022 Enacted</b>	<b>\$53,522,765</b>

**General Obligation Debt Service (\$391,260)**

The Budget provides \$1.1 million in FY2022 and \$1.5 million in FY2021 for general obligation debt service at CCRI funded by general revenue. This is a decrease of \$391,260 and level funded respectively from the FY2021 Budget as Enacted.

	FY2021 Enacted	FY2021 Final	Change from Enacted	FY2022 Enacted	Change from Enacted
University of Rhode Island	\$31,380,282	\$31,380,282	\$0 0.0%	\$29,837,239	(\$1,543,043) -4.9%
Rhode Island College	5,706,171	5,706,171	- -	6,024,998	318,827 5.6%
Community College of Rhode Island	1,486,945	1,486,945	- -	1,095,685	(391,260) -26.3%
<b>Total</b>	<b>\$38,573,398</b>	<b>\$38,573,398</b>	<b>\$0 0.0%</b>	<b>\$36,957,922</b>	<b>(\$1,615,476) -4.2%</b>

Source: Rhode Island Budget Office

**State Appropriation \$168,214**

State general revenue support for CCRI increases by \$168,214 in FY2022 to a total of \$52.4 million, excluding general obligation bond debt service. In 2016, the General Assembly passed the Performance Incentive Funding Act to promote alignment between the State’s priorities for higher education and institutional practice and policy. The statute delineates three priorities for the public institutions including improving graduation/persistence; increasing graduates in high-demand, high-wage fields (HDHW); and, advancing institutions missions. The institution-specific performance measures were designed by the Commissioner, in consultation with the Council on Postsecondary Education (Council), and data collection began in FY2017. Under the statute, the institutions do not lose any funding, since the statute is triggered by the allocation of “otherwise unrestricted higher education general revenue”. The Budget provides an additional \$529,483 in performance incentive funding for CCRI in FY2021, for a total of \$3.0 million. Included in this increase is \$268,995 to support three additional student advisors at CCRI. The Budget no longer itemizes performance incentive funding, instead it is rolled into general support

## CAPITAL PROJECTS

The Budget includes a total of \$31.3 million in capital expenditures from Rhode Island Capital Plan (RICAP) funds in FY2022 and \$16.5 million in FY2021, including the following.

**URI, RIC, CCRI – Asset Protection:** Asset Protection projects are budgeted from Rhode Island Capital Plan funds (RICAP) and are used to maintain and repair facilities, including roads, buildings, and infrastructure. The asset protection program includes a number of projects at various facilities, and allows each school to shift funding based on current priorities. In FY2021, there is a total of \$7.8 million, including \$2.5 million in RICAP asset protection funding for URI, \$4.2 million for RIC, and \$1.1 million for CCRI. In FY2022, the Budget includes a total of \$17.7 million in asset protection funding for URI (\$9.9 million), RIC (\$4.7 million), and CCRI (\$3.0 million).

**OPC – Northern RI Education Center –** The Budget provides \$3.9 million in FY2022, to expand the RI Education Center model to Northern RI. The new Center is scheduled to open in October 2021 in Woonsocket.

**RIC Infrastructure Modernization:** The Budget provides \$959,015 in RICAP funding in FY2021 and \$4.6 million in FY2022 to modernize and replace steam lines, water lines, and the electrical distribution system across the RIC campus. Improvements will address issues of water quality, limit power failures, and eliminate steam plumes throughout the campus.

**CCRI Knight Campus Renewal:** The Budget includes \$665,817 in RICAP funding in FY2021 and \$3.0 million in FY2022 for the renovation of 280,000 square feet of the 385,000 square-foot Knight Campus Megastructure, including lighting, painting and replacement of carpeting/tile.

**CCRI Flanagan Campus Renewal:** The Budget provides \$2.0 million in FY2022 to begin the renewal of the Flanagan Campus in Lincoln. Funding for this \$13.7 million project includes \$12.5 million in RICAP funds, \$901,994 in College funds, and \$300,000 in private funding. The project includes the modernization and code compliance upgrades to all of the science labs at the Lincoln campus, as well as the refurbishment of the exterior including heat resistance paint, window replacement, and light abatement.

**CCRI Data, Cabling, and Power Infrastructure:** The Budget provides \$303,000 in FY2021 and \$1.5 million in FY2022 to assess, design, and construct a modernized data cabling and power infrastructure across the four CCRI campuses. The project will upgrade network wiring infrastructure and deliver more capacity to support additional classroom technology, wireless devices and security systems, including cameras, emergency alarm systems, and HVAC control systems.

**CCRI Knight Campus Lab Renovation:** The Budget provides \$1.6 million in FY2021 and \$887,902 in FY2022 to modernize the second floor labs on CCRI's Knight Campus. The Engineering and Physics labs have not been renovated since the mega-structure was built in the 1970's. The project will bring the labs up to current code, including Americans with Disability (ADA) requirements and enclosures to prevent distractions from people walking past the lab. The equipment will be modernized to reflect current employer expectations.



## Rhode Island State Council on the Arts

Expenditures By Program	FY2020	FY2021		Change from		FY2022	Change from	
	Actual	Enacted	FY2021 Final	Enacted	%	Enacted	Enacted	%
Central Management	\$3,339,291	\$3,448,552	\$4,231,718	\$783,166	22.7%	\$5,261,293	\$1,812,741	52.6%
<b>Total</b>	<b>\$3,339,291</b>	<b>\$3,448,552.0</b>	<b>\$4,231,718</b>	<b>\$783,166</b>	<b>22.7%</b>	<b>\$5,261,293</b>	<b>\$1,812,741</b>	<b>52.6%</b>

Expenditures By Source									
	FY2020	FY2021	FY2021	Change	%	FY2022	Change	%	
General Revenue	\$2,002,855	\$2,002,026	\$2,004,658	\$2,632	0.1%	\$2,048,651	\$46,625	2.3%	
Federal Funds	1,038,635	828,776	1,959,310	1,130,534	136.4%	2,677,642	1,848,866	223.1%	
Restricted Receipts	43,320	15,000	5,000	(10,000)	-	40,000	25,000	166.7%	
Other Funds	254,481	602,750	262,750	(340,000)	(1)	495,000	(107,750)	-17.9%	
<b>Total</b>	<b>\$3,339,291</b>	<b>\$3,448,552</b>	<b>\$4,231,718</b>	<b>\$783,166</b>	<b>22.7%</b>	<b>\$5,261,293</b>	<b>\$1,812,741</b>	<b>52.6%</b>	

Authorized FTE Levels	FY2020	FY2021	FY2021	Change	%	FY2022	Change	%
	8.6	8.6	8.6	-	-	9.6	1.0	11.6%

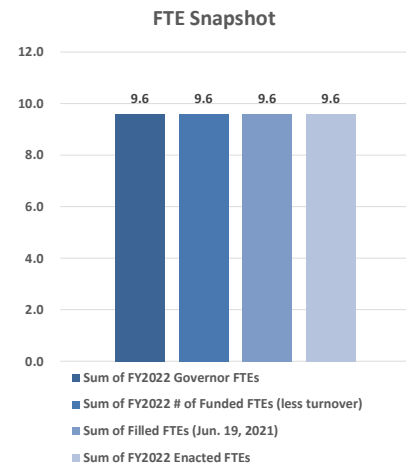
The Rhode Island State Council on the Arts (RISCA) provides grants, technical assistance and support to arts organizations, schools, community centers, social service organizations, and local governments to bring the arts into the lives of Rhode Islanders. RISCA provides these services through grant making, partnerships, education and technical assistance. RISCA also manages the Art for Public Facilities Program providing art for state buildings.

### MAJOR ISSUES AND TRENDS

The general revenue increase in FY2022 is due primarily to an appropriation for the Governor’s Portrait fund and the distribution of centralized services costs. Federal funds increase due to increased support from the annual partnership agreement with the National Endowment for the Arts, including increased federal aid provided through American Rescue Plan (ARP) Act, as well as grant provided through the ARP Act from the National Endowment for the Humanities to support organizations and jobs in the cultural and humanity sector that have been impacted by the pandemic. The other funds decrease in FY2022 is for the Percent for Arts program. The increase in restricted receipts is due to the creation of a restricted receipt account to receive from contributions received to supplement the state appropriation for the purchase of a governor’s portrait pursuant to RIGL 37-8-9.

The FY2021 Revised Budget includes \$1.0 million in federal Coronavirus Aid, Relief, and Economic Security (CARES) act funds for workforce and business readiness. In the distribution of these funds, particular emphasis was given to supporting underserved communities and organization led or served by people of color. With the funds, the Council awarded 390 grants to individual artists in amount of \$800 to \$1,000, and 84 grants to nonprofit arts organizations in amounts between \$44 and \$27,500 for documented losses.

The Budget authorizes 8.6 FTE positions in FY2021 and 9.6 FTE positions FY2022, an increase of 1.0 FTE position in FY2022.



*Analyst Note: RISCA currently has 9.6 filled FTE positions due to a new federally-funded Senior Administrative Aide/Communications Director that was filled in November 2020, before the passage of the FY2021 Budget. The position was included in the September 21, 2020, Governor’s Budget Amendment; however, it was not included in the FY2021 Budget as Enacted. The Governor did not include the position in the FY2021 proposed Supplemental Budget.*

<b>RI State Council on the Arts</b>	<b>General Revenue</b>
FY2021 Enacted	\$2,002,026
<i>Target and Other Adjustments</i>	
Governor's Portrait	11,079
Centralized Services - Distributed	25,000
Percent for the Arts	10,546
	Informational
<b>FY2022 Enacted</b>	<b>\$2,048,651</b>

<b>RI State Council on the Arts</b>	<b>Other Fund Changes</b>
National Endowment Grant (federal funds)	\$1,513,080
Senior Administrative Aide/Communications Director (1.0 FTE position) (federal funds)	87,377

***Governor's Portrait*** ***\$25,000***

The Budget provides \$25,000 in general revenue toward the commissioning of a governor's portrait. Section 8 of Article 2 amends RIGL 42-75-13, creating the Governor's Portrait Donation Fund as a restricted receipt account for any revenue received by the Rhode Island Council on the Arts from contributions received to supplement the state appropriation for the purchase of a governor's portrait pursuant to RIGL 37-8-9. In addition to the general revenue, the Budget authorizes \$25,000 in restricted receipt expenditures from this fund.

***Centralized Services – Distributed*** ***\$10,546***

The Governor's recommended budget includes \$7.1 million from general revenues in undistributed centralized service expenditures in the Department of Administration's budget. Based on actual projected expenditures, the FY2022 Budget increases centralized service charge funding by \$10,546 in RISCA. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In FY2019, and thereafter, these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency.

***Percent for the Arts*** ***Informational***

The Rhode Island State Council on the Arts administers the State's Percent for Public Art Program, which was established in 1987 to expand the public experience of art, foster the development of artists, and create a more humane environment. It also serves to stimulate the state's economy.

In accordance with Rhode Island General Law, at least 1.0 percent of state government capital construction costs are allocated for the acquisition of works of art to be placed in public places. The 1.0 percent is generally spent on the project from which the funds were derived; any amounts not expended by RISCA are retained to provide for the maintenance and restoration of existing works.

The following table shows recently completed, current, and future projects of the program.



<b>1% for Public Art Program - 2011 to Present</b>	<b>Location</b>	<b>Art Project Cost</b>
<i>Completed Projects</i>		
URI - School of Pharmacy	Kingston	\$995,020
URI - Chemistry	Kingston	501,000
Wickford Junction	Wickford	315,000
Intermodal Station	Warwick	300,000
Veterans Home	Bristol	210,000
RIC - Art Center	Providence	170,000
Virks Building	Cranston	120,000
Division of Motor Vehicles	Cranston	88,000
Met School	Providence	78,000
Rhode Island School for the Deaf	Providence	43,000
URI - Harrington Hall	Kingston	35,000
Division of Motor Vehicles- Conservation	Cranston	2,000
Rhode Island State Police	Lincoln	45,000
Rhode Island Fire Academy	Exeter	30,000
<i>Current Projects (Budget)</i>		
URI - College of Engineering	Kingston	714,356
Garrahy Parking Garage	Providence	300,000
Attorney General	Cranston	265,000
Pawtucket-Central Falls Train Station	Pawtucket	59,000
Barry and Simpson Buildings, Pastore Complex	Cranston	215,297
National Guard Joint Force Headquarters	East Greenwich	35,000
<i>Future Projects (Budget)</i>		
Eleanor Slater Hospital	Cranston	370,000
RIC Gaige Lee Hall	Providence	360,000
RIC Fogerty	Providence	45,000
RIC Horace Mann	Providence	190,000
URI- Narragansett Bay Campus	Narragansett	214,000
URI- Fine Arts Center	Kingston	400,000
<b>Total</b>		<b>\$6,099,673</b>

**Cultural Arts and the Economy****Informational**

In March 2021 voters approved a \$6.0 million bond to continue the Cultural Arts and the Economy Grant program administered by the Rhode Island State Council on the Arts (RISCA) for capital improvements, preservation, and renovation of public and nonprofit performance centers, museums, and cultural art centers.

- **Trinity Repertory Company (\$2.5 million):** For the Lederer Theater and the Pell Chafee Performance Centers in Providence.
- **Rhode Island Philharmonic (\$1.5 million):** For the Carter Center for Music Education and Performance in East Providence.
- **Other Nonprofit Cultural Organizations (\$2.0 million):** These funds will be allocated by RISCA for 1:1 matching grants to nonprofit cultural organizations that lease or own their performance space and for program administration costs at RISCA.

The 2014 referenda provided funding to begin State Cultural Arts and the Economy Grants Program. The Commerce Corporation of Rhode Island, in consultation with the Rhode Island Council on the Arts, administer this program, which offered matching grants to public and non-profit historic sites, museums, artistic organizations, performance centers, and cultural art centers for capital preservation and renovation projects. The Commerce Corporation of Rhode Island developed rules and regulations to administer the program. As of April 2021, there is remaining balance for this program of \$307,802 which will be bundled into the October 1, 2021, grant cycle.

**National Endowment for the Arts Grant (federal funds)****\$1.5 million**

To reflect increased federal aid provided through American Rescue Plan (ARP) Act, the Budget adds \$763,740 for a National Endowment for the Arts grant to support organizations and jobs in the arts sector

that have been impacted by the pandemic. The Budget further provides another \$749,340 grant provided through the ARP Act from the National Endowment for the Humanities to support organizations and jobs in the cultural and humanity sector that have been impacted by the pandemic.

***Senior Administrative Aide/Communications Director (federal funds)***

***\$87,377***

The Budget provides \$87,377 in federal National Endowment for the Arts funds and 1.0 FTE position for a Senior Administrative Aide/Communications and Public Engagement Director. Through the recent strategic planning process, RISCA identified the need to build awareness for the arts in the state. The position will work closely with the staff and external partners to inform and engage the arts community and the general public. The position will help set strategy for the agency, develop key messages for communication to strategic audiences, oversee the development of relevant print/design materials, and ensure that RISCA's social media and communications work is responsive to the needs of artists, and arts and culture organizations. The federal funds are from the annual partnership agreement grant with the National Endowment for the Arts and the position is limited to the term of available funds.

## Rhode Island Atomic Energy Commission

Expenditures By Program	FY2020	FY2021		Change from Enacted		FY2022		Change from Enacted	
	Actual	Enacted	FY2021 Final			Enacted			
Atomic Energy Commission	\$1,309,910	\$1,515,857	\$1,989,154	\$473,297	31.2%	\$1,959,573	\$443,716	29.3%	
<b>Expenditures By Source</b>									
General Revenue	\$1,002,739	\$1,059,645	\$1,063,124	\$3,479	0.3%	\$1,076,170	\$16,525	1.6%	
Federal Funds	-	7,936	477,000	469,064	5910.6%	477,000	469,064	5910.6%	
Restricted Receipts	(23,599)	99,000	99,000	-	-	25,036	(73,964)	-74.7%	
Other Funds	330,770	349,276	350,030	754	0.2%	381,367	\$32,091	9.2%	
<b>Total</b>	<b>\$1,309,910</b>	<b>\$1,515,857</b>	<b>\$1,989,154</b>	<b>\$473,297</b>	<b>31.2%</b>	<b>\$1,959,573</b>	<b>\$443,716</b>	<b>29.3%</b>	
Authorized FTE Levels	8.6	8.6	8.6	-	-	8.6	-	-	

The Rhode Island Atomic Energy Commission (Commission) operates and maintains the Rhode Island Nuclear Science Center (RINSC), which is used for medical, biological, environmental, and materials research, education and commercial activities. The Commission also provides assistance to other state agencies in their radiation and emergency response programs.

RINSC operates a research reactor and provides laboratories and classrooms for research and education programs for the University of Rhode Island as well as for other colleges and universities in the State and throughout New England. In 2010, the University of Rhode Island (URI) began offering a nuclear engineering minor program of study. For students who perform well, a new nuclear engineer operating course was added in 2016 that prepares students for the operator license exam. URI is currently working to create a major in nuclear engineering. The Commission continues its collaboration with schools and universities in the State. Davies High School, Brown University physics classes, and URI mechanical design students are among those that have recently utilized the facility.

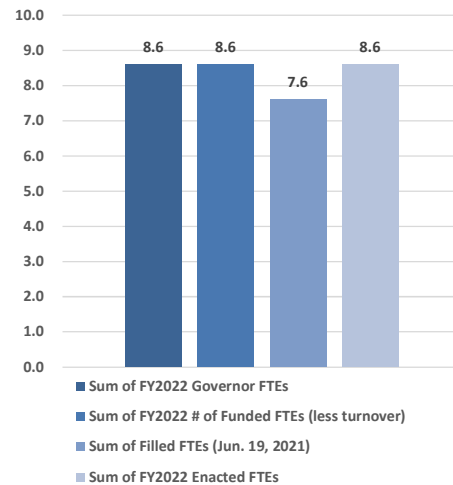
### MAJOR ISSUES AND TRENDS

The FY2021 Revised Budget provides an increase \$469,064 in federal funds due primarily to the receipt of a grant from the federal Department of Energy to upgrade some of the reactor control instrumentation. The project started in October 2020; however, project delays related to COVID-19 have pushed the completion date into FY2022. The other funds increase in FY2022 is due to salaries and benefits increases associated with the FTE positions funded through URI.

Article 2 of the FY2019 Budget as Enacted created a new restricted receipt account, the “Atomic Energy Enterprise fund”, for reactor usage fees collected by the Commission to support the technical operations and maintenance of equipment. In FY2022, projected revenues are lower than the enacted level as a primary commercial user is taking longer than anticipated to shift business to RINSC, resulting a decrease of \$73,964 in restricted receipts.

The Budget authorizes 8.6 FTE positions in FY2021 and FY2022 for the program, 1.8 of which are funded through URI for its radiation safety functions. URI funding also covers 40.0 percent of the Commission’s overhead costs, including its building maintenance and repair costs.

FTE Snapshot



<b>Rhode Island Atomic Energy Commission</b>	<b>General Revenue</b>
FY2021 Enacted	\$1,059,645
<i>Target and Other Adjustments</i>	<i>16,525</i>
<b>FY2022 Enacted</b>	<b>\$1,076,170</b>

<b>Rhode Island Atomic Energy Commission</b>	<b>Other Fund Changes</b>
Federal Instrumentation Grant (federal funds)	\$477,000

***Federal Instrumentation Grant (federal funds)*** **\$477,000**

The Budget includes \$477,000 in federal funds for a new grant from the federal Department of Energy to support upgrades to reactor control instrumentation. Project delays are expected to extend the project beyond September 2021.

**CAPITAL PROJECTS**

The Budget includes \$50,000 in Rhode Island Capital Plan (RICAP) funded asset protection projects for FY2021 and FY2022. In FY2021, the projects include refurbishing the machine shop, upgrading the electrical panels in the Pump Gate Area, and installing high efficiency LED lighting in the heat exchanger room and the men's room. In FY2022, the Commission is refurbishing Area 26 for RAM Waste Storage, painting the Electronic Shop, and landscaping around the facility grounds.

## Rhode Island Historical Preservation and Heritage Commission

Expenditures By Program	FY2020	FY2021	FY2021	Change from		FY2022	Change from	
	Actual	Enacted	Revised	Enacted		Enacted	Enacted	
Historical Preservation and Heritage Commission	\$2.1	\$2.7	\$2.5	(\$0.1)	-5.0%	\$2.7	(\$0.0)	-0.5%
<b>Total</b>	<b>\$2.1</b>	<b>\$2.7</b>	<b>\$2.5</b>	<b>(\$0.1)</b>	<b>-5.0%</b>	<b>\$2.7</b>	<b>(\$0.0)</b>	<b>-0.5%</b>
<b>Expenditures By Source</b>								
General Revenue	\$1.4	\$1.6	\$1.4	(\$0.1)	-9.5%	\$1.4	(\$0.2)	-11.0%
Federal Funds	0.6	0.5	0.6	-	2.8%	0.7	-	28.1%
Restricted Receipts	0.0	0.4	0.4	-	0.0%	0.4	-	0.5%
Other Funds	0.1	0.1	0.1	-	0.3%	0.2	-	2.6%
<b>Total</b>	<b>\$2.1</b>	<b>\$2.7</b>	<b>\$2.5</b>	<b>(\$0.1)</b>	<b>-5.0%</b>	<b>\$2.7</b>	<b>(\$0.0)</b>	<b>-0.5%</b>
Authorized FTE Levels	15.6	15.6	15.6	-	-	15.6	-	-

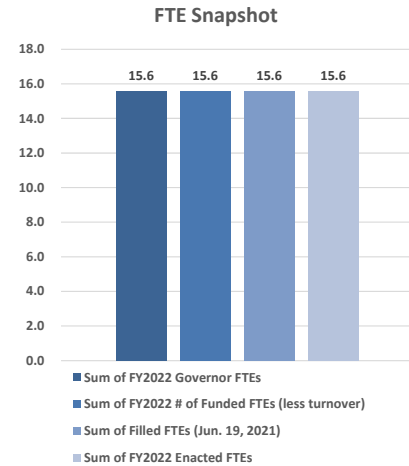
*\$ in millions. Totals may vary due to rounding.*

The Rhode Island Historical Preservation and Heritage Commission (Commission) operates a statewide historical preservation program that identifies and protects historic buildings, districts, structures, and archaeological sites. The Commission identifies and protects historic and prehistoric sites, buildings, and districts by nominating significant properties to the National Register of Historic Places and the State Register as well as administering grants, loans and tax credits for rehabilitation of historic buildings. The Commission also develops and carries out programs to document and celebrate the rich cultural heritage of Rhode Island's people.

### MAJOR ISSUES AND TRENDS

The FY2022 Budget as Enacted includes \$1.4 million in general revenue (\$2.7 million all funds), representing a general revenue decrease of \$172,280 (\$13,406 all funds) relative to the FY2021 Budget as Enacted.

The Budget authorizes 15.6 FTE positions for FY2022, consistent with the FY2021 Budget as Enacted.



Historical Preservation & Heritage Commission	General Revenue
FY2021 Enacted	\$1,562,984
<i>Targets and Other Adjustments</i>	
Personnel Adjustment	(950)
Centralized Services	(100,000)
<b>FY2022 Enacted</b>	<b>\$1,390,704</b>
<b>Historical Preservation &amp; Heritage Commission</b>	
Survey and Planning (federal funds)	Other Funds \$139,453
State Preservation Grant (G.O. Bond Proceeds)	Informational

### Personnel Adjustment

**(\$100,000)**

The Budget includes general revenue savings of \$100,000 due to projected actual spending for salary and benefits within the Commission. As of June, 2021, the Commission anticipates spending \$192,704 less than Budgeted for FY2021. The Commission routinely has a general revenue surplus for salary and benefit costs.

**Centralized Service Charges****(\$71,330)**

The Budget decreases general revenue expenditures by \$71,330 to reflect the actual cost of decentralization of statewide services provided by and previously centralized in the Department of Administration. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. The expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. The Budget includes a decrease of \$58,703 for facilities management and \$12,627 for IT costs.

**Survey and Planning (federal funds)****\$139,453**

The Budget includes \$139,453 in federal funds for the federal Historic Preservation Grant. This grant supports the rehabilitation of historic properties to foster economic development in rural communities. This funding allows the Commission to survey eligible historic properties to determine if they are able to assist in the rehabilitation.

**State Preservation Grant (G.O. Bond Proceeds)****Informational**

In November of 2014, voters approved \$5.0 million in general obligation bonds to recapitalize the State Preservation Grant Program. The State Preservation Grants Program was established to improve and/or repair landmarks and historic facilities such as museums, cultural centers, theatres, and public historic sites.

Through FY2020 the Commission has supported 54 statewide projects awarding \$3.6 million in funds. The final amount of \$491,892 is intended to be spent in FY2021 and FY2022 supporting five additional projects.

In March of 2021, a statewide bond referendum passed that allocated an additional \$1.0 million to the State Preservation Grant program in general obligation bonds. As of June 2021, the Commission does not anticipate expending any of these additional funds in FY2022 and will begin the process of funding eligible projects again in FY2023.

## State Preservation Grant Awards

Recipient	Town	Amount Disbursed	FY2021 to be Spent	FY2022 to be Spent
Bristol Historical and Preservation Society	Bristol	\$75,888	\$0	\$0
Coggeshall Farm Museum	Bristol	29,707	-	-
Friends of Linden Place	Bristol	72,635	-	-
Herreshoff Marine Museum	Bristol	150,000	-	-
Town of Bristol	Bristol	150,000	-	-
City of Central Falls	Central Falls	150,000	-	-
Town of Coventry	Coventry	26,404	-	-
Town of Cumberland	Cumberland	149,041	-	-
Town of East Greenwich	East Greenwich	150,000	-	-
Varnum Continentals, Inc.	East Greenwich	23,609	-	-
City of East Providence	East Providence	69,652	-	-
Friends of Pomham Rocks	East Providence	150,000	-	-
Borders Farm Preservation, Inc.	Foster	30,000	-	-
Foster Preservation Society	Foster	29,703	-	-
Beavertail Lighthouse Museum Association	Jamestown	25,000	-	-
Beavertail Lighthouse Museum Association	Jamestown	42,250	-	-
Historic New England	Johnston	31,240	-	-
Block Island SE Lighthouse Foundation	New Shoreham	150,000	-	-
City of Newport	Newport	150,000	-	-
Fort Adams Trust	Newport	150,000	-	-
International Tennis Hall of Fame	Newport	73,188	-	-
La Forge Restoration Foundation	Newport	300,000	-	-
Newport Art Museum	Newport	150,000	-	-
Newport Restoration Foundation	Newport	16,596	-	-
Preservation Society of Newport County	Newport	150,000	-	-
Preservation Society of Newport County	Newport	-	-	150,000
RI Dept. of Environmental Mgmt.	Newport	150,000	-	-
The Company of the Redwood Library and Athenaeum	Newport	39,783	-	-
Trinity Episcopal Church	Newport	29,508	-	-
Cocumcussoc Association	North Kingstown	47,447	-	-
North Smithfield Heritage Association	North Smithfield	22,890	65,330	-
City of Pawtucket	Pawtucket	106,238	-	-
Old Slater Mill Assoc.	Pawtucket	44,500	-	-
Portsmouth Historical Society	Portsmouth	30,000	-	-
City of Providence	Providence	135,313	-	-
Congdon Street Baptist Church	Providence	79,272	70,728	-
Friends of the Music Mansion, Inc.	Providence	150,000	-	-
Preserve Rhode Island	Providence	150,000	-	-
Providence Athenaeum	Providence	148,806	-	-
Providence Performing Arts Center	Providence	-	150,000	-
Providence Public Library	Providence	150,000	-	-
Trinity Restoration Inc	Providence	94,166	55,834	-
Smithfield Preservation Society	Smithfield	27,476	-	-
Town of Smithfield	Smithfield	31,950	-	-
Historic New England	South Kingstown	39,160	-	-
South County Art Association	South Kingstown	57,967	-	-
Memorial and Library Association of Westerly	Westerly	15,488	-	-
Orlando Smith Trust	Westerly	10,575	-	-
Westerly Armory Restoration, Inc	Westerly	24,750	-	-
American French Genealogical Society	Woonsocket	150,000	-	-
City of Woonsocket	Woonsocket	74,249	-	-
<b>Total</b>		<b>\$3,649,817</b>	<b>\$341,892</b>	<b>\$150,000</b>





## Department of the Attorney General

Expenditures by Program	FY2020 Actual	FY2021 Enacted	FY2021 Revised	Change from Enacted		FY2022 Enacted	Change from Enacted	
General Division	\$3.9	\$4.3	\$4.2	(\$0.1)	-2.0%	\$4.3	\$0.0	0.0%
Criminal Division	21.5	20.9	21.0	0.1	0.5%	21.4	0.5	2.3%
Civil Division	5.9	6.8	6.8	0.0	0.5%	7.1	0.3	3.8%
Bureau of Criminal Identification	3.4	1.8	3.1	1.3	71.8%	3.1	1.3	69.8%
<b>Total</b>	<b>\$34.6</b>	<b>\$33.8</b>	<b>\$35.1</b>	<b>\$1.3</b>	<b>4.0%</b>	<b>\$35.8</b>	<b>\$2.0</b>	<b>5.9%</b>

### Expenditures by Source

General Revenue	\$28.0	\$29.6	\$29.5	(\$0.1)	-0.3%	\$29.8	\$0.2	0.8%
Federal Funds	4.2	2.9	3.1	0.2	7.8%	3.4	0.6	19.2%
Restricted Receipts	2.4	1.1	2.5	1.3	113.9%	2.4	1.2	107.9%
Other Funds	0.0	0.2	0.1	(0.1)	-56.2%	0.2	(0.0)	-15.6%
<b>Total</b>	<b>\$34.6</b>	<b>\$33.8</b>	<b>\$35.1</b>	<b>\$1.3</b>	<b>4.0%</b>	<b>\$35.8</b>	<b>\$2.0</b>	<b>5.9%</b>

Authorized FTE Levels	239.1	239.1	239.1	-	-	247.1	8.0	3.3%
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\$ in millions. Totals may vary due to rounding.

The Department of the Attorney General is the central legal agency of the State. The Department is responsible for the prosecution of all felony criminal cases and misdemeanor, appeals as well as prosecution of misdemeanor cases brought by state law enforcement in the various district courts. Additionally, as chief legal officer of the State, the Attorney General acts to protect consumers against fraudulent business practices; investigates Opens Meetings Act and Access to Public Records compliance; and, acts as the central repository for criminal history and information in the State. The Department is divided into four budget programs: General, Criminal, Civil, and Bureau of Criminal Identification.

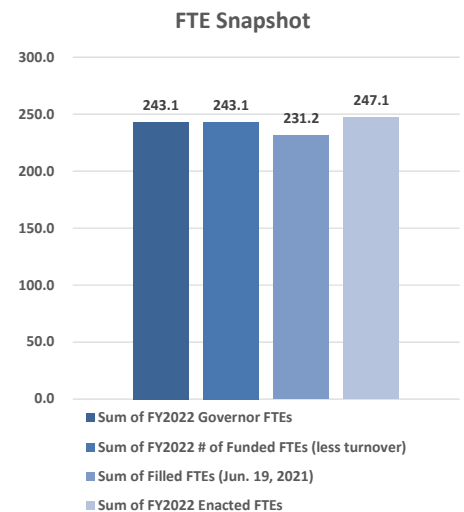
### MAJOR ISSUES AND TRENDS

The Budget includes \$35.8 million in total funding for the Department, an increase of \$2.0 million from the FY2021 Budget as Enacted. General revenues increased by \$238,497, or 0.8 percent, from the FY2021 Budget as Enacted, to \$29.8 million. The increase in general revenue is primarily related to the addition of 4.0 FTE positions within the Criminal Division, 2.0 Staff Attorneys and 2.0 Paralegals.

The increase in federal funds is related to new federal grants including \$332,000 in the Criminal Division and \$238,000 within the Bureau of Criminal Identity.

The increase in restricted receipts is mainly within the Bureau of Criminal Identification to bring funding for fingerprinting services in line with FY2020 actual levels, the Budget also includes an additional \$406,326 within the Civil Division to support an additional 4.0 FTE positions.

The Budget includes 247.1 FTE positions in FY2022, an increase of 8.0 FTE positions over the FY2021 Enacted level. New positions include 2.0 new Staff Attorneys and 2.0 Paralegal within the Special Victims Unit, and 2.0 Staff Attorneys and 2.0 Paralegals within the Civil Division.



**GENERAL DIVISION**

The General Division is responsible for the overall operations of the Department. It consists of the following units: Executive, Fiscal, Personnel, Operations, Management Information Systems, and Public Information/Legislation. The Division oversees the finances of the Department, prepares and submits the Department's annual budget, and lobbies for the resources necessary for the efficient operation of the Department.

<b>General Division</b>	<b>General Revenue</b>
FY2021 Enacted	\$4,106,493
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<i>Targets and Other Adjustments</i>	<i>(11,526)</i>
VRI Savings	(65,217)
Personnel	58,761
Centralized Service Charges	40,005
Desktop Computer and Hardware Replacement	7,845
<b>FY2022 Enacted</b>	<b>\$4,136,361</b>

**VRI Savings** **(\$65,217)**

The Budget includes general revenue savings of \$65,217 within the General Division from the voluntary retirement incentive (VRI). The State initiated a VRI payment to active State employees as of January 4, 2021, who had a full benefit retirement date on or before December 31, 2020. The VRI is intended to achieve strategic and budgetary objectives by refilling 70.0 percent of the resulting vacancies at 80.0 percent of the previous employee's cost for the first year, while allowing the State to recognize the long-term service of its employees and provide them with the flexibility to retire.

**Personnel** **\$58,761**

The Budget provides an additional \$58,761 in general revenue for personnel costs. This increase is due to anticipated additional expenses including an increase in employee retirement and health care costs. This also includes \$15,215 to restore funding that was saved in FY2021 due to the Department's participation in the WorkShare program.

Due to the COVID-19 pandemic, the State began an Employee WorkShare Program which allowed eligible state employees to claim federal WorkShare benefits while working 60.0 percent of their regular weekly hours. Employees participated for a total of twelve weeks.

**Centralized Service Charges** **\$40,005**

The Budget increases general revenue expenditures by \$40,005 to reflect the actual cost of decentralization of statewide services provided by and previously centralized in the Department of Administration. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. The expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency.

**Desktop Computer and Hardware Replacement** **\$7,845**

The Budget includes an additional \$7,845 in general revenue (\$35,118 total) to replace all laptop and desktop computers as well as upgrade all computer hardware within the General Division. This is a Department-wide initiative to replace and upgrade all computers and laptops. The Department's current operating system uses Windows 7, which is no longer supported by Microsoft as of January 2020. The Department has obtained an extended security package that will allow continued operation on the current computers while they are transitioning to new computers.

**CRIMINAL DIVISION**

The Criminal Division is charged with the prosecution of felony cases and misdemeanor appeals. The Division assists the Attorney General in carrying out the constitutional responsibility to prosecute all felony criminal offenses occurring in the State, as well as all misdemeanor criminal cases brought by State law enforcement agencies or appealed to the Superior Court. Specialized units focus on white-collar crime, narcotics and organized crime, firearms offenses, juvenile offenders, domestic violence and sexual assault, Medicaid fraud, and District Court offenses.

<b>Criminal Division</b>	<b>General Revenue</b>
FY2021 Enacted	\$17,629,585
<i>Targets and Other Adjustments</i>	
Personnel	666,291
Operating Expenses	(153,453)
VRI Savings	(78,045)
Protection of State Witnesses	(37,491)
Expert Witness Funding - Medical Professionals	(18,576)
<b>FY2022 Enacted</b>	<b>\$17,949,759</b>
<b>Criminal Division</b>	
	<b>Other Fund Changes</b>
RI VOICE (federal funds)	(\$324,000)
Innovative Prosecution Solutions Grant (federal funds)	332,000

**Personnel** **\$666,291**

The Budget includes an additional \$666,129 for personnel. This includes an additional \$445,013 to support another 4.0 FTE positions: 2.0 Paralegals and 2.0 Attorneys. The Budget also adds \$168,165 for adjustments to personnel expenses including employee retirement and healthcare costs, and includes \$53,113 to restore funding that was saved in FY2021 due to the Department's participation in the WorkShare program.

Due to the COVID-19 pandemic, the State began an Employee WorkShare Program which allowed eligible state employees to claim federal WorkShare benefits while working 60.0 percent of their regular weekly hours. Employees participated for a total of twelve weeks.

**Operating Expenses** **(\$153,453)**

The Budget includes a decrease of \$153,453 in operating expenses compared to the FY2021 Budget as Enacted. The majority of the decreases bring costs back in line with FY2019 and FY2020 actual costs, including decreases of \$46,758 for postage and postal services, \$36,856 for office supplies and equipment, \$36,063 for electricity, \$22,810 for rental and leases of equipment, \$18,904 for the rental of outside property, and \$16,072 for overhead costs for the record center. The Budget also includes a decrease of \$69,448 for information technology and software maintenance costs, offset by an increase of \$93,347 for computer supplies.

**VRI Savings** **(\$78,045)**

The Budget includes general revenue savings of \$78,045 within the Criminal Program from the voluntary retirement incentive (VRI). The State initiated a VRI payment to active State employees as of January 4, 2021, who had a full benefit retirement date on or before December 31, 2020. The VRI is intended to achieve strategic and budgetary objectives by refilling 70.0 percent of the resulting vacancies at 80.0 percent of the previous employee's cost for the first year, while allowing the State to recognize the long-term service of its employees and provide them with the flexibility to retire.

**Protection of State Witnesses****(\$37,491)**

The Budget includes \$58,648 for the protection of state witnesses, a decrease of \$37,491 from the FY2021 Enacted level. This decrease brings the Budget back in line with FY2020 actual expenditures. State witnesses include victims of crimes, material witnesses, or any person who is able to provide relevant testimony or information. The witnesses are required to be protected from wrongful actions against them or their family.

The amount of funding needed for the protection of state witnesses can vary each year, but the Department notes that the cost of food, lodging, transportation and other miscellaneous expenses continues to increase.

**Expert Witness Funding – Medical Professionals****(\$18,576)**

The Budget includes a decrease of \$18,576 for expert witness testimony funding, specifically for medical professionals. The Budget includes a total of \$45,424 for medical professional expert witness testimony. The Department uses expert witnesses in case testimonies. These costs can be unpredictable and difficult to plan for.

The Department spent \$34,000 in FY2019 and \$37,850 in FY2020 for expert medical witness testimony. The FY2021 Budget as Enacted included \$64,000 in funding for expert medical witness testimony.

**RI VOICE (federal funds)****(\$324,000)**

The Budget includes a federal funds decrease of \$324,000 for the Rhode Island Victims Outreach Integrated Community Environment (VOICE) project. The VOICE project is a secure portal that will provide real time access to cases, offender status, and other information to victims of crimes, advocates, and state agencies. The VOICE project began in FY2020 and was scheduled to be completed in FY2021, however, the Department has experienced setbacks related to the COVID-19 pandemic. The Department does not anticipate expending all funding in FY2021 and will carry some funding over to FY2022. This will be included in a revised budget submission.

**Innovative Prosecution Solutions Grant (federal funds)****\$332,000**

The Budget includes an additional \$332,000 in federal funds for the Innovative Prosecution Solutions grant. The Grant was awarded to the State by the U.S. Department of Justice, funding is intended continue the Federal Government's efforts to reduce crime and improve public safety by supporting law enforcement efforts to combat violent crime.

**CIVIL DIVISION**

The Civil Division is charged with conducting the State's legal affairs and representing the State in legal proceedings. By law, the Attorney General initiates and defends actions in state and federal courts whenever warranted; ensures that representation is provided to state officers, employees, and agencies in all courts; advises state officers and agencies on legal issues; and, issues written opinions on legal issues when requested by governmental officers.

<b>Civil Division</b>	<b>General Revenue</b>
FY2021 Enacted	\$6,031,523
<i>Targets and Other Adjustments</i>	<i>(48,200)</i>
Expert Witness Funding	(194,160)
Personnel	108,154
<b>FY2022 Enacted</b>	<b>\$5,897,317</b>
<b>Civil Division</b>	<b>Other Fund Changes</b>
Personnel (restricted receipts)	\$406,326

**Expert Witness Funding** **(\$194,160)**

The Budget includes \$278,400 for expert witness testimony, a decrease of \$194,160 from FY2021. Prior to FY2020, the Department did not include funding within the Civil Department for expert witness testimony; however, recently the Department has pursued additional cases resulting in the need for funding. The Department uses expert witnesses in case testimonies. These costs can be unpredictable and difficult to plan for. The Department spent \$86,959 in FY2020 for expert witness testimony.

**Personnel** **\$108,154**

The Budget increases general revenue funding by \$108,154 for personnel expenses, including employee retirement and healthcare costs. This also includes \$15,419 to restore funding that was saved in FY2021 due to the Department's participation in the WorkShare program.

Due to the COVID-19 pandemic, the State began an Employee WorkShare Program which allowed eligible state employees to claim federal WorkShare benefits while working 60.0 percent of their regular weekly hours. Employees participated for a total of twelve weeks.

**Personnel (restricted receipts)** **\$406,326**

The Budget includes \$406,326 in restricted receipt funding to support an additional 4.0 FTE positions including 2.0 Paralegals and 2.0 Attorneys. The Governor's Budget included \$203,163 in general revenue to support 2.0 FTE positions. The Budget shifts that funding to restricted receipts, and includes an additional \$203,163 to support another 2.0 positions.

These additional positions will work within the Department's multi-state litigation division. These positions will allow the Department to allocate more resources to multi-state litigation initiatives. Currently, the Attorney General decides if the State will participate in a multi-state initiative and how large of a roll the State will take on. If the Department is able to pursue more multi-state initiatives and take on more responsibilities, such as working on the executive committee, the State would be able to have a bigger role in deciding how settlement funds are distributed. This could lead to the State recouping more settlement funds.

**BUREAU OF CRIMINAL IDENTIFICATION**

The Bureau of Criminal Identification (BCI) is the state entity charged with maintaining criminal history information for crimes committed in Rhode Island. The BCI responds to criminal history records requests, analyzes and records fingerprint information, maintains pistol permits, issues security guard licenses, and conducts employee background checks. The BCI is open 24-hours per day, 7-days per week to respond to requests from law enforcement agencies throughout the country. In FY2019, the BCI moved to the Department's new facility located at the Pastore complex. The new facility was completed in 2018 using Google forfeiture federal funds.

<b>Bureau of Criminal Identification</b>	<b>General Revenue</b>
FY2021 Enacted	\$1,814,266
<i>Targets and Other Adjustments</i>	
Personnel	(995)
	23,656
<b>FY2022 Enacted</b>	<b>\$1,836,927</b>

<b>Bureau of Criminal Identification</b>	<b>Other Fund Changes</b>
National Criminal History Improvement Program (federal funds)	\$238,000

**Personnel** **\$23,656**

The Budget includes an additional \$23,656 for personnel costs within the BCI. This increase is related to employee step increases as well as additional funding for medical insurance and employee retirement costs.

This also includes \$10,688 to restore funding that was saved in FY2021 due to the Department's participation in the WorkShare program.

Due to the COVID-19 pandemic, the State began an Employee WorkShare Program which allowed eligible state employees to claim federal WorkShare benefits while working 60.0 percent of their regular weekly hours. Employees participated for a total of twelve weeks.

***National Criminal History Improvement Program (federal funds)*** ***\$238,000***

The Budget includes an additional \$238,000 in federal funds for the National Criminal History Improvement Program (NCHIP) grant. The grant is intended to reduce violent crime and gun violence by enhancing criminal justice capabilities of States through improving interstate accessibility of criminal-history and related records in support of national record systems and the use of name and fingerprint-based criminal history background checks.

**CAPITAL PROJECTS**

The Budget includes \$77,791 in Rhode Island Capital (RICAP) funding for FY2021 and \$150,000 in FY2022. Funding in FY2021 will be used for construction close-out costs for projects at the Department's 150 South Main Street location, as well as the new BCI building on the Pastore campus. The \$150,000 in funding in FY2022 will be used to support architectural and engineering services for the roof replacement at 150 South Main Street. The roof was last replaced in 1997.

## Department of Corrections

Expenditures By Program	FY2020	FY2021	FY2021	Change from		FY2022	Change from	
	Actual	Enacted	Revised	Enacted		Enacted	Enacted	
Central Management	\$15.8	\$16.7	\$17.9	\$1.2	7.2%	\$15.8	(\$0.8)	-5.0%
Community Corrections	15.8	17.5	17.5	0.1	0.3%	18.7	1.2	7.0%
Custody and Security	147.4	153.9	141.6	(12.2)	-7.9%	139.7	(14.1)	-9.2%
Healthcare Services	27.8	21.4	27.8	6.4	30.0%	28.2	6.8	31.8%
Institutional Based Rehab/Population Management	10.4	13.4	14.6	1.2	9.1%	12.6	(0.7)	-5.6%
Institutional Support	39.1	30.5	33.4	2.9	9.4%	29.4	(1.1)	-3.6%
Parole Board	1.4	1.5	1.6	0.1	6.9%	1.5	(0.0)	-2.0%
<b>Total</b>	<b>\$257.8</b>	<b>\$254.7</b>	<b>\$254.3</b>	<b>(\$0.4)</b>	<b>-0.2%</b>	<b>\$245.9</b>	<b>(\$8.8)</b>	<b>-3.5%</b>
<b>Expenditures By Source</b>								
General Revenue	\$185.1	\$163.2	\$110.9	(\$52.4)	-32.1%	\$236.3	\$73.1	44.8%
Federal Funds	53.0	80.6	132.6	52.0	64.5%	2.1	(78.5)	-97.4%
Restricted Receipts	3.5	1.0	1.0	0.0	1.6%	2.3	1.4	143.6%
Other Funds	16.3	9.9	9.9	-	-	5.1	(4.8)	-48.2%
<b>Total</b>	<b>\$257.8</b>	<b>\$254.7</b>	<b>\$254.3</b>	<b>(\$0.4)</b>	<b>-0.2%</b>	<b>\$245.9</b>	<b>(\$8.8)</b>	<b>-3.5%</b>
Authorized FTE Levels	1,416.0	1,411.0	1,411.0	-	-	1,424.0	13.0	0.9%

\$ in millions. Totals may vary due to rounding.

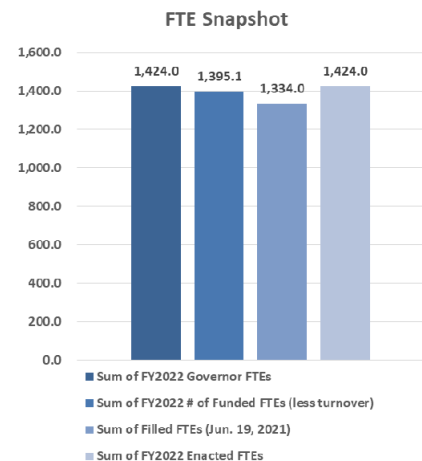
The Rhode Island Department of Corrections (DOC) provides appropriate, safe, secure, and humane control of offenders, while actively assisting and encouraging offenders to become productive and law-abiding members of the community. Additionally, the Rhode Island State Parole Board is budgeted as a unit of the Department, but has independent programmatic decision-making authority. Collectively known as the Adult Correctional Institutions (ACI), there are seven separate occupied facilities, which have a total current capacity of 3,991 beds. In FY2021, the Department has averaged 2,162 inmates (54.2 percent of capacity) housed at the ACI for the fiscal year, including 2,077 men and 85 women. The Department also provides supervision of offenders in the community (home confinement, probation, and parole).

### MAJOR ISSUES AND TRENDS

The Budget includes \$245.9 million in total expenditures for FY2022, including \$236.3 million in general revenue, an increase of \$73.1 million over the FY2021 enacted level. The majority of the general revenue increase is associated with additional personnel costs being shifted back to general revenue within the Custody and Security program. The FY2021 Budget as Enacted used COVID-19 Relief funds to support personnel within Custody and Security; these funds are no longer available in FY2022.

The FY2022 Budget for the Department of Corrections is based on an estimated average daily population of 2,115 individuals, a decrease of 152 from the FY2021 Budget as Enacted.

The Budget authorizes 1,424.0 FTE positions for FY2022, an increase of 13.0 FTE positions from the FY2021 Budget as Enacted. The Budget includes an additional 7.0 Community Correction Assessment Analysts to bring discharge planning services in house, 2.0 Health Program Administrators, 1.0 Co-Hospital Case Manager, and 1.0 Data Analyst within the Department's Healthcare Services Program. The Budget also adds 1.0 Apprenticeship Coordinator position to coordinate the apprenticeship program between the Department of Labor and Training (DLT) and the Department of Corrections and 1.0 Coordinator of Employment and Training Programs to work with DLT to connect inmates with post-incarceration employment opportunities.



**CENTRAL MANAGEMENT**

The Central Management program houses two sub-programs, the Executive program which consists of the Office of the Director, Legal Services, and Internal Affairs, as well as the Administration Program which includes Human Resources, Management Information, Planning and Research, Policy Development and Auditing, the Training Academy and Staff Development, and Financial Resources.

<b>Central Management</b>	<b>General Revenue</b>
FY2021 Enacted	\$16,482,004
<i>Target and Other Adjustments</i>	
Personnel	(29,025)
Computer and Software Operating Expenses	(624,433)
DLT Apprenticeship/Reentry 2.0 FTE Positions	(292,160)
Contract Professional Services	223,380
Centralized Service Charges	58,680
VRI Savings	49,340
VRI Savings	(43,979)
<b>FY2022 Enacted</b>	<b>\$15,823,807</b>

**Personnel****(\$624,433)**

The Budget as Enacted includes a savings of \$624,433 in personnel costs. The majority of this decrease, \$604,534, is related to the transfer of the Physical Resources Unit from Central Management to the Central Distribution Center internal service fund. While this is a decrease in Central Management the transfer is budget neutral as a whole as the costs are now in the Central Distribution Center internal service fund. The Budget also includes a decrease in regular wages, the Department has experienced savings due to the retirement of a number of positions including the Deputy Chief of Legal Services, the Associate Director of Financial Resources, and the Associate Director of Planning and Research. The Budget includes a savings of \$177,000 related to the Training Unit, and assumes 40 recruits in the FY2022 class, a decrease of 20 recruits from FY2021 Enacted levels. These decreases are partially offset by an additional \$185,710 in longevity pay. The Budget includes an error that caused all funds for longevity pay in the FY2021 Budget as Enacted to be zeroed out within the Department, resulting in what appears to be an increase. The Budget also includes an additional \$127,921 to restore funding that was saved in FY2021 due to the Department's participation in the WorkShare program.

Due to the COVID-19 pandemic, the State began an Employee WorkShare Program which allowed eligible state employees to claim federal WorkShare benefits while working 60.0 percent of their regular weekly hours. Employees participated for a total of twelve weeks.

**Computer and Software Operating Expenses****(\$292,160)**

The Budget includes \$334,833 for computer and software supplies and expenses, a savings of \$292,160 relative to the FY2021 Budget as Enacted. This decrease is intended to align the FY2022 Budget with actual spending in FY2020. In FY2020 the Department spent \$247,936 on computers and software.

**DLT Apprenticeship/Reentry 2.0 FTE Positions****\$223,380**

The Budget includes an additional \$223,380 to support an additional 2.0 FTE positions in the FY2022 Budget. These positions include 1.0 FTE Coordinator of Employment and Training Programs and 1.0 FTE Apprenticeship Coordinator position to coordinate the apprenticeship program between the Department of Labor and Training (DLT). The Department estimates that 75.0 percent of incarcerated inmates have a high school education or higher and would be able to find work if not for being incarcerated. These positions will work in conjunction with the Department of Labor and Training to provide collaboration and training programs to incarcerated individuals, allowing them to find employment post-incarceration.



**Contract Professional Services****\$58,680**

The Budget includes an additional \$58,680 for contract professional services. The majority of this increase is related to an additional \$147,885 for IT Support Services, as the Department is moving their Common Business Oriented Language (COBOL) reporting system to a new platform. This increase is partially offset by a decrease of \$55,605 for clerical services, related to the elimination of temporary clerical support throughout the Department, as well as a decrease of \$21,100 for Doctors and Dentists and \$21,100 for University/College Services to align the Budget with FY2020 actual expenditures.

**Centralized Service Charges****(\$49,340)**

The Budget includes \$6.2 million in general revenue expenditures for Information Technology, Capital Assets Management, and Human Resource Service Center projected costs in FY2022. This is an increase of \$49,340 from the FY2021 Budget as Enacted amount of \$6.2 million. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In FY2019 these expenditures were reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. The Budget increases these costs for FY2022.

	<b>FY2021</b>	<b>FY2022</b>	<b>Change from</b>	
<b>Centralized Service Charges</b>	<b>Enacted</b>	<b>Enacted</b>	<b>Enacted</b>	
Information Technology	\$3,970,505	\$4,162,462	\$191,957	4.8%
Capital Asset Management	-	-	-	-
Human Resources	2,209,350	2,066,733	(142,617)	-6.5%
<b>Total</b>	<b>\$6,179,855</b>	<b>\$6,229,195</b>	<b>\$49,340</b>	<b>0.8%</b>

**VRI Savings****(\$43,979)**

The Budget includes general revenue savings of \$43,979 within the General Division from the voluntary retirement incentive (VRI). The State initiated a VRI payment to active State employees as of January 4, 2021, who had a full benefit retirement date on or before December 31, 2020. The VRI is intended to achieve strategic and budgetary objectives by refilling 70.0 percent of the resulting vacancies at 80.0 percent of the previous employee's cost for the first year, while allowing the State to recognize the long-term service of its employees and provide them with the flexibility to retire.

**COMMUNITY CORRECTIONS**

The Community Corrections program is responsible for supervising offenders serving portions of their sentence under probation, parole, or community confinement, and also provides certain services to victims of crimes. The Probation and Parole unit provides supervision and services for individuals under the jurisdiction of the courts or Parole Board, and attempts to successfully reintegrate individuals from incarceration back into the community. Community Confinement provides supervision to individuals sentenced to "house arrest" by the courts and can include work-release supervision. Community Corrections uses electronic monitoring as a primary component of its supervision strategy. Victim Services provides 24-hour per day automated information about offender status and victim advocacy services, including crisis intervention, referral, and case management.

<b>Community Corrections</b>	<b>General Revenue</b>
FY2021 Enacted	\$17,354,335
<i>Target and Other Adjustments</i>	
Personnel	11,866
Justice Reinvestment Initiative	1,434,788
VRI Savings	(157,020)
Community Corrections Population	(66,294)
<b>FY2022 Enacted</b>	<b>Informational</b>
	<b>\$18,577,675</b>

**Personnel****\$1.4 million**

The Budget includes an increase of \$1.4 million in general revenue for personnel costs. The majority of this increase, \$704,468, is related to longevity pay. The FY2021 Budget as Enacted includes an error that caused all funds for longevity pay to be zeroed out within the Department, resulting in what appears to be an increase. The Budget also includes an increase of \$393,550 for adjustments to retirement and healthcare costs; \$472,204 for turnover to reduce overall turnover savings from \$814,906 in the FY2021 Budget as Enacted to \$342,702; an additional \$109,050 in overtime funding to align with FY2020 actual costs; and, an additional \$21,408 for Correctional Officer Briefings and Stipend Payments. The Budget also includes an additional \$314,636 to restore funding that was saved in FY2021 due to the Department's participation in the WorkShare program. These increases are partially offset by a decrease of \$255,474 in regular wages based on FY2020 actual costs and current vacancies and a decrease of \$10,779 related to holiday pay.

Due to the COVID-19 pandemic, the State began an Employee WorkShare Program which allowed eligible state employees to claim federal WorkShare benefits while working 60.0 percent of their regular weekly hours. Employees participated for a total of twelve weeks.

**Justice Reinvestment Initiative****(\$157,020)**

The Budget includes \$398,436 in general revenue funding for the Justice Reinvestment Initiative, a decrease of \$157,020 from the FY2021 Budget as Enacted. The majority of this decrease includes a savings of \$108,958 in turnover and \$53,810 in professional services.

Historically, the Budget has included \$600,000 in general revenues for the Justice Reinvestment initiative to deliver cognitive behavioral therapy services to probationers and parolees; however, the Department has not used all of the funding, spending only \$225,475 in FY2020. The Department awarded the cognitive behavioral therapy (CBT) contract to Community Solutions in FY2018 to train staff in evidence-based programming to support about 800 probationers and paroles, who have a higher rate of recidivism. Community Solutions was unable to correctly provide the services required by the Department, and as a result the Department was unable to spend all the funding allocation. The Department has changed vendors since FY2018 and currently uses AdCare.

The Justice Reinvestment Initiative was created by the Governor through Executive Order 15-11, as a working group to "examine investments that would break the cycle of crime and incarceration and improve public safety." The working group was composed of 26 members representing three branches of government and several non-profit advocacy organizations in consultation with the Council of State Governments Justice Center, a non-profit organization that specializes in assisting government leaders in the analysis of justice systems. With the goal of reducing recidivism rates, the group identified three issue areas which presented the greatest challenges, particularly in the management of the pre-trial population: outdated probation policies; ineffective probation practices; and, insufficient assessment and diversion tools. Justice Reinvestment identified these issues as the primary drivers of recidivism costs and developed solutions intended to reduce recidivism.

**VRI Savings**

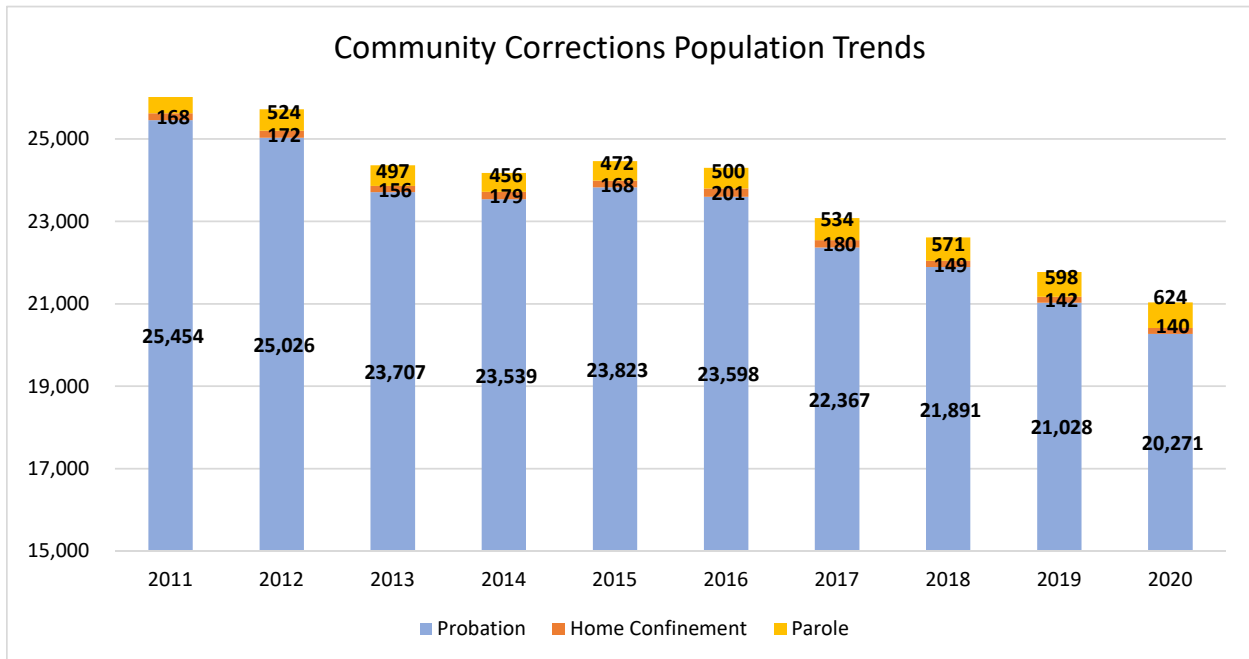
**(\$66,294)**

The Budget includes general revenue savings of \$66,294 within the General Division from the voluntary retirement incentive (VRI). The State initiated a VRI payment to active State employees as of January 4, 2021, who had a full benefit retirement date on or before December 31, 2020. The VRI is intended to achieve strategic and budgetary objectives by refilling 70.0 percent of the resulting vacancies at 80.0 percent of the previous employee’s cost for the first year, while allowing the State to recognize the long-term service of its employees and provide them with the flexibility to retire.

**Community Corrections Population**

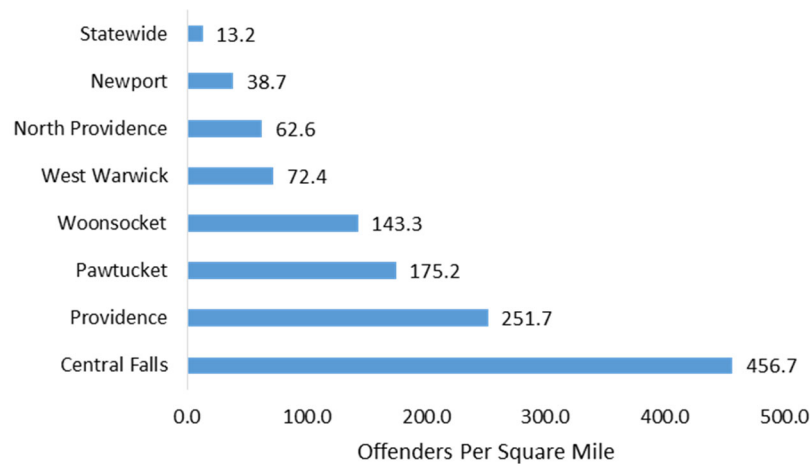
**Informational**

While representing only 7.7 percent of the Department’s general revenue budget for FY2022, Community Corrections serves the largest number of individuals. In FY2019, the program served 21,768 cases, 843 less cases than FY2018. Based on Department of Corrections’ statistics, 1 out of every 53 adult residents in the State is on probation or parole. This equates to 1 of every 30 men and 1 of every 169 women.



The number of cases in the State’s urban areas is substantially higher than the statewide average. Statewide there are an average of 13.2 probationers and parolees per square mile. This increases to a high of 457 probationers and parolees per square mile in the City of Central Falls.

Probationers and Parolees by Square Mile  
as of December 31, 2020



Source: Department of Corrections

## CUSTODY AND SECURITY

The Custody and Security program is responsible for the secure custody and control of the State's inmate population to ensure the safety of staff, inmates, and the general public. The program manages six correctional institutions and one jail complex, all located in Cranston at the Pastore Center. Men's facilities include High Security, Maximum Security, the John J. Moran Medium Security Prison, the currently closed Donald Price Medium Security facility, Minimum Security, and the Intake Center. Women are housed in the Gloria McDonald. Some female inmates were previously housed in the Bernadette Guay facility; however, this facility was closed in FY2017. The program is the largest within the Department and is divided into two sub-programs: Custody, which includes all staff, activities, and food service within the facilities under care of their respective Wardens, and the Security sub-program which includes the Central Office Warden, the Correctional Emergency Response Team, Facility Security Audit Teams, Crisis Intervention Teams, Special Investigations Unit, the Canine Unit, and a Department Armorer.

<b>Custody and Security</b>	<b>General Revenue</b>
FY2021 Enacted	\$74,341,951
<i>Target and Other Adjustments</i>	<i>\$2,074,815</i>
COVID-19 Relief Funds	71,390,922
Personnel	(5,969,459)
Modular Closures	(3,136,256)
VRI Savings	(35,744)
Workshare	30,865
Minimum Security Population Decrease	(17,260)
Inmate Population	Informational
<b>FY2022 Enacted</b>	<b>\$138,679,834</b>

### COVID-19 Relief Funds

**\$71.4 million**

The Budget includes an additional \$71.4 million in general revenues for personnel within Custody and Security. The FY2021 Budget as Enacted included \$71.4 million in federal COVID-19 Relief Funds that the Department was able to use for personnel funding, specifically for Correctional Officers.

**Personnel****(\$6.0 million)**

The Budget includes a general revenue decrease of \$6.0 million related to personnel costs within Custody and Security. The majority of this decrease is related to an \$8.7 million savings in overtime savings for Correctional Officers (CO). The Department anticipates onboarding two new CO classes before the start of FY2022 and one additional CO class in FY2022 that will be included for 15 pay periods. The Budget also includes a decrease of \$145,558 related to changes in health insurance and retirement benefits. These decreases are slightly offset by a regular wages increase of \$1.2 million to support the additional CO positions and a decrease in turnover costs. The FY2021 Budget as Enacted included \$3.8 million in turnover savings. The Budget increases funding by \$2.8 million, leading to a total turnover savings of \$1.0 million in FY2022.

**Modular Closures****(\$3.1 million)**

The Budget includes \$3.1 million in savings related to the closure of multiple modules across the Department's facilities. It is anticipated that the Department will be able to close 13 modules for six months. The modules include seven in Intake, two in the Women's Facility, two double modules in Medium Security, and two modules at Maximum. The Budget has based these closures off of the operational capacity and the average actual population in each facility.

As of March 2021, the Intake Center was at 67.1 percent capacity, the Women's Facility was at 38.4 percent, Medium Security was at 63.3 percent, and Maximum Security was at 77.1 percent.

**VRI Savings****(\$35,744)**

The Budget includes general revenue savings of \$35,744 within the General Division from the voluntary retirement incentive (VRI). The State initiated a VRI payment to active State employees as of January 4, 2021, who had a full benefit retirement date on or before December 31, 2020. The VRI is intended to achieve strategic and budgetary objectives by refilling 70.0 percent of the resulting vacancies at 80.0 percent of the previous employee's cost for the first year, while allowing the State to recognize the long-term service of its employees and provide them with the flexibility to retire.

**Workshare****\$30,865**

The Budget includes an additional \$30,865 to restore funding that was saved in FY2021 due to the Department's participation in the WorkShare program.

Due to the COVID-19 pandemic, the State began an Employee WorkShare Program which allowed eligible state employees to claim federal WorkShare benefits while working 60.0 percent of their regular weekly hours. Employees participated for a total of twelve weeks.

**Minimum Security Population Decrease****(\$17,260)**

The Budget includes a savings of \$17,260 related to an anticipated decrease in the population at Minimum Security. The Budget assumes that approximately 3.0 percent of the current Minimum Security population, about 21 inmates, will be able to be moved to home confinement.

Article 3 updates the thresholds for which inmates will be eligible for home confinement after having served specific portions of their term of incarceration. Under current law, people sentenced to six months or less of incarceration are eligible for home confinement upon completion of 3/4ths of their sentence. People with longer sentences are eligible once they are six months from their projected release date, as long as they have served at least one-half (1/2) of their term of incarceration. The amendment would update these thresholds such that people sentenced to six months or less must serve one-half (1/2) of their term of incarceration, people with more than six months must be within one year of their anticipated release date.

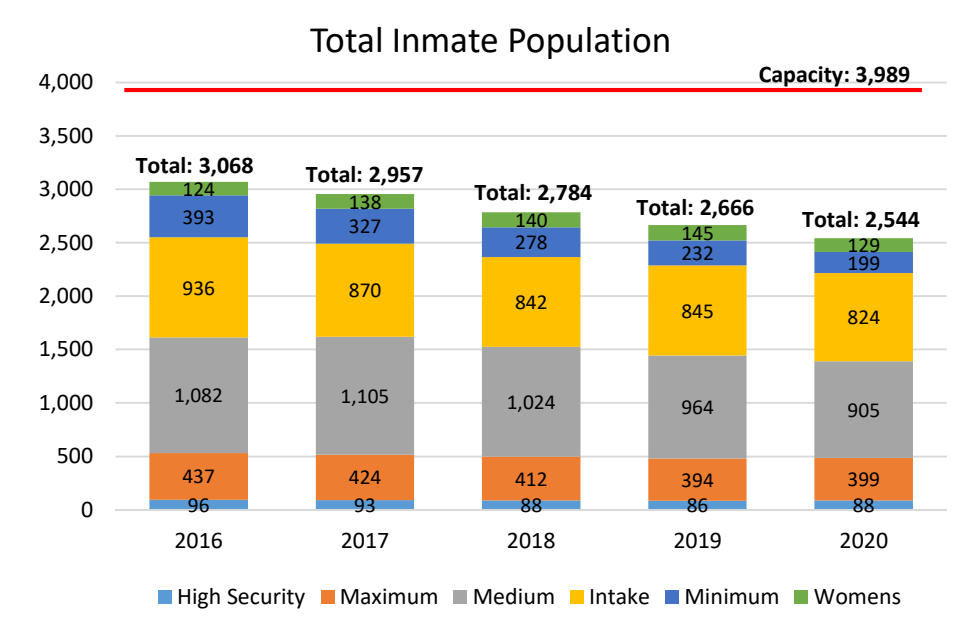
These changes would allow low-risk inmates to move to home confinement sooner, decreasing costs associated with housing an inmate.

**Inmate Population**

*Informational*

The Department’s budget is largely influenced by the number of inmates in its custody at any given time. As the Department does not control the number of inmates entering or leaving its care, its budget is in large part a reflection of overall judicial and prosecutorial policies in the State. Factors may include legislative mandates requiring minimum sentences, variances in sentencing policies based on the judges, and/or prosecution or defense counsel involved in cases.

The Department of Corrections’ Budget was based on an average daily population of 2,267 for the FY2021 Revised Budget, consistent with the FY2020 Enacted level. For FY2022, the Budget assumes a population of 2,115 individuals, a decrease of 152 inmates from the FY2021 Budget as Enacted.



**HEALTHCARE SERVICES**

The Healthcare Services program is constitutionally mandated to provide medical, dental, and mental health service provision to all inmates. According to the Department, the inmate population is more likely than the general population to have infectious diseases and other conditions. About 1.0 percent of the inmate population is HIV positive, 25.0 percent is infected with Hepatitis C, 15.0 percent have mental health illnesses, and 70.0 to 90.0 percent have histories of substance abuse.

<b>Healthcare Services</b>	<b>General Revenue</b>
FY2021 Enacted	\$20,527,893
<i>Target and Other Adjustments</i>	
COVID-19 Relief Funds	(213,416)
Transitional Care Unit	4,962,511
Personnel	750,000
Healthcare Services 4.0 FTE Positions	(593,853)
Geriatric Parole	489,082
<b>FY2022 Enacted</b>	<b>\$25,847,217</b>
<b>Healthcare Services</b>	<b>Other Funds</b>
Opioid Stewardship Fund (restricted receipts)	\$1,427,909
COVID-19 Response Funds (federal funds)	(\$139,103)

**COVID-19 Relief Funds** **\$4.9 million**

The Budget includes an additional \$4.9 million in general revenues for personnel within Custody and Security. The FY2021 Budget as Enacted included \$4.9 million in federal COVID-19 Relief Funds that the Department was able to use for personnel funding for healthcare services. This increase in general revenue results in an equal decrease in federal funds related to the expenditure of all relevant COVID-19 relief funds in FY2021.

**Transitional Care Unit** **\$750,000**

The Budget includes \$750,000 in general revenue to support the planning and creation of a Transitional Care Unit (TCU). Currently, the Department cares for severely and persistently mentally ill (SPMI) patients in the Residential Treatment Unit (RTU) at High Security. The RTU is able to house up to 16 patients but often only houses between eight and ten due to security issues. The Department lacks a step-down program for the RTU to help patients integrate from the RTU back into the general population. The TCU is intended to bridge this gap and treat individuals whose needs do not rise to the level or care required in the RTU but who would still benefit from mental health care.

Phase one of this project, focusing on strategic development, is intended to take place in FY2022.

**Personnel** **(\$593,853)**

The Budget includes a reduction of \$593,853 for personnel costs within the Healthcare Services program. The majority of this decrease is related to an additional \$741,982 in turnover savings as well as a \$154,531 decrease in healthcare and retirement costs and \$129,629 in savings related to holiday pay, Correctional Officer briefings and stipend payments. These decreases are partially offset by an additional \$254,885 in regular wages, mainly within nursing services. This increase is intended to allow the Department to fill and retain more nursing positions as they currently experience a high rate of attrition due to low wages. The Budget also includes an additional \$125,304 for overtime costs, and \$52,100 for longevity pay related to the error that caused all funds for longevity pay in the FY2021 Budget as Enacted to be zeroed out within the Department, resulting in what appears to be an increase.

**Healthcare Services 4.0 FTE Positions** **\$489,082**

The Budget includes an additional \$489,082 in general revenue to support an additional 4.0 FTE positions within Healthcare Services. These positions include 1.0 FTE Health Program Administrator to oversee a detox unit and working with the Department's geriatric, hospice and high-risk patients; 1.0 FTE Health Program Administrator to work as a practice manager who would work on identifying areas of contract over or under spending; 1.0 FTE Correctional Officer Hospital Case Manager to connect patients with their

families and resources needed for discharge planning; and, 1.0 FTE Data Analyst who will have training in health or epidemiology and be devoted to data collection and interpretation of diseases. The Budget anticipates that allowing the Department to fill these additional positions will result in savings in medical expenditures and Correctional Officer overtime.

***Geriatric Parole*** **(\$75,000)**

The Budget includes a savings of \$75,000 in general revenue related to geriatric parole. Article 13 of the Budget expands medical parole within the Department of Corrections to include geriatric parole. Currently, medical parole includes inmates who are permanently, physically incapacitated, and terminally or severely ill but does not include elderly inmates.

Geriatric parole would be available to inmates whose advanced age reduces the risk they pose to the public's safety. All inmates above age 65, except those serving life without parole, will be eligible for geriatric parole. All parole decisions must go through the Department's Parole Board. The Department's Medical Director has identified 28 inmates that could be eligible for medical parole in FY2022, with 12 of the inmates considered highly eligible. This change is anticipated to save a total of \$150,000 in FY2022, \$75,000 of this savings is related to a decrease in hospital treatment costs and the remaining \$75,000 is related to per-diem savings spread across a number of expenditure categories.

Seventeen states currently have geriatric parole. Massachusetts and Connecticut are not among these states; however, inmates in Connecticut who are eligible for medical parole may be paroled to a private nursing home that receives federal funds to help support their care.

***Opioid Stewardship Funds (restricted receipts)*** **\$1.4 million**

The Budget includes \$2.3 million in restricted receipts from the Opioid Stewardship Fund (OSF), an increase of \$1.4 million from FY2021 Enacted levels. The OSF is comprised of registration fees paid by manufacturers and distributors of opioids. The Department will use this funding to support substance use disorder treatment and recovery services to help inmates accept responsibility for their crimes and reduce rates of relapse and recidivism. Funds will also be used to support the Medication Assisted Treatment (MAT) program which, beginning in 2016, provides buprenorphine, naltrexone, and methadone to incarcerated individuals with an opioid use disorder.

***COVID-19 Response Funds (federal funds)*** **(\$139,103)**

Pursuant to a budget amendment requested by the Governor, the Budget includes a federal funds decrease of \$139,103 to accurately reflect the Department's COVID-19 response costs.

**INSTITUTIONAL BASED REHABILITATION/POPULATION MANAGEMENT**

The Institutional Based Rehabilitation/Population Management program handles educational and vocational training; Correctional Industries; case management services; inmate treatment services, including substance abuse and counseling and other services; and, reentry services, including discharge planning and reentry assistance.

Correctional Industries provides inmate labor and work crews, and certain manufactured items. Correctional Industries services are provided centrally to all state departments and agencies as well as to municipalities. State law requires the State and municipalities to solicit bids from Correctional Industries when soliciting labor and/or supplies offered under the program. The operational cost of the program is shown on a centralized basis for informational purposes (internal service funding), but the actual costs are reflected in the operating budgets of user agencies.



<b>Institutional Based Rehab/Population Management</b>	<b>General Revenue</b>
FY2021 Enacted	\$12,482,524
<i>Target and Other Adjustments</i>	37,656
Substance Abuse Treatment	(1,356,364)
Personnel	461,533
Discharge Planning Services	101,770
<b>FY2022 Enacted</b>	<b>\$11,727,119</b>

**Substance Abuse Treatment** **(\$1.4 million)**

The Budget includes \$2.2 million in general revenue for substance abuse treatment services, including the Medication Assisted Treatment (MAT) program, a decrease of \$1.4 million relative to the FY2021 Budget as Enacted. The decrease represents a shift to fund other substance use disorder treatments through the Opioid Stewardship Funds within the Healthcare Services program.

**Personnel** **\$461,553**

The Budget includes an additional \$461,553 in general revenue related to personnel costs. The majority of this increase is for an additional \$158,772 in longevity pay. The Budget includes an error that caused all funds for longevity pay in the FY2021 Budget as Enacted to be zeroed out within the Department, resulting in what appears to be an increase. The Budget also includes an additional \$103,279 to restore funding that was saved in FY2021 due to the Department's participation in the WorkShare program. The remaining \$199,488 increase is related to increases in salaries for employee promotions as well as adjustments to healthcare and retirement costs.

Due to the COVID-19 pandemic, the State began an Employee WorkShare Program which allowed eligible state employees to claim federal WorkShare benefits while working 60.0 percent of their regular weekly hours. Employees participated for a total of twelve weeks.

**Discharge Planning Services** **\$101,770**

The Budget includes a net increase of \$101,770 in general revenue for an initiative to move discharge planning services from an outside vendor to an in-house Discharge Planning unit. Previously, discharge planning services were provided by an outside vendor, Community Solutions, this contract was terminated in April 2020. Since the vendor contract was terminated, employees within the Department who are not trained as planners are providing discharge services in addition to their regular workload. The Department believes that bringing discharge planning services fully in-house will allow for an uninterrupted continuum of services to inmates prior to their release. It would also allow the Department to better monitor the services provided and correct any issues that were found.

The Budget includes an additional 7.0 FTE Community Correction Assessment Analysts positions for this initiative. Currently, 4.0 FTE positions have been hired and are anticipate to begin working in the Spring of 2021. The additional 3.0 FTE positions are anticipated to be hired by July 2021 requiring a full year of funding in FY2022. The Budget includes an additional \$333,365 in general revenue and \$155,458 in federal funds to support the additional positions. The Budget also includes an additional \$112,000 for required time-tracking software. These increases are partially offset by a savings of \$343,875 for the elimination of the current discharge planning contract.

**INSTITUTIONAL SUPPORT**

The Institutional Support program is divided into three sub-programs: the Food Services sub-program, which is responsible for the procurement and preparation of nutritionally-balanced foods for all inmates; the Facilities and Maintenance sub-program, responsible for all maintenance and repairs to the

Department's buildings on the Pastore Complex; and, the Classification sub-program, which divides inmates into groups based on their needs.

<b>Institutional Support</b>	<b>General Revenue</b>
FY2021 Enacted	\$20,623,117
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<i>Target and Other Adjustments</i>	<i>180,453</i>
Centralized Service Charges- Facilities Management	2,063,616
Personnel	1,347,166
Population Related Increase	77,825
<b>FY2022 Enacted</b>	<b>\$24,292,177</b>

**Centralized Service Charges- Facilities Management** **\$2.1 million**

The Budget includes \$10.1 million for centralized service costs related to facilities management, an increase of \$2.1 million from the FY2021 Enacted Budget. The increase reflects the actual cost of the centralized services used by the Department.

The FY2019 Budget centralized several statewide services in the Department of Administration. These include accounts for information technology, capital asset management and maintenance, and human resources.

<b>Centralized Service Charges</b>	<b>FY2021 Enacted</b>	<b>FY2022 Enacted</b>	<b>Change from Enacted</b>	
Information Technology	\$0	\$0	\$0	-
Capital Asset Management	7,995,680	10,059,296	2,063,616	25.8%
Human Resources	-	-	-	-
<b>Total</b>	<b>\$7,995,680</b>	<b>\$10,059,296</b>	<b>\$2,063,616</b>	<b>25.8%</b>

**Personnel** **\$1.3 million**

The Budget includes an additional \$1.3 million for personnel costs within the Institutional Support program. The majority of this increase is related an additional \$834,004 in funding for the food services unit to bring costs in line with FY2020 actuals. The Budget includes \$120,378 in longevity pay. The FY2021 Budget as Enacted includes an error that caused all funds for longevity pay to be zeroed out within the Department, resulting in what appears to be an increase. The Budget also includes an additional \$47,613 to restore funding that was saved in FY2021 due to the Department's participation in the WorkShare program. The remaining \$345,171 increase is related to increases in salaries for employee promotions as well as adjustments to healthcare and retirement costs.

Due to the COVID-19 pandemic, the State began an Employee WorkShare Program which allowed eligible state employees to claim federal WorkShare benefits while working 60.0 percent of their regular weekly hours. Employees participated for a total of twelve weeks.

**Population Related Increase** **\$77,825**

The Budget includes a net increase of \$77,825 due to population and per-diem related expenses, which fluctuate depending on the number of inmates. The FY2021 Enacted Budget was based on a population of 2,267 inmates. The FY2022 Budget is based on 2,115 inmates, a decrease of 152 inmates.

The increase is partially offset by a decrease of \$188,215 related to probation and parole reforms in Article 13. The article makes a number of changes to probation and parole including:

- **Probation Violation:** Article 13 amends RIGL 12-19, Sentence and Execution, to limit probation revocation as a response to technical violations when the violation does not constitute a new alleged crime. The Department of Corrections' Division of Rehabilitative Services will be able to use their discretion when deciding to revoke parole and requiring a defendant to appear in court. This will not apply in cases where a defendant poses a public safety risk. If the Division of Rehabilitative Services does revoke probation for a technical violation, a finding must be made on the record to describe the public safety risk posed by the defendant.
- **Technical Violation:** The article expands the Parole Board's discretion to respond to technical violations of parole without requiring the re-arrest of the parolee when there is no new criminal charge. The Parole Board may, at their discretion, issue an arrest warrant for the parolee in response to a technical violation. The amendment will help prevent parole revocation and re-incarceration for low-risk parolees. The article also allows the alleged violator to waive their right to a final parole revocation hearing, if there is no dispute as to the alleged violation and the parolee admits to the violation and accepts the sanction imposed by the Parole Board.

This expansion of the Parole Board's discretion, as well as changes to probation violations detailed above, are anticipated to save \$46,046 in general revenue per-diem savings.

- **Juvenile Parole:** Section 2 of Article 13 amends RIGL 13-8-14.2 to match the Department of Corrections Parole Board's existing guidelines which include special considerations for incarcerated inmates who committed crimes as juveniles younger than 18 years old. The Parole Board adopted the special consideration guidelines in 2018. The guidelines require the consideration of circumstances such as diminished culpability of juveniles, growth and maturation during incarceration, participation in rehabilitation and educational programs while incarcerated, age and immaturity at the time of offence, and evidence of remorse.

The article also amends RIGL 13-8-13 to allow inmates who are given longer sentences for crimes committed before the age of 22 to be considered for earlier parole after ten years of incarceration. This will be retroactive for offenses occurring on or after January 1, 1991. This will not apply to inmates serving a sentence of life without parole.

The Department estimates that 22 juveniles are potentially eligible for parole due to these changes and anticipates \$17,268 in general revenue per diem savings in FY2022.

- **Compliance Credits:** Section 3 of Article 13 amends RIGL 13-8-11 such that, beginning July 1, 2021, eligible people on parole would be allowed to earn five days of compliance credits toward the completion of their sentence for each month served without a violation. Eligible paroles include any offender who is serving post-incarceration parole except those who are serving a sentence for a violation of felony sexual assault or murder, first degree sexual assault, kidnapping of a minor, child molestation sexual assault, or second degree child molestation assault.

The article also amends RIGL 42-56-24 to allow those serving a probation sentence of one year or longer, including those who are serving a probation sentence after serving an incarceration sentence, to be eligible to receive a compliance credit of 10 days for each month that the person remains in compliance with the terms and conditions of their probation. This will only apply to those who have served at least three years of their probation sentence.

Changes to compliance credit eligibility is anticipated to save the Department \$46,866 in general revenue per-diem costs in FY2022.

## PAROLE BOARD

The Parole Board is a six-member commission, appointed by the Governor that is charged with evaluating and authorizing the early release of inmates who meet certain conditions. The Department determines

eligibility criteria, including that inmates must serve at least one-third of their sentence prior to being eligible for parole and must meet defined criteria post-parole and for the duration of their sentence. The Parole Board has one sub-program, the Sex Offender Community Notification (SOCN) Unit. The SOCN Unit is intended to support the sex offender leveling process, notification of the community, and provides support to the Rhode Island Sex Offender Board of Review, the RI Sex Offender Registry, state and local police, as well as the public.

<b>Parole Board</b>	<b>General Revenue</b>
FY2021 Enacted	\$1,434,820
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<i>Target and Other Adjustments</i>	<i>(23,271)</i>
Clerical Services	(50,324)
Personnel	40,890
<b>FY2022 Enacted</b>	<b>\$1,402,115</b>

***Clerical Services*** ***(\$50,324)***

The Budget includes a decrease of \$50,324 related to the elimination of temporary clerical support throughout the Department. Clerical services were often provided by temporary employees while full-time employees are out on leave. The Budget eliminates all temporary clerical support services in FY2022.

***Personnel*** ***\$40,890***

The Budget includes an additional \$40,890 for personnel costs within the Parole Board. The majority of this increase, \$36,211 is to restore funding that was saved in FY2021 due to the Department's participation in the WorkShare program. The remaining \$4,679 increase is related to increases in salaries for employee promotions as well as adjustments to healthcare and retirement costs.

Due to the COVID-19 pandemic, the State began an Employee WorkShare Program which allowed eligible state employees to claim federal WorkShare benefits while working 60.0 percent of their regular weekly hours. Employees participated for a total of twelve weeks.

**CAPITAL PROJECTS**

The Budget includes \$9.9 million in RICAP funds in FY2021, and \$5.1 million in FY2022, a decrease of \$4.8 million from the FY2021 Budget as Enacted. The Governor's FY2020 Budget consolidated all RICAP projects and funds for the DOC into one asset protection project. The General Assembly did not concur with this consolidation and instead created two separate appropriations, asset protection and facilities management. Creating two broad and separate accounts is intended to provide the Department with more flexibility to spend RICAP funding as needed.

In FY2022 all RICAP funding will be used for asset protection projects. Current asset protection projects include, domestic hot water distribution, security upgrades and security camera installation to keep the Department's facilities up to code.

## Judiciary

Expenditures By Program	FY2020	FY2021	FY2021	Change from		FY2022	Change from	
	Actual	Enacted	Final	Enacted	Enacted	Enacted	Enacted	Enacted
Supreme Court	\$42.5	\$40.1	\$40.3	\$0.1	0.3%	\$44.0	\$3.9	9.7%
Superior Court	23.5	23.8	23.6	(0.1)	-0.6%	25.5	1.8	7.5%
Family Court	25.5	26.0	26.3	0.2	0.9%	26.6	0.6	2.2%
District Court	14.1	14.2	14.4	0.2	1.2%	15.1	0.9	6.2%
Traffic Tribunal	8.9	9.0	9.0	0.0	0.1%	9.7	0.7	8.4%
Worker's Compensation Court	8.1	8.9	8.9	0.0	0.3%	9.3	0.4	4.9%
Judicial Tenure & Discipline	0.1	0.2	0.2	0.0	0.3%	0.2	0.0	0.7%
<b>Total</b>	<b>\$122.7</b>	<b>\$122.1</b>	<b>\$122.6</b>	<b>\$0.4</b>	<b>0.4%</b>	<b>\$130.4</b>	<b>\$8.3</b>	<b>6.8%</b>

Expenditures By Source								
	FY2020	FY2021	FY2021	Change from		FY2022	Change from	
	Actual	Enacted	Final	Enacted	Enacted	Enacted	Enacted	Enacted
General Revenue	\$101.9	\$103.5	\$102.5	(\$1.0)	-0.9%	\$107.9	\$4.4	4.3%
Federal Funds	4.3	3.5	3.9	0.5	13.4%	3.9	0.5	13.6%
Restricted Receipts	11.3	12.9	13.9	1.0	7.7%	13.6	0.8	6.0%
Operating Transfers from Other Funds	5.3	2.3	2.3	(0.0)	-1.7%	5.0	2.6	113.0%
<b>Total</b>	<b>\$122.7</b>	<b>\$122.1</b>	<b>\$122.6</b>	<b>\$0.4</b>	<b>0.4%</b>	<b>\$130.4</b>	<b>\$8.3</b>	<b>6.8%</b>

Authorized FTE Levels

726.3

726.3

-

-

726.3

-

-

\$ in millions. Totals may vary due to rounding.

Rhode Island has a unified court system composed of six statewide courts. The Supreme Court is the court of review, the Superior Court is the general trial court, and the Family, District, Traffic Tribunal, and Workers' Compensation Courts are trial courts of special jurisdiction. The entire system is state-funded with the exception of probate courts, which are the responsibility of cities and towns, and the municipal courts, which are local courts of limited jurisdiction.

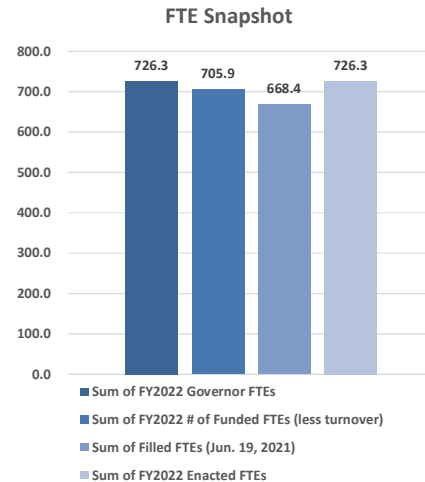
The Chief Justice of the Supreme Court is the executive head of the state court system and has authority over the Judiciary's budget. The Chief Justice appoints the State Court Administrator and an administrative staff to handle budgetary and general administrative functions. Under the direction of the Chief Justice, the Court Administrator manages appropriations for all state courts, except those as provided otherwise by law. Each court has responsibility over its own operations and has a chief judge who appoints an administrator to handle internal court management.

### MAJOR ISSUES AND TRENDS

The Budget includes \$107.9 million in general revenue funding. This is \$4.4 million (4.3 percent) more than the FY2021 Budget as Enacted. \$900,355 of the increase is to replace workshare savings realized in the FY2021 Budget as Enacted, and another \$590,221 in general revenue (\$995,804 in all funds) reduces turnover savings. The other funds increase of 113.0 percent is due primarily to the increased investment in asset protection, HVAC upgrades, the commencement of the Murray and Garrahy Courtroom Restorations, and fan coil replacements across the system. Restricted receipts increase primarily due to the shift of computer equipment purchase to the indirect cost recovery account and increased need for computers and computer upgrades due to the pandemic.

The Budget provides 726.3 FTE positions, consistent with the FY2021 Budget as Enacted and the Judiciary’s request. According to the Judiciary, the Budget does include funding to support the vacancies currently before the Judicial Nominating Commission.

The Judiciary requested a general revenue increase of \$7.9 million relative to the FY2021 Budget as Enacted. The Budget provides an increase of \$4.4 million; however, the Judiciary’s request did not include any turnover savings or voluntary retirement savings. In FY2022, the Judiciary is projected to reach \$2.6 million in general revenue turnover (\$2.7 million all funds). The Judiciary indicated this is a reasonable level of turnover.



**SUPREME COURT**

The Supreme Court is the only constitutionally-established court in the State, and is empowered with administrative authority over the entire state court system. The Court is the final court of review, and also issues advisory opinions to Legislative and Executive branches of government and regulates the Rhode Island Bar. Administrative functions include budgeting, human resource management, purchasing, information technology management, and fine and fee collection. The Supreme Court also offers programs related to domestic violence prevention, mandatory continuing legal education, alternative dispute resolution, victim rights information, and the interpreter program.

<b>Supreme Court</b>	<b>General Revenue</b>
FY2021 Enacted	\$34,083,633
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<i>Target and Other Adjustments</i>	866,381
VRI Savings - Distributed	(336,851)
Records Center	268,658
Restoration of Workshare Savings	179,514
LIUNA Settlement Base Adjustment	18,864
Court Offsets	(16,417)
<b>FY2022 Enacted</b>	<b>\$35,063,782</b>

**VRI Savings – Distributed (\$336,851)**

The Governor’s recommended budget included \$8.2 million of undistributed savings in the Department of Administration’s budget from the voluntary retirement incentive (VRI) program the administration implemented during FY2021. The savings assumes a delay in filling the positions and a lower salary for the new hires. The FY2021 Budget included \$2.2 million for employee payouts statewide. The Budget distributes \$830,821 in projected general revenue VRI program savings throughout the Judiciary based on 18 individuals who took the incentive in FY2021. Of the total savings, \$336,851 is included in the Supreme Court reflecting six individuals.

**Records Center \$268,658**

There is an increase of \$268,658 for the continuation of a records cleanup project that will ultimately reduce storage costs. The project involves reviewing and destroying records in conformity with the Judiciary’s record retention policy. At this time, the project does not include digitalization of records.

**Restoration of Workshare Savings \$179,514**

The Budget includes \$179,514 (\$900,355 system wide) in general revenue savings from furloughed employees in the Supreme Court eligible to participate in the State’s Workshare program. Approximately 1,600 state employees participated in the program, which included 183 employees within the Judiciary. The

Workshare program allowed the State to achieve the savings in the wake of the devastating financial impact of COVID-19. Through this program, eligible full-time employees were allowed to work 60.0 percent of their regular weekly hours (three business days) from June 14, 2020, to September 5, 2020.

**LIUNA Settlement Base Adjustment**

**\$18,864**

The Governor's FY2022 Budget included \$4.3 million from general revenues in anticipation of a settlement agreement with the Laborers' International Union of North America (LIUNA) in a case challenging the methodology used for calculation longevity and overtime payments for members participating in its supplemental retirement system. On June 6, 2021, the Governor requested an amendment to shift \$3.8 million to FY2021, as a settlement agreement was anticipated to occur in June 2021, leaving \$545,423 for the State's estimated exposure in FY2022. The Budget distributes the projected FY2022 costs to the appropriate agency. The total cost for the Judiciary is estimated at \$72,923, including \$18,864 in the Supreme Court.

**Court Offsets**

**(\$16,417)**

State agencies that occupy court space include the Public Defender's Office; Office of the Attorney General; the Department of Corrections; the Department of Children, Youth, and Families; and the Department of Public Safety. Agencies that occupy space in court buildings around the State incur costs for a share of building related expenses based on the amount of space that is occupied. In total, the agencies occupy 19.7 percent (89,979 square feet) of useable court space based on a March 2014 study. The Budget provides a decrease of \$16,417 (1.1 percent) relative to the FY2021 Budget, for a total offset of \$1.4 million.

**Court Cost Offsets**

<b>Agency</b>	<b>FY2021</b>	<b>FY2022</b>	<b>Change from FY2021</b>	
Attorney General	\$184,092	\$182,010	(\$2,082)	-1.1%
Children, Youth & Families	55,303	54,678	(625)	-1.1%
Corrections	139,395	137,818	(1,577)	-1.1%
Public Defender	151,516	149,802	(1,714)	-1.1%
Public Safety	921,220	910,801	(10,419)	-1.1%
<b>Total</b>	<b>\$1,451,527</b>	<b>\$1,435,110</b>	<b>(\$16,417)</b>	<b>-1.1%</b>

Operating expenses in FY2020 were less than the operating expenses in FY2019 due to the COVID related pandemic and its impact on Court operations. Since the offsets are calculated by applying the occupancy percentages to the actual expenses incurred by the Judiciary two fiscal years prior, such that FY2021 charges are based on FY2019 actual expenditures and FY2022 charges are based on FY2020 actual expenditures, the FY2022 charges are less than what are applied in FY2021. It is the expectation of the Judiciary that rates will return to normal levels in FY2023 based upon FY2021 actual expenditures.

**SUPERIOR COURT**

The Superior Court has jurisdiction for all felony cases, misdemeanor cases that have been appealed or waived from the District Court, civil cases in which the disputed amount exceeds \$10,000, and all probate and zoning appeals. The Court has four locations throughout the state, including Providence, Warwick, Wakefield, and Newport. The Gun Court and Adult Drug Court were established in FY1995 and FY2002, respectively. The Superior Court also has appellate jurisdiction of decisions of local municipal and probate courts. Appeals from various boards and commissions, such as zoning boards and Ethics Commission appeals, are heard in Superior Court as well as petitions to review disciplinary action imposed upon a state or local police officer by the chief of that department. In addition to conducting trials, the Superior Court administers the Court-Annexed Arbitration Program which accelerates the disposition of certain less

complex civil cases in which there is \$100,000 or less at issue. Matters such as contract disputes, personal injury claims, and property damage suits may be certified to this alternative dispute resolution program.

<b>Superior Court</b>	<b>General Revenue</b>
FY2021 Enacted	\$23,332,817
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<i>Target and Other Adjustments</i>	<i>1,212,518</i>
Turnover Restoration	333,958
Restoration of Workshare Savings	215,131
VRI Savings - Distributed	(44,269)
Pay-go Pensions	(41,933)
LIUNA Settlement Base Adjustment	14,158
<b>FY2022 Enacted</b>	<b>\$25,022,380</b>

***Turnover Restoration*** ***\$333,958***

The FY2021 Budget included \$3.2 million in general revenue turnover savings system wide, including \$966,461 in the Superior Court. The FY2022 Budget includes \$2.6 million in general revenue turnover savings including \$632,503 in the Superior Court. Reduced turnover requires a funding increase of \$333,958.

***Restoration of Workshare Savings*** ***\$215,131***

The Budget includes \$215,131 (\$900,355 system wide) in general revenue savings from furloughed employees in the Superior Court eligible to participate in the State's Workshare program. Approximately 1,600 state employees participated in the program, which included 183 employees within the Judiciary. The Workshare program allowed the State to achieve the savings in the wake of the devastating financial impact of COVID-19. Through this program, eligible full-time employees were allowed to work 60.0 percent of their regular weekly hours (three business days) from June 14, 2020, to September 5, 2020.

***VRI Savings – Distributed*** ***(\$44,269)***

The Governor's recommended budget included \$8.2 million of undistributed savings in the Department of Administration's budget from the voluntary retirement incentive (VRI) program the administration implemented during FY2021. The savings assumes a delay in filling the positions and a lower salary for the new hires. The FY2021 Budget included \$2.2 million for employee payouts statewide. The Budget distributes \$830,821 in projected general revenue VRI program savings throughout the Judiciary based on 18 individuals who took the incentive in FY2021. Of the total savings, \$44,269 is included in the Superior Court reflecting one individual.

***Pay-Go Judges' Pensions*** ***(\$41,933)***

The Budget reduces general revenue funding for pay-go pensions by \$41,933 in the Superior Court (\$120,153 system-wide) to reflect the cost reduction projected by the Judiciary in the FY2021 third quarter report and expected to carry into FY2022. Pay-go pensions support judges hired before 1990 who are not part of the state employees' retirement system.

***LIUNA Settlement Base Adjustment*** ***\$14,158***

The Governor's FY2022 Budget included \$4.3 million from general revenues in anticipation of a settlement agreement with the Laborers' International Union of North America (LIUNA) in a case challenging the methodology used for calculation longevity and overtime payments for members participating in its supplemental retirement system. On June 6, 2021, the Governor requested an amendment to shift \$3.8 million to FY2021, as a settlement agreement was anticipated to occur in June 2021, leaving \$545,423 for the State's estimated exposure in FY2022. The Budget distributes the projected FY2022 costs to the



appropriate agency. The total cost for the Judiciary is estimated at \$72,923, including \$14,158 in the Superior Court.

## FAMILY COURT

The Rhode Island Family Court, established in 1961, was the first statewide Family Court in the United States. The Family Court has jurisdiction to hear and determine all petitions for divorce and any motions in conjunction with divorce proceedings, such as motions relating to the distribution of property, alimony, support and custody of children. It also hears petitions for separate maintenance, and complaints regarding support for parents and children. The Family Court also has jurisdiction over matters relating to delinquent, wayward, dependent, neglected, abused, and mentally deficient or mentally disordered children. In addition, it has jurisdiction over adoptions, paternity proceedings, and a number of other matters involving domestic relations and juveniles. Appeals from decisions of the Family Court are taken directly to the state Supreme Court.

The Court runs specialty court programs, including the Juvenile Drug Court, Domestic Violence Court, Truancy Court, Mental Health Court Clinic, and the Juvenile Re-Entry Court. The Court has four locations throughout the state, including Providence, Warwick, Wakefield, and Newport.

<b>Family Court</b>	<b>General Revenue</b>
FY2021 Enacted	\$22,805,368
<i>Target and Other Adjustments</i>	
	716,913
Restoration of Workshare savings	309,121
VRI Savings - Distributed	(279,627)
Pay-go Pensions	(44,237)
<b>FY2022 Enacted</b>	<b>\$23,507,538</b>

### ***Restoration of Workshare Savings*** **\$309,121**

The Budget includes \$309,102 (\$900,355 system wide) in general revenue savings from furloughed employees in the Family Court eligible to participate in the State's Workshare program. Approximately 1,600 state employees participated in the program, which included 183 employees within the Judiciary. The Workshare program allowed the State to achieve the savings in the wake of the devastating financial impact of COVID-19. Through this program, eligible full-time employees were allowed to work 60.0 percent of their regular weekly hours (three business days) from June 14, 2020, to September 5, 2020.

### ***VRI Savings – Distributed*** **(\$279,627)**

The Governor's recommended budget included \$8.2 million of undistributed savings in the Department of Administration's budget from the voluntary retirement incentive (VRI) program the administration implemented during FY2021. The savings assumes a delay in filling the positions and a lower salary for the new hires. The FY2021 Budget included \$2.2 million for employee payouts statewide. The Budget distributes \$830,821 in projected general revenue VRI program savings throughout the Judiciary based on 18 individuals who took the incentive in FY2021. Of the total savings, \$279,627 is included in the Supreme Court reflecting seven individuals.

### ***Pay-Go Judges' Pensions*** **(\$44,237)**

The Budget reduces general revenue funding for pay-go pensions by \$44,237 in the Family Court (\$120,153 system-wide) to reflect the cost reduction projected by the Judiciary in the FY2021 third quarter report and expected to carry into FY2022. Pay-go pensions support judges hired before 1990 who are not part of the state employees' retirement system.

**DISTRICT COURT**

The District Court has jurisdiction over all criminal misdemeanor cases if the defendant waives the right to a jury trial. If the defendant asks for a jury trial, the case will be transferred to the Superior Court. The District Court also has jurisdiction over bail hearings in felony cases and over violation hearings in misdemeanor cases. The District Court presides over civil trials in which the damages sought total up to \$5,000. If the parties agree, the District Court can hear civil suits for damages to a maximum of \$10,000. District Court jurisdiction also includes Small Claims Court for damages up to \$2,500; violations of municipal ordinances and regulations; violations and hearings on involuntary hospitalization under the mental-health, drug-abuse, and alcohol laws; regulatory appeals, including those related to taxation; and violations of state or local housing codes. Appeals from District Court decisions go to the Superior Court. The Court has four locations throughout the state, including Providence, Warwick, Wakefield, and Newport.

<b>District Court</b>	<b>General Revenue</b>
FY2021 Enacted	\$14,140,491
<i>Target and Other Adjustments</i>	
Restoration of Workshare savings	271,897
VRI Savings - Distributed	124,691
LIUNA Settlement Base Adjustment	(98,506)
Pay-go Pensions	22,221
<b>FY2022 Enacted</b>	<b>\$14,443,083</b>

<b>District Court</b>	<b>Other Fund Changes</b>
Veterans Treatment Court Grant (federal funds)	\$385,620

***Restoration of Workshare Savings* \$124,691**

The Budget includes \$124,691 (\$900,355 system wide) in general revenue savings from furloughed employees in the District Court eligible to participate in the State's Workshare program. Approximately 1,600 state employees participated in the program, which included 183 employees within the Judiciary. The Workshare program allowed the State to achieve the savings in the wake of the devastating financial impact of COVID-19. Through this program, eligible full-time employees were allowed to work 60.0 percent of their regular weekly hours (three business days) from June 14, 2020, to September 5, 2020.

***VRI Savings – Distributed* (\$98,506)**

The Governor's recommended budget included \$8.2 million of undistributed savings in the Department of Administration's budget from the voluntary retirement incentive (VRI) program the administration implemented during FY2021. The savings assumes a delay in filling the positions and a lower salary for the new hires. The FY2021 Budget included \$2.2 million for employee payouts statewide. The Budget distributes \$830,821 in projected general revenue VRI program savings throughout the Judiciary based on 18 individuals who took the incentive in FY2021. Of the total savings, \$98,506 is included in the Supreme Court reflecting two individuals.

***LIUNA Settlement Base Adjustment* \$22,221**

The Governor's FY2022 Budget included \$4.3 million from general revenues in anticipation of a settlement agreement with the Laborers' International Union of North America (LIUNA) in a case challenging the methodology used for calculation longevity and overtime payments for members participating in its supplemental retirement system. On June 6, 2021, the Governor requested an amendment to shift \$3.8 million to FY2021, as a settlement agreement was anticipated to occur in June 2021, leaving \$545,423 for the State's estimated exposure in FY2022. The Budget distributes the projected FY2022 costs to the

appropriate agency. The total cost for the Judiciary is estimated at \$72,923, including \$22,221 in the District Court.

***Pay-Go Judges' Pensions*** **(\$17,711)**

The Budget reduces general revenue funding for pay-go pensions by \$17,711 in the District Court (\$120,153 system-wide) to reflect the cost reduction projected by the Judiciary in the FY2021 third quarter report and expected to carry into FY2022. Pay-go pensions support judges hired before 1990 who are not part of the state employees' retirement system.

**TRAFFIC TRIBUNAL**

The Traffic Tribunal replaced the Administrative Adjudication Court in 1999. The Traffic Tribunal is responsible for hearing most traffic cases, distributing and controlling traffic summonses, and maintaining accurate driver accident and violation records. The Traffic Tribunal hears appeals from the Division of Motor Vehicles and the municipal courts as well as certain violations of the Department of Environmental Management. The Tribunal has authority to enforce its own judgments. The Traffic Tribunal has one location, at the Pastore Center in Cranston.

<b>Traffic Tribunal</b>	<b>General Revenue</b>
FY2021 Enacted	\$8,966,306
<i>Target and Other Adjustments</i>	
Restoration of Workshare savings	71,898
VRI Savings - Distributed	(71,568)
LIUNA Settlement Base Adjustment	16,966
Pay-go Pensions	(16,272)
<b>FY2022 Enacted</b>	<b>\$9,716,034</b>

***Restoration of Workshare Savings*** **\$71,898**

The Budget includes \$71,898 (\$900,355 system wide) in general revenue savings from furloughed employees in the Traffic Court eligible to participate in the State's Workshare program. Approximately 1,600 state employees participated in the program, which included 183 employees within the Judiciary. The Workshare program allowed the State to achieve the savings in the wake of the devastating financial impact of COVID-19. Through this program, eligible full-time employees were allowed to work 60.0 percent of their regular weekly hours (three business days) from June 14, 2020, to September 5, 2020.

***VRI Savings – Distributed*** **(\$71,568)**

The Governor's recommended budget included \$8.2 million of undistributed savings in the Department of Administration's budget from the voluntary retirement incentive (VRI) program the administration implemented during FY2021. The savings assumes a delay in filling the positions and a lower salary for the new hires. The FY2021 Budget included \$2.2 million for employee payouts statewide. The Budget distributes \$830,821 in projected general revenue VRI program savings throughout the Judiciary based on 18 individuals who took the incentive in FY2021. Of the total savings, \$71,568 is included in the Supreme Court reflecting one individual.

***LIUNA Settlement Base Adjustment*** **\$16,966**

The Governor's FY2022 Budget included \$4.3 million from general revenues in anticipation of a settlement agreement with the Laborers' International Union of North America (LIUNA) in a case challenging the methodology used for calculation longevity and overtime payments for members participating in its supplemental retirement system. On June 6, 2021, the Governor requested an amendment to shift \$3.8 million to FY2021, as a settlement agreement was anticipated to occur in June 2021, leaving \$545,423 for

the State's estimated exposure in FY2022. The Budget distributes the projected FY2022 costs to the appropriate agency. The total cost for the Judiciary is estimated at \$72,923, including \$16,966 in the Traffic Tribunal.

**Pay-Go Judges' Pensions** **(\$16,272)**

The Budget reduces general revenue funding for pay-go pensions by \$16,272 in the Traffic Tribunal (\$120,153 system-wide) to reflect the cost reduction projected by the Judiciary in the FY2021 third quarter report and expected to carry into FY2022. Pay-go pensions support judges hired before 1990 who are not part of the state employees' retirement system.

**WORKERS' COMPENSATION COURT**

The Workers' Compensation Court has jurisdiction over all disputes between employers and employees relating to workers' compensation. The court's jurisdiction includes contested cases involving the rehabilitation of injured employees and claims involving disputes between an employer and its workers' compensation insurer. Since FY1990, the expenses incurred in the operation of the court are paid through the Workers' Compensation Administrative Fund (restricted receipts).

<b>Worker's Compensation Court</b>	<b>Restricted Receipts</b>
FY2021 Enacted	\$8,943,104
<i>Target and Other Adjustments</i>	<i>48,899</i>
<b>FY2022 Enacted</b>	<b>\$8,992,003</b>

**JUDICIAL TENURE AND DISCIPLINE**

The Commission on Judicial Tenure and Discipline is the program charged with investigating judges who have been charged with misconduct. The Supreme Court may affirm, modify, or reject the recommendations of the Commission.

<b>Judicial Tenure &amp; Discipline</b>	<b>General Revenue</b>
FY2021 Enacted	\$154,779
<i>Target and Other Adjustments</i>	<i>1,084</i>
<b>FY2022 Enacted</b>	<b>\$155,863</b>

**CAPITAL PROJECTS**

The Budget includes \$2.3 million in capital expenditures from Rhode Island Capital Plan (RICAP) funds in FY2021 and \$5.0 million in FY2022.

- **Judicial Complexes HVAC:** The Budget includes \$1.0 million in FY2021 and FY2022 to finish the replacement and repair of court-managed HVAC systems at the courthouses system wide. Funds provide for installation of air handler units (AHU) and variable air volume (VAV) systems, replacement of make-up air units and water heaters, and fan coil replacement.
- **Judicial Complexes Asset Protection:** The Budget includes \$521,648 in FY2021 and \$1.5 million FY2022 for asset protection projects throughout the court system. Projects include security and fire suppression upgrades, courtroom restorations, elevator upgrades, and electrical upgrades.
- **Licht Judicial Complex Restoration:** The Budget includes \$761,721 in FY2021 and \$750,000 in FY2022 for restorations to the Licht Judicial Complex. Funds will be used to renovate courtrooms. This includes repairing or replacing all of the furniture, plastering and painting, upgrading lighting, and refinishing floors.

- **Judicial Complexes Fan Coils:** The Budget provides \$750,000 in FY2022 for both the architectural/engineering work and the installation of the fan coils in the Licht, Fogarty, and Murray facilities. This project is projected to continue through FY2024.
- **Murray Courtroom Restoration:** The Budget provides \$700,000 in FY2022 to renovate and restore the interior of the Murray Judicial Complex in Newport. Projects include painting, carpet replacement, woodwork refinishing, and replacement and/or restoration of fixed courtroom seating and benches. Renovations to woodwork are highly labor intensive due to the historical nature of the building. Courtroom ceilings are covered with ornate woodwork and plaster, requiring restoration work to be done by historic preservation specialists. This project is scheduled for in FY2022.
- **Garrahy Courtroom Restoration:** The Budget provides \$250,000 in FY2022 courtroom restoration at the Garrahy Judicial Complex. Projects include replacing carpets, finishing woodwork, and painting.



## Military Staff

Expenditures By Program	FY2020	FY2021	FY2021	Change from		FY2022	Change from	
	Actual	Enacted	Revised	Enacted		Enacted	Enacted	
RI National Guard	\$31.4	\$46.2	\$40.7	(\$5.5)	-11.9%	\$41.2	(\$4.9)	-10.7%
<b>Total</b>	<b>\$31.4</b>	<b>\$46.2</b>	<b>\$40.7</b>	<b>(\$5.5)</b>	<b>-11.9%</b>	<b>\$41.2</b>	<b>(\$4.9)</b>	<b>-10.7%</b>
<b>Expenditures By Source</b>								
General Revenue	\$6.7	\$3.3	\$3.2	(\$0.1)	-2.6%	\$2.7	(\$0.5)	-16.6%
Federal Funds	21.2	40.3	34.9	(5.4)	-13.4%	36.6	(3.7)	-9.1%
Restricted Receipts	0.1	0.1	0.1	-	-	0.1	-	0.0%
Operating Transfers from Other Funds	3.4	2.5	2.5	0.0	0.0%	1.8	(0.7)	-27.7%
<b>Grand Total</b>	<b>\$31.4</b>	<b>\$46.2</b>	<b>\$40.7</b>	<b>(\$5.5)</b>	<b>-11.9%</b>	<b>\$41.2</b>	<b>(\$4.9)</b>	<b>-10.7%</b>
Authorized FTE Levels	92.0	92.0	92.0	-	-	92.0	-	-

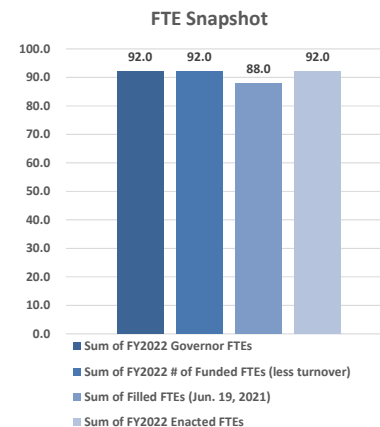
\$ in millions. Totals may vary due to rounding.

The mission of the Military Staff (Rhode Island National Guard) is to prepare for immediate mobilization in the event of war or national emergency; to maintain peace, order, and public safety in the state in time of man-made or natural disaster or when otherwise directed by the Governor; and, to participate in the development and establishment of local, regional, and nationwide initiatives and programs.

### MAJOR ISSUES AND TRENDS

The Budget includes \$40.7 million in FY2021, of which \$3.2 million is general revenue. This reflects an all funds decrease of \$5.5 million from the FY2021 Budget as Enacted.

The Budget includes \$41.2 million in FY2022, of which \$2.7 million is general revenue. This reflects an all funds decrease of \$4.9 million from the FY2021 Budget as Enacted. Federal funds decrease by \$3.7 million, other funds decrease by \$708,133, and general revenues decrease by \$551,640. The net decrease in federal funds largely reflects the elimination of federally funded personnel costs in response to the COVID-19 pandemic, while the net decrease in other funds mainly reflects reduced RICAP funding for the new joint force headquarters at Camp Fogarty, as that project is complete.



The Budget provides 92.0 FTE positions in FY2021 and FY2022, consistent with the enacted level. Approximately 92.0 percent of the authorized FTE positions are supported by federal funds.

### NATIONAL GUARD

The National Guard program is composed of reserve units of the United States Army and Air Force, the Rhode Island National Guard (RING), and the State Historic Militia. The Guard is authorized to have in excess of 3,300 members (2,178 Army National Guard and 1,136 Air National Guard). The Guard has numerous facilities throughout the state, including 14 armories, 3 air bases, 2 training sites, 10 maintenance and support buildings, and housing equipment valued at \$500.0 million. The estimated annual economic impact on the State attributed to National Guard programs exceeds \$238.0 million. The Guard is largely financed through federal funds, including drill and training pay for Army and Air Guard personnel, supplies, equipment, facility maintenance, and capital projects. State funds are provided as a match on some projects and primarily pay employee salary and benefit costs, training, travel, and maintenance.

<b>RI National Guard</b>	<b>General Revenue</b>
FY2021 Enacted	\$3,275,354
<i>Target and Other Adjustments</i>	<i>(148,163)</i>
Injured on Duty (IOD) Savings	(378,146)
State Activation	(62,255)
Turnover	25,000
Centralized Services	11,924
<b>FY2022 Enacted</b>	<b>\$2,723,714</b>

<b>RI National Guard</b>	<b>Other Fund Changes</b>
COVID-19 - Personnel Costs	(\$5,500,000)
RICAP Funds	(708,133)

***Injured on Duty (IOD) Savings*** ***(\$378,146)***

The Budget reduces personnel expenses \$378,146 in general revenue reflecting savings achieved through the Injured on Duty (IOD) reforms enacted as part of the FY2020 Budget as Enacted. Since passage of the IOD reforms two long-term Quonset Airport Firefighters on IOD accepted the retirement disability package offered to them. A third firefighter remains on IOD status and has not yet filed for disability pension.

When a federally-funded firefighter is placed on IOD, the salary shifts to 100.0 general revenue funded and the IOD salary is tax exempt. Removing the firefighters from IOD status to return to duty or to retirement on disability eliminates the general revenue expense.

***State Activation*** ***(\$62,255)***

The FY2021 Budget as Enacted included wage and overtime costs for the activation of 2.0 soldiers under State Active Duty (SAD) status. The soldiers were funded on a 25/75 percent basis with 75.0 percent funded from Cares Act funds and Federal Emergency Management Agency (FEMA) funds. The State was required to contribute 25.0 percent matching share. In addition, the Budget included \$51,638 in general revenue for overtime costs related to the State Activation. The FY2022 Budget eliminates \$60,000 for wages and reduces overtime costs by \$2,255 for a total reduction of \$62,255.

*Analyst note: The FY2021 Budget as Enacted included \$5.5 million in federal funds for 502 soldiers that were federally-activated and funded 100.0 percent through the United States Department of Defense as part of the Agency's staffing response to COVID-19. The FY2022 Budget eliminates the federal funds for the Military Staff reflecting staffing and associated funds not required in FY2022.*

***Turnover*** ***\$25,000***

The Budget increases general revenue by \$25,000 reflecting the elimination of projected personnel turnover savings as compared to the previous fiscal year.

***Centralized Services*** ***\$11,924***

The Budget decreases general revenue expenditures to reflect billed amounts for information technology and human resource services. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In FY2019 these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. The FY2021 Budget as Enacted appropriated \$25,714 for centralized service expenses, which is increased by \$11,924 to \$37,638 in the FY2022 budget.



	FY2021 Enacted	FY2021 Final	Change	FY2022 Enacted	Change from Enacted
<b>Centralized Services</b>					
Human Resource Service Centers	\$8,275	\$8,275	\$0	\$16,538	\$8,263
Information Technology Charges	17,439	17,439	-	21,100	3,661
<b>Total</b>	<b>\$25,714</b>	<b>\$25,714</b>	<b>\$0</b>	<b>\$37,638</b>	<b>\$11,924</b>

**COVID-19 Response (federal funds)****(\$5.5 million)**

The FY2021 Budget as Enacted included \$5.5 million in federal funds for 502 soldiers that were federally-activated and funded 100.0 percent through the United States Department of Defense as part of the Agency's staffing response to COVID-19. The FY2022 Budget eliminates the federal funds for the Military Staff reflecting staffing and associated funds not required in FY2022.

**CAPITAL PROJECTS**

The Budget includes \$18.1 million (\$15.6 million federal funds and \$2.5 million RICAP) in capital projects for FY2021 and \$18.0 million in FY2022 (\$16.2 million federal funds and \$1.8 million RICAP). The RICAP funded projects include:

Capital Projects - RICAP Funds	FY2021 Enacted	FY2021 Final	Change	FY2022 Enacted	Change from Enacted
Aviation Readiness Center	\$0	\$0	\$0	\$535,263	\$535,263
RICAP - AMC Roof Replacement	-	-	-	366,500	366,500
RICAP - Asset Protection	752,330	752,330	-	930,000	177,670
RICAP - Bristol Readiness Center	192,000	192,000	-	-	(192,000)
RICAP - Joint Force Headquarters Building	1,595,566	1,595,566	-	-	(1,595,566)
<b>Total</b>	<b>\$2,539,896</b>	<b>\$2,539,896</b>	<b>\$0</b>	<b>\$1,831,763</b>	<b>(\$708,133)</b>

- **Aviation Readiness Center:** The Aviation Readiness Center is a \$38.4 million project with \$535,263 in RICAP funds and \$1.3 million in federal funds in FY2022. The project lists out-year funding of \$35.5 million in federal funds and \$1.3 million in RICAP funds through FY2026 to construct a 73,788 square foot training and readiness center at the Quonset Air Base for the Rhode Island National Guard 1/126<sup>th</sup> Aviation Unit.
- **AMC Rehabilitation:** The budget includes \$366,500 in RICAP funds and \$366,500 in federal funds for continued roof repairs, as well as electrical and plumbing renovations, and RING member vehicle parking at the Armory of Mounted Commands.
- **Asset Protection:** The budget includes \$930,000 in RICAP and \$6.3 million in federal funds for general asset protection projects. The project lists out-year funding of \$11.4 million in federal funds and \$2.6 million in RICAP funds through FY 2026 for various asset protection projects.

In addition, the Rhode Island Air National Guard will receive federal appropriations of \$11.6 million in FY2021, \$41.9 million in FY2022, and out-year funding of \$154.7 million through to FY2026. These are for several federal capital projects at the Quonset Air National Guard facilities that are not State projects and the federal funding is not appropriated to the State.



## Rhode Island Emergency Management Agency

Expenditures By Program	FY2020	FY2021	FY2021	Change from		FY2022	Change from	
	Actual	Enacted	Revised	Enacted		Enacted	Enacted	
Central Management	\$78.9	\$45.3	\$60.1	\$14.8	32.8%	\$22.5	(\$22.7)	-50.2%
<b>Expenditures By Source</b>								
General Revenue	\$66.3	\$2.7	\$2.7	\$0.0	-	\$2.7	\$0.0	0.0%
Federal Funds	10.9	40.5	55.3	14.8	36.6%	17.6	(23.0)	-56.7%
Restricted Receipts	0.2	0.6	0.6	0.0	0.2%	0.5	(0.0)	-4.7%
Operating Transfers from Other Funds	1.5	1.5	1.5	-	-	1.7	0.3	16.8%
<b>Total</b>	<b>\$78.9</b>	<b>\$45.3</b>	<b>\$60.1</b>	<b>\$14.8</b>	<b>32.8%</b>	<b>\$22.5</b>	<b>(\$22.7)</b>	<b>-50.2%</b>
Authorized FTE Levels	32.0	32.0	32.0	-	-	33.0	1.0	3.1%

\$ in millions. Totals may vary due to rounding.

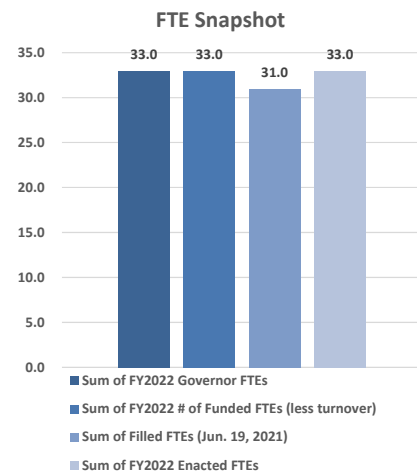
The Rhode Island Emergency Management Agency (RIEMA) is the coordinating agency for multi-jurisdiction and multi-agency response in the state for all emergencies including natural and technological hazards such as fires, floods, tornadoes, hurricanes, winter storms, chemical releases, weapons of mass destruction, and terrorism incidents. RIEMA is the official coordinating agency of the State for the federal Department of Homeland Security and the Federal Emergency Management Agency in times of state, national, multi-jurisdiction, and multi-agency emergencies and disasters. RIEMA operates and maintains the State Emergency Operations Center, as well as the statewide 800 MHz radio system and network. RIEMA became nationally accredited in October 2016, via the Emergency Management Accreditation Program (EMAP).

### MAJOR ISSUES AND TRENDS

The Budget includes \$60.1 million in FY2021, of which \$2.7 million is general revenue. Federal funds comprise 92.1 percent of the Agency's budget in FY2021, an increase of \$14.8 million.

The FY2022 Budget includes \$22.5 million, of which \$2.7 million is general revenue. Federal funds comprise \$17.6 million (77.9 percent) of the Agency's budget in FY2022, a decrease of \$23.0 million, principally due to lower resource needs to respond to the COVID-19 pandemic. Other funds increase by \$250,000, reflecting the use of RICAP funds for a feasibility study regarding the effective use of RIEMA's current headquarters.

The Budget includes 32.0 FTE positions in FY2021 and 33.0 FTE positions in FY2022, reflecting an increase of a 1.0 Fiscal Management Officer position.



<b>Central Management</b>	<b>General Revenue</b>
FY2021 Enacted	\$2,713,353
<i>Target and Other Adjustments</i>	
Personnel	1,907
COVID Related Expenses	491,792
Code RED Maintenance Contract	(300,000)
Fiscal Management Officer	(277,750)
	36,398
<b>FY2022 Enacted</b>	<b>\$2,710,290</b>

<b>Central Management</b>	<b>Other Fund Changes</b>
COVID Related Expenses	(\$31,586,911)
Disaster and Emergency Preparedness Grants	7,588,357
Capital Purchases and Equipment	439,676

**Personnel** **\$491,792**

The FY2021 Budget as Enacted shifted \$487,702 in personnel costs from general revenue to federal funds to reflect expenses incurred by the Rhode Island Emergency Management Agency (RIEMA) in response to the COVID-19 pandemic. The Budget for FY2022 adds \$491,792 in general funds reflecting the shift back of \$500,277 in personnel expenses from federal funds to general revenues, offset by a decrease of \$12,138 reflecting savings from the Voluntary Retirement Incentive (VRI) program and an increases of \$3,653 for the LIUNA Settlement adjustment.

**COVID Related Expenses** **(\$300,000)**

The Budget decreases general revenue by \$300,000 that were for expenses originally projected by RIEMA in response to the COVID-19 pandemic. On March 13, 2020, the President of the United States declared a nationwide emergency relating to the COVID-19 pandemic. Under such federal declaration, referred to as the Stafford Act, federal disaster activities are assumed by the Federal Emergency Management Agency (FEMA). Such activities and assistance allow the State to qualify for a 75.0 percent reimbursement of certain emergency-related expenses. These funds are not required in FY2022.

**Code RED Maintenance Contract** **(\$277,750)**

The Budget decreases general revenue by \$277,750 for the Code RED maintenance contract. The Code RED system is an emergency response notification system which is integrated into the federal Integrated Public Alert and Warning System (IPAWS) that sends public safety alerts through the Emergency Alert System (EAS) and other public alerting systems for emergencies such as active shooters, evacuations, and missing child alerts. The State and all 39 municipalities use this system. Because this operating item is a maintenance issue and not an enhancement to a capital asset, funding is not available via the Rhode Island Capital Plan (RICAP) Fund program. Funding for the maintenance contract is not required in FY2022.

**Fiscal Management Officer** **\$36,398**

The Budget adds \$36,398 in general revenue and \$60,664 in federal funds to cover the salary and benefits of a new 1.0 Fiscal Management Officer. The budget adds the new position to handle overall finance operations including the increased responsibility of managing various federal awards related to the COVID-19 pandemic.

**Federal COVID Related Expenses (federal funds)** **(\$31.6 million)**

The Budget increases personnel expenses by \$294,213 and decreases operating expenses by \$31.9 million resulting in a net federal fund decrease of \$31.6 million to reflect expenses projected by RIEMA in response to the COVID-19 pandemic. On March 13, 2020, the President of the United States declared a nationwide emergency relating to the COVID-19 pandemic. Under such federal declaration, referred to as the Stafford Act, federal disaster activities are assumed by the Federal Emergency Management Agency (FEMA). Such

activities and assistance allow the State to qualify for a 75.0 percent reimbursement of certain emergency-related expenses. The expenses incurred include personal protective equipment (PPE), ventilators, and the establishment of emergency field hospitals.

The overall reduction is a reduction in projected spending on additional personal protective equipment (PPE) primarily composed of ventilators, gowns, nitrile gloves, and face masks. The ventilators were a large ticket item in FY2020 and FY2021. The purchase of that equipment (ventilators) is not warranted at this time. RIEMA continues to procure PPE, but not at the level that was required at the onset of the COVID-19 event.

<b>Personnel - Federal COVID Response</b>	<b>FY2021</b>			<b>FY2022</b>	<b>Change from</b>
	<b>Enacted</b>	<b>FY2021 Final</b>	<b>Change</b>	<b>Enacted</b>	<b>Enacted</b>
Relief Fund: COVID-Related Expenses	\$312,059	\$115,509	(\$196,550)	\$15	(\$312,044)
FEMA: COVID-Related Expenses	175,643	1,200,002	1,024,359	781,900	606,257
<b>Total</b>	<b>\$487,702</b>	<b>\$1,315,511</b>	<b>\$827,809</b>	<b>\$781,915</b>	<b>\$294,213</b>

<b>Operating - Federal COVID Response</b>	<b>FY2021</b>			<b>FY2022</b>	<b>Change to</b>
	<b>Enacted</b>	<b>FY2021 Final</b>	<b>Change</b>	<b>Enacted</b>	<b>Enacted</b>
FEMA: Supplies WKS: RIEMA	\$32,000,000	\$38,329,050	\$6,329,050	\$118,876	(\$31,881,124)
<b>Total</b>	<b>\$32,487,702</b>	<b>\$39,644,561</b>	<b>\$7,156,859</b>	<b>\$900,791</b>	<b>(\$31,586,911)</b>

**Disaster and Emergency Preparedness Grants (federal funds) \$7.6 million**

The Budget includes \$10.6 million in federal funds for various federal grants and reimbursements received for storm and natural disaster events. This appropriation is \$7.6 million more than the FY2021 Budget as Enacted. These funds also reimburse preparedness efforts for terrorist threats, active shooters, hazardous material containment, and other emergency events. The preparedness efforts are intended to improve and enhance the State's ability to prevent, deter, respond to, and recover from threats and incidents. Federal grant funds vary from year to year depending upon the number and severity of natural disasters and the availability of federal funds for non-disaster grants. The following table highlights the more significant changes in FY2021 and FY2022.

<b>RIEMA Federal Grants</b>	<b>FY2021 Enacted</b>	<b>FY2021 Final</b>	<b>Change</b>	<b>FY2022 Enacted</b>	<b>Change from Enacted</b>
State Homeland Security Grant Program 2019	\$2,100,012	\$2,100,012	\$0	\$250,000	(\$1,850,012)
SHSP 2020- State Homeland Security Grant Program	-	1,327,401	1,327,401	1,327,401	1,327,401
Blizzard - Juno Disaster #4212	-	1,206,538	1,206,538	1,206,538	1,206,538
Nemo Blizzard 2012 Disaster Reimbursement	-	1,130,140	1,130,140	1,130,140	1,130,140
Hmgo Blizzard Juno #4212	-	-	-	1,113,678	1,113,678
EMPG 2020- Emergency Management Preparedness Grant	-	-	-	1,070,043	1,070,043
ARP DIRECT: Emergency Management Performance Grants	-	-	-	940,445	940,445
All Other Grants	950,243	3,624,320	2,674,077	3,600,367	2,650,124
<b>Total</b>	<b>\$3,050,255</b>	<b>\$9,388,411</b>	<b>\$6,338,156</b>	<b>\$10,638,612</b>	<b>\$7,588,357</b>

**Capital Purchases and Equipment (federal funds) \$439,676**

The Budget includes \$474,676 in federal funds for capital purchases and equipment reflecting an increase of \$439,676 from the FY2021 Budget as Enacted. The Budget reflects an increase of \$420,000 to purchase furniture and \$19,676 for computer equipment. The offices of RIEMA were relocated to the second floor of the facility located at 645 New London Avenue, Cranston, that were previously occupied by the Rhode Island National Guard (Guard), who vacated the second floor and took possession of many of the former offices on the first floor. RIEMA was responsible for replacing the furniture and fixtures for the second floor of the building. Additionally, several of the staff assigned to the RIEMA warehouse in Scituate were relocated to the Cranston location and additional furniture and equipment was procured to accommodate those staff members at the Cranston offices.

## CAPITAL PROJECTS

The Budget includes Rhode Island Capital Plan (RICAP) funding for two capital projects. The projects include:

- \$1.5 million in FY2021 and FY2022, and \$1.5 million each year from FY2023 to FY2026 in RICAP funds and \$500,000 in federal funds to support the Rhode Island Statewide Communications System Network (RISCON). The project enhances and further develops RISCON, the main communications platform used by all public safety agencies in the State for daily operations.
- \$250,000 in RICAP funds in FY2022 to fund a feasibility study to determine whether the current headquarters of the RIEMA located at 645 New London Avenue, Cranston, is sufficiently adequate to meet the needs of the agency. The agency has completed other studies in recent years looking at potential moves.

*Analyst Note: A previous feasibility study was conducted a few years ago, however the subject of that study pertained to the remodeling of the Cranston location for RIEMA's use upon the National Guard's vacating the premises. Presently, the Guard has located a military police (MP) battalion on the lower level of the building and has not fully vacated the premises at New London Avenue as originally expected. The current feasibility study was included in the FY2022 Budget at the behest of DCAMM as the facility is in dire need of an overhaul to the existing HVAC system. DCAMM wants a study to identify the issues with the system before any renovations or improvements are undertaken.*

## Department of Public Safety

Expenditures By Program	FY2020	FY2021	FY2021	Change from		FY2022	Change from	
	Actual	Enacted	Revised	Enacted		Enacted	Enacted	
Central Management	\$13.2	\$11.1	\$12.7	\$1.6	14.4%	\$27.0	\$15.9	143.8%
E-911	6.7	7.6	7.2	(0.4)	-5.4%	7.5	(0.1)	-1.2%
Municipal Police Training	0.5	0.8	0.7	(0.1)	-10.7%	0.7	(0.1)	-12.6%
Security Services	25.7	26.4	26.6	0.2	0.9%	27.3	1.0	3.7%
State Police	85.3	88.1	87.1	(1.0)	-1.1%	91.4	3.3	3.7%
<b>Total</b>	<b>\$131.4</b>	<b>\$133.9</b>	<b>\$134.2</b>	<b>\$0.3</b>	<b>0.2%</b>	<b>\$153.9</b>	<b>\$20.0</b>	<b>14.9%</b>

Expenditures By Source								
General Revenue	\$77.9	\$67.4	\$45.5	(\$21.9)	-32.5%	\$120.6	\$53.2	78.9%
Federal Funds	43.0	56.6	77.6	\$21.0	37.2%	17.5	(39.1)	-69.1%
Restricted Receipts	6.0	5.7	5.7	\$0.0	0.1%	8.5	2.8	50.2%
Other Funds	4.6	4.2	5.4	\$1.2	28.9%	7.3	3.1	72.5%
<b>Total</b>	<b>\$131.4</b>	<b>\$133.9</b>	<b>\$134.2</b>	<b>\$0.3</b>	<b>0.2%</b>	<b>\$153.9</b>	<b>\$20.0</b>	<b>14.9%</b>

Authorized FTE Levels	593.6	593.6	593.6	-	-	622.6	29.0	4.9%
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*\$ in millions. Totals may vary due to rounding.*

The Department of Public Safety (DPS) is the principal agency of the executive branch charged with law enforcement functions. It includes five program areas, including Central Management, E-911, the Municipal Police Training Academy, Security Services, and the State Police. The Department was created in the FY2009 Budget and is headed by the Superintendent of the State Police.

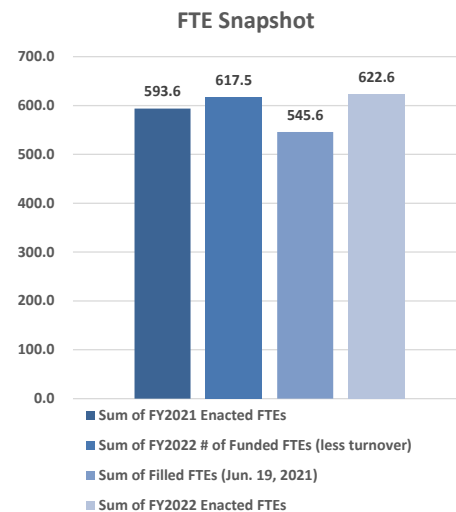
### MAJOR ISSUES AND TRENDS

The Budget provides \$153.9 million to fund public safety initiatives and the operations of the Department of Public Safety in FY2022. Approximately 78.0 percent of this, or \$120.6 million, is from general revenue, an increase of \$53.2 million (78.9 percent) from the FY2021 Enacted level.

The Budget authorizes a net increase of 29.0 FTE positions within the Department, for a total of 622.6 positions. The Budget assumes a graduating class of 28.0 new Troopers from its training academy in February 2022 and 1.0 new Capitol Police Officer.

Major budget initiatives within the Department include:

- Body Worn Cameras:** The Budget includes \$15.0 million of one-time general revenue to support a new statewide body worn camera program for law enforcement officers.
- COVID-19 Relief:** Rhode Island received \$1.25 billion in emergency federal Coronavirus Relief Funds (CRF) to help the State respond to the COVID-19 pandemic. Guidance from the United States Treasury instructed that payroll expenses for public safety, public health, and other emergency staff that were concentrated on addressing the pandemic were presumptively considered eligible expenses under the CRF. Accordingly, the FY2021 Budget as Enacted shifted \$40.0 million in Departmental personnel expenditures to these federal funds. The FY2021 Revised Budget increases this by another \$19.5 million based on the identification of additional eligible costs after the enactment of the Budget in December 2020.



Program	DPS - COVID-19 Related Expenditures				FY2022	
	FY2020 Actual	FY2021 Enacted	FY2021 Revised	Change	Enacted	Change
State Police	\$15.4	\$26.2	\$38.3	\$12.0	-	(\$26.2)
Sheriffs	5.8	8.4	15.1	6.7	-	(8.4)
Capitol Police	1.7	2.6	3.8	1.2	-	(2.6)
E-911	1.5	2.8	2.4	(0.4)	-	(2.8)
<b>Total</b>	<b>\$24.4</b>	<b>\$40.0</b>	<b>\$59.5</b>	<b>\$19.5</b>	<b>-</b>	<b>(\$40.0)</b>

*\$ in millions*

- **Southern Barracks:** The Budget authorizes \$28.1 million in Rhode Island Capital Plan funds for the construction of a new barracks in the southern part of Rhode Island. The new facility is needed to replace the obsolete Wickford and Hope Valley barracks.
- **Training Academy:** The Budget provides \$2.6 million from all funding sources for costs associated with conducting the next State Police Training Academy class, scheduled to begin in September 2021, with a graduating class to be hired in February 2022.

### CENTRAL MANAGEMENT

The Central Management program consists of the Business Office, Legal Office, and Public Safety Grants Administration Office (formerly Governor's Justice Commission). The Business Office provides fiscal oversight for the Department, as well as human resources, payroll, and purchasing. The Public Safety Grants Administration Office serves as a conduit agency for a number of federal grants that flow to local and state public safety agencies. Grant administration includes both formula and discretionary grant programs.

Central Management	General Revenue
FY2021 Enacted	\$892,435
<i>Target and Other Adjustments</i>	<i>(375)</i>
Body Worn Cameras for Law Enforcement	15,000,000
Salary and Benefits Changes	34,353
Centralized Service Charges	(9,251)
<b>FY2022 Enacted</b>	<b>\$15,917,162</b>

#### **Body Worn Cameras for Law Enforcement** **\$15.0 million**

The Budget includes \$15.0 million of one-time general revenue to support a new statewide body worn camera program for law enforcement officers. On June 16, 2021, the State's political and law enforcement leadership announced support for a statewide program to put body-worn cameras on every frontline police officer and supervisor in Rhode Island. The statewide program is designed to equip approximately 1,700 of Rhode Island's uniformed patrol officers - across every municipal police department and the Rhode Island State Police - with body-worn cameras by December 2022. Section 1 of Article 1 of the Budget authorizes the reappropriation of any amount unspent in FY2022 to the program in FY2023.

- **Funding:** The DPS's Grant Administration Office would provide grants to support most, or all, of a police department's projected implementation costs, depending on the equipment and technology procured by the department.
- **Purchasing and Technical Assistance:** The program would coordinate purchasing through the statewide Master Price Agreement and provide technical assistance to police departments in securing available federal funding that supports body-worn camera programming.
- **Policy:** The Rhode Island Attorney General's Office and the DPS, in consultation with the Rhode Island Police Chiefs Association, will create model policies that address key areas like activation, officer review, records retention, etc. and that must be adopted by departments seeking state funding.



**Salary and Benefits Changes****\$34,353**

The Budget provides a net \$34,353 in additional personnel expenditures in FY2022 within the Central Management Division as compared to the FY2021 Budget as Enacted. The Division has 12.0 authorized FTE positions. Included in these funds is the restoration of \$9,009 in general revenue personnel expenditures that were included as savings in the FY2021 Budget as Enacted related to furloughed employees eligible to participate in the State's Workshare program. Two employees in the Central Management Division participated in the program. The Workshare program allowed the State to achieve the savings in the wake of the devastating financial impact of COVID-19. Through this program, eligible full-time employees were allowed to work 60.0 percent of their regular weekly hours (three business days) from June 14, 2020, to September 5, 2020. The remaining \$25,344 are related to other statewide changes in healthcare and fringe benefits, and other personnel changes.

**Centralized Service Charges****(\$9,251)**

The Budget includes a \$9,251 reduction in general revenue centralized services spending as compared to the FY2021 enacted level. This includes a \$9,016 savings related to a reduced Division of Information Technology billing and virtual private network (VPN) services. It also includes a \$235 reduction related to centralized human resources charges that reflect the program's historic expenses.

	FY2021	FY2022	
<b>Centralized Service Changes</b>	<b>Enacted</b>	<b>Governor</b>	<b>Change</b>
Information Technology	\$35,616	\$26,600	(\$9,016)
Human Resources	19,835	19,600	(235)
<b>Total</b>	<b>\$55,451</b>	<b>\$46,200</b>	<b>(\$9,251)</b>

**E-911**

The objective of the E-911 Uniform Emergency Telephone System is to maintain a statewide emergency telephone system providing prompt transfers of E-911 calls to the appropriate responding fire department, medical rescue service, or law enforcement agency. The Division operates 24 hours a day, 7 days a week. E-911 has a primary public safety answering point (PSAP) located in the State Police Headquarters complex in North Scituate, as well as a secondary PSAP in North Providence. Backup PSAP facilities are considered best management practices to provide service continuity if an emergency affects the primary PSAP. Article 2 of the FY2020 Budget as Enacted provided a dedicated funding stream for E-911 services by shifting all E-911 surcharge fee revenue from general revenue to a restricted receipt account, the E-911 Fund.

<b>E-911</b>	<b>Other Fund Changes</b>
Capital Purchases and Equipment (restricted receipts)	(\$600,000)
Salary and Benefits Changes (restricted receipts/federal funds)	207,290
Next Generation 911	Informational
Surcharge Revenues	Informational

**Capital Purchases and Equipment (restricted receipts)****(\$600,000)**

The Budget reduces E-911 Fund capital purchases and equipment spending by \$600,000 in FY2022 compared to the FY2021 enacted level. The FY2021 Budget as Enacted provided \$750,000 to support updates to the legacy information technology infrastructure, including hardware and software, necessary for increased cybersecurity and for the virtualized hardware to complete a Next Generation 911 level of resiliency and redundancy. The same level of investment in computer equipment is not required in FY2022 and the FY2022 Budget assumes a \$600,000 savings.

**Salary and Benefits Changes (restricted receipts/federal funds)****\$207,290**

The Budget provides a net increase of \$207,290 in restricted receipt and federal funds for salaries and benefits for the E-911 program in FY2022 as compared to the FY2021 enacted level. This includes an

increase of \$3.0 million in E-911 restricted receipt account funds and a decrease of \$2.8 million in federal Coronavirus Relief Funds (CRF).

Rhode Island received \$1.25 billion in emergency federal Coronavirus Relief Funds (CRF) to help the State respond to the COVID-19 pandemic. Guidance from the United States Treasury instructed that payroll expenses for public safety, public health, and other emergency staff that were concentrated on addressing the pandemic were presumptively considered eligible expenses under the CRF. Accordingly, the FY2021 Budget as Enacted shifted \$2.8 million in E-911 personnel expenditures from the E-911 Fund restricted receipt account to these federal funds. CRF funding is not available in FY2022. The FY2022 Budget increases E-911 Fund spending by \$3.0 million to cover these expenditures and adds \$207,290 for other statewide changes in healthcare and fringe benefits, and other personnel change.

### **Next Generation 911**

### **Informational**

Over the past several years, the State's E-911 system has been transitioning from analog-based technology to a digital platform. The two E-911 call center hubs, known as public safety answering points (PSAPs), completed installation and testing of new Next Generation 911 (NG911) digital routers in 2018 and staff have been trained on how to use the technology. NG911 enables these telecommunicators to utilize data-rich information such as geographic information systems and pictometry data to more accurately identify an individual's location and direct first responders more quickly.

According to the Department, the success and reliability of E-911 has greatly improved with the implementation of NG911 and will enhance emergency services going forward by creating a faster, more resilient system that will facilitate the integration of more advanced methods of emergency communication in the future. For example, NG911 enabled the launch of Text-to-911 in February 2019. This service provides the public with the ability to text 911 in the event a voice call is not possible or safe. NG911 will also support Rapid SOS, a new technology that provides more accurate location information from wireless callers, which will enable Rhode Island to more effectively meet federal cybersecurity standards. NG911 is enabling a five-year project to update its entire GIS data map, using pictometry imagery that provides a 45 degree angle overhead image in addition to straight overhead images.

According to the DPS, the Division will continue to migrate its systems away from the use of copper phone lines for the inbound and outbound networks in FY2022, and move towards fiber-optic data transmission using INdigital technology, which will make the agency compliant with federal NG911 regulations, improve system reliability by reducing points of failure, and provide built-in resiliency and redundancy in the event the system is compromised. The agency will also be installing Guardian lite computer consoles at each dispatch location to enable the agency to transfer call data to local municipalities.

### **Surcharge Revenues**

### **Informational**

The FY2020 Budget as Enacted reconfigured the telecommunication surcharges that support emergency services and first response programs, including the E-911 program. Previously, there was a \$1.00 emergency services and first response surcharge on wireline, wireless, and prepaid telecommunication services and an additional \$0.26 technology surcharge on just wireless services. 90.0 percent of the revenue from the \$1.00 surcharge was deposited as general revenue with the balance placed into the State's Information Technology Investment Fund. The \$0.26 surcharge was deposited into a restricted receipt account to support State geographic information system (GIS) and other technology improvements.

Article 2 of the FY2020 Budget as Enacted eliminated both of these surcharges and established two new ones. A new \$0.50 E-911 surcharge was established to support the E-911 program. Revenue from the surcharge is deposited into a dedicated restricted receipt account within the Department of Public Safety (DPS) explicitly reserved for the purposes of supporting the E-911 system. A first response surcharge was also established to support first responder services across the State. The surcharge amount varies by telecommunication type and ranges from \$0.50 to \$0.75. The revenue from this surcharge is deposited as general revenue.

The following table shows the collection history and estimated revenue by surcharge:

**E-911 Surcharge and First Response Surcharge Revenues vs. Expenditures**

Fiscal Year	E-911 Surcharge	First Response Surcharge	E911 Restricted Receipts	E-911 Expenditures	Deposit to ITIF	Net to General Fund
2010	\$17,898,223	-	-	\$4,635,901	-	\$13,262,322
2011	17,248,460	-	-	4,829,770	-	12,418,690
2012	17,255,771	-	-	4,766,586	-	12,489,185
2013	17,507,117	-	-	5,103,735	-	12,403,382
2014	17,454,670	-	-	5,444,296	-	9,798,629
2015	17,640,703	-	-	5,320,615	-	12,320,088
2016	16,649,747	-	-	5,499,050	1,571,992	9,578,704
2017	16,845,536	-	-	5,699,440	1,632,500	8,993,060
2018	17,072,415	-	-	5,894,522	1,665,150	9,512,743
2019	17,340,783	-	-	5,899,730	1,734,078	9,706,975
2020	4,918,799	6,228,214	5,242,464	6,711,718	1,114,701	8,563,058
2021	-	9,701,821	7,800,000	7,155,864	970,182	8,731,639
2022	-	10,049,012	7,800,000	7,469,769	1,004,901	9,044,111

**MUNICIPAL POLICE TRAINING ACADEMY**

The Rhode Island Municipal Police Training Academy was established in 1969 and assigned to train and certify municipal law enforcement officers for all municipalities except for the City of Providence. Municipalities do not pay to send recruits to the Academy, but they do provide in-kind services including officer time to teach courses and meeting and firing range space. Recruits are paid by municipalities for their time spent at the Academy. Since the first training class in 1970, the Academy has graduated 114 classes. The Academy runs two to three classes and 80 to 100 professional development workshops annually. Since 1981, the Academy has been located at the Community College of Rhode Island (CCRI) Flanagan Campus in the Town of Lincoln.

Municipal Police Training	General Revenue
FY2021 Enacted	\$310,456
<i>Target and Other Adjustments</i>	<i>3,247</i>
VRI Savings	(51,128)
<b>FY2022 Enacted</b>	<b>\$262,575</b>

**VRI Savings** **(\$51,128)**

The Budget includes \$51,128 in voluntary retirement savings in FY2022 within the Municipal Police Training Program. The Budget includes a voluntary retirement incentive (VRI) payment to active state employees as of January 4, 2021, who have a full benefit retirement date on or before December 31, 2020.

**SECURITY SERVICES**

The Security Services program consists of the Capitol Police and the Division of Sheriffs. The Capitol Police have arrest powers and provide security at 13 State buildings, including the State House, the courthouses, and numerous executive branch facilities. The Sheriffs are responsible for statewide activities assigned by law which relate to the duties and functions of the sheriffs in several counties. The Division is responsible for courtroom security, judicial security, cellblock security, transportation of individuals charged with crimes, interstate prisoner extraditions, and service of process.

<b>Security Services</b>	<b>General Revenue</b>
FY2021 Enacted	\$15,340,704
<i>Target and Other Adjustments</i>	<i>638,152</i>
Salary and Benefits Changes (shift)	11,011,316
Operating and Other Expenses	329,081
<b>FY2022 Enacted</b>	<b>\$27,319,253</b>

<b>Security Services</b>	<b>Other Fund Changes</b>
Capitol Police Rotary (other funds)	301,755

***Salary and Benefits Changes (shift)*** ***\$11.0 million***

The Budget shifts \$11.0 million in costs to general revenue for salaries and benefits within the Security Services program in the DPS for in FY2022 as compared to the FY2021 enacted level. This includes \$8.4 million in additional personnel costs for the Sheriffs Division and \$2.6 million for the Capitol Police. This is offset by a decrease of \$11.0 million in federal COVID-19 Relief Funds (CRF).

Rhode Island received \$1.25 billion in emergency federal Coronavirus Relief Funds (CRF) to help the State respond to the COVID-19 pandemic. Guidance from the United States Treasury instructed that payroll expenses for public safety, public health, and other emergency staff that were concentrated on addressing the pandemic were presumptively considered eligible expenses under the CRF. Accordingly, the FY2021 Budget as Enacted shifted \$8.4 million in Sheriffs Division personnel expenditures and \$2.6 million in Capitol Police spending to these federal funds. CRF funding is not available in FY2022. The FY2022 Budget increases Security Services general revenue spending by \$11.0 million to cover these expenditures.

***Operating and Other Expenses*** ***\$329,081***

The Budget includes a net \$329,081 increase in FY2022 related to an increase in operating costs and other non-personnel expenses. The Sheriffs Division and Capitol Police both will be conducting recruit training in 2022, which include \$140,919 more in uniform, safety gear, and medical services costs than in FY2021. The remaining net \$188,162 increase results from various other changes in equipment purchases, contracted professional services, and operating supplies and expenses.

***Capitol Police Rotary (other funds)*** ***\$301,755***

The Budget increases Capitol Police Rotary funds by \$301,755 compared to the FY2021 Budget as Enacted. This increase includes \$83,675 to fund an additional 1.0 Capitol Police Officer FTE position to be stationed at the security substation on the Pastore Center campus. According to the Office of Management and Budget, this addition is recommended to ensure that campus properties and facilities are safe and secure for employees and customers. The balance of the increase, \$218,080 in rotary funds, reflects the updating of salary, health insurance and fringe benefit rates, retirement, and other costs associated with positions funded by the account.

The Capitol Police Rotary Fund is an internal service fund. These funds, often called rotary accounts, are established to finance and account for the operations of certain overhead type programs that provide services to other state agencies on a charge for services basis. The expenditures appear as state operations costs in the agencies being charged and are not included in the statewide personnel totals to prevent double counting. The expenditures related to the Pastore Center Campus appear in the Department of Administration's Facilities Management Internal Service Fund expenditures.

## **STATE POLICE**

The Rhode Island State Police are a uniformed and investigative law enforcement agency with statewide jurisdiction. The agency is organized into three bureaus: the Administrative Bureau, Uniform Bureau, and Detective Bureau. The Administrative Bureau consists of both sworn command staff and civilian personnel and provides overall management and support. The Uniform Bureau is responsible for preventing crime

and investigating criminal and noncriminal activities. The Uniform Bureau also establishes highway safety through enforcement of motor vehicle laws with emphasis on hazardous moving violations, i.e. drunk driving and speeding. The Detective Bureau is the primary investigative unit which helps the Attorney General's Office and other agencies in investigating organized and white collar crime and provides support to police agencies throughout the State.

<b>State Police</b>	<b>General Revenue</b>
FY2021 Enacted	\$50,887,042
<i>Target and Other Adjustments</i>	
Salary and Benefits Changes (shift)	159,926
58th State Police Training Academy	23,409,474
New Troopers	1,786,005
Pension Trust Fund	862,875
<b>FY2022 Enacted</b>	<b>Informational</b>
	<b>\$77,105,322</b>
<b>State Police</b>	
Road Construction Reimbursement (other funds)	<b>Other Funds</b>
	744,412

**Salary and Benefits Changes** **\$23.4 million**

The Budget shifts \$23.4 million in costs to general revenue for salaries and benefits within the State Police in FY2022 as compared to the FY2021 enacted level. This includes \$1.5 million in personnel costs associated running a State Police Training Academy in FY2022 and \$770,424 to fund 25.0 graduating new State Troopers for the final seven pay periods of FY2022, each described below. The remaining net increase of \$23.4 million includes a \$519,191 net reduction in other personnel expenses and the restoration of \$26.2 million in federal CRF funds to general revenue.

Rhode Island received \$1.25 billion in emergency federal CRF funds to help the State respond to the COVID-19 pandemic. Guidance from the United States Treasury instructed that payroll expenses for public safety, public health, and other emergency staff that were concentrated on addressing the pandemic were presumptively considered eligible expenses under the CRF. Accordingly, the FY2021 Budget as Enacted shifted \$26.2 million in State Police personnel expenditures to these federal funds. CRF funding, is not available in FY2022 and the Budget increases general revenue personnel expenditures, accordingly.

**58<sup>th</sup> State Police Training Academy** **\$1.8 million**

The Budget includes \$2.6 million from all funds in FY2022 to support the costs related to the 58<sup>th</sup> State Police Training Academy.

There are 249 sworn members in the Rhode Island State Police, with 49 eligible to retire, including 18 members from the class of 1994 and 31 members from the class of 1997. The mandatory retirement dates these classes are December 2022 and September 2026, respectively. Mandatory retirements diminish State Police capacity and reduce overall public safety in Rhode Island. To maintain a full complement of Troopers, the Governor recommends conducting a 24-week training academy beginning September 13, 2021, and concluding February 26, 2022. During this period, the recruits would be classified as Trooper Trainees. On February 27, 2022, the graduating students would be hired as State Police Troopers.

The Budget includes \$1.8 million in general revenue support for the Training Academy and an additional \$797,213 in federal funds, for a total of \$2.6 million. Personnel expenses associated with the academy are funded with \$1.5 million in general revenue. The following table shows how the funds are to be used:

## State Police Training Academy - FY2022 Expenditures

Non-Personnel Expenditure Category	Description	General Revenue	Federal	All Funds
Operating Supplies and Expenses	Meals and beverages for academy participants	\$206,163	-	\$206,163
Contract Professional Services	Physician services	60,000	-	60,000
	Equipment, uniforms, examinations, etc.	-	797,213	797,213
<b>Total</b>		<b>\$266,163</b>	<b>\$797,213</b>	<b>\$1,063,376</b>
Personnel Expenditure Category				
Salaries and Benefits	Staff overtime - recruitment and mentorship	\$1,024,971	-	\$1,024,971
	Stipends	494,871	-	494,871
<b>Total</b>		<b>\$1,519,842</b>	<b>-</b>	<b>\$1,519,842</b>
<b>Total - All Categories</b>		<b>\$1,786,005</b>	<b>\$797,213</b>	<b>\$2,583,218</b>

**New Troopers****\$862,875**

The Budget includes \$862,875 in total funding for 28.0 Trooper FTE positions. As indicated above, the Budget funds a State Police Training Academy beginning September 13, 2021, and concluding February 26, 2022. Graduating students would be hired as State Police Troopers at the start of the 19<sup>th</sup> pay period of FY2022 (February 27, 2022).

The Budget adds 28.0 new Troopers. The annual starting salary for a Trooper is \$66,361 and annual average cost with benefits is approximately \$114,463 (Prorating these costs over the last seven pay periods, out of a total 26, yields \$862,875 in total personnel expenses in FY2022).

**Pension Trust Fund****Informational**

The FY2016 Budget as Enacted created a pension trust fund for State Police troopers hired prior to 1987 who receive benefits through a pay-as-you-go (pay-go) system. Members' benefits remain unchanged, but the proposal transitions the current system to a more traditional retirement fund whereby contributions are amortized, in this case, over 18 years. The pension trust fund was originally capitalized by funding from the Google settlement awarded to the State Police. It is estimated that, at a 7.5 percent rate of return, this initial investment will achieve \$157.2 million in general revenue savings over the 77-year life of the plan. The use of the settlement for the pension trust fund required approval by the U.S. Department of Justice (DOJ) Asset Forfeiture Program which was granted in FY2016. The FY2017 Budget as Enacted included \$15.0 million for this purpose. Based on the current actuarial reports, the Budget includes \$16.4 million in general revenue for pension payments in FY2022, commensurate with the FY2021 Budget as Enacted.

**Road Construction Reimbursements (other funds)****\$744,412**

The Budget provides \$2.5 million in road construction reimbursements in FY2022, \$744,412 more than the FY2021 enacted level. The Department of Transportation reimburses the State Police for the road detail services they provide at highway and road construction sites. The DPS use these reimbursements to help pay for vehicle maintenance costs.

**CAPITAL PROJECTS**

The Budget includes a total of \$50.1 million for capital projects from FY2021 through FY2026. The Budget authorizes \$4.2 million in disbursements from the RI Capital Plan (RICAP) Fund in FY2022 and \$2.5 million from the State Fleet Replacement Fund.

DPS Capital Projects	FY2021	FY2022		FY2023-FY2026			Total
	RICAP	State Fleet Replacement	RICAP	State Fleet Replacement	Federal	RICAP	
Southern Barracks	-	-	2,100,000	-	-	26,000,000	28,100,000
Portsmouth Barracks	-	-	350,000	-	-	1,650,000	2,000,000
DPS Vehicle Replacement	-	2,489,723	-	2,590,000	600,000	4,800,000	10,479,723
Asset Protection	752,449	-	791,000	-	-	3,000,000	4,543,449
Training Academy Upgrades	535,160	-	750,000	-	-	1,060,000	2,345,160
Administrative Support Building Renovation	-	-	-	-	-	1,000,000	1,000,000
RISCON Microwave System Replacement	-	-	237,370	-	-	749,480	986,850
HQ Roof Replacement	588,120	-	-	-	-	-	588,120
Public Safety Master Plan	37,566	-	-	-	-	-	37,566
<b>Total</b>	<b>\$1,913,295</b>	<b>\$2,489,723</b>	<b>\$4,228,370</b>	<b>\$2,590,000</b>	<b>\$600,000</b>	<b>\$38,259,480</b>	<b>\$50,080,868</b>

- **Southern Barracks:** The Budget includes \$2.1 million in additional RICAP funds for a new State Police barracks located in the southern part of the State. The Governor recommended issuing Certificates of Participation to finance the project in FY2022. The Budget shifts this financing to RICAP. In 2018, the Department of Public Safety initiated a comprehensive planning review and feasibility study related to the Rhode Island State Police (RISP) barracks facilities located in Wickford, Hope Valley, and Portsmouth. The review and study were completed in the fall of 2019, and were coordinated by a master planning committee consisting of members of the RISP, representatives from the Department of Administration, and an architectural and engineering design firm. The committee found that the existing three barracks, which were built in the 1930s, do not meet the modern public safety and policing requirements of the State Police. It was originally determined that it is not feasible to renovate each the existing structures and therefore is necessary to build a new, combined barracks in the southern part of the State. The preferred location, which remains subject to Federal Highway Administration and RI Department of Transportation approval, is a parcel of land located off Route 95 at Exit 7 in West Greenwich.
- **Portsmouth Barracks:** The Budget includes \$2.0 million from RICAP funds in FY2022 and FY2023 to rehabilitate the Portsmouth Barracks which has been closed since 2012. This includes \$350,000 in FY2022 to begin architectural and engineering work.
- **DPS Vehicle Replacement:** The Budget authorizes \$10.5 million to replace vehicles from FY2021-FY2026, with \$5.4 million from RICAP funds and \$5.1 million from the State Fleet Replacement Fund. The Department currently has 390 vehicles in the State Police vehicle fleet (366 patrol and detective vehicles, 14 service vehicles, and 10 specialty vehicles). There are 155 patrol/detective vehicles, or 39.7 percent, with between 100,000 and 125,000 miles. Another 100 vehicles have over 125,000 miles. The average useful life of these vehicles is 6.5 years. The Budget includes \$1.5 million from general revenue for fleet overhead, including maintenance, in FY2022. The Department plans to replace 30 State Police patrol cars per year at a cost of \$1.8 million annually. The Sheriffs Division also needs to replace 43 vehicles ranging in price from \$34,000 to \$180,000.
- **Asset Protection:** The Budget authorizes \$4.5 million RI Capital Plan Funds to finance the maintenance of the various facilities across the Department over five years, including \$791,000 in FY2022.
- **Training Academy Upgrades:** The Budget provides \$2.3 million from RICAP funds from FY2021 through FY2026 for improvements at the State Police Training Academy in Foster, with \$750,000 disbursed in FY2022. The \$2.6 million project began in 2018, with \$322,229 spent prior to FY2021. Improvements include the replacement of the antiquated firearms training simulator; environmental and safety renovations to the firing range, including a new firearms shelter and a sound dampening system; replacement of HVAC system, roof, windows, and electrical systems; repaving of roadways; and preparation of an emergency vehicle operators course feasibility study.
- **Administrative Support Building Renovation:** The Budget authorizes \$1.2 million in RICAP spending from FY2021 through FY2026, with \$200,000 disbursed in FY2022, to fund renovations to the Public Safety Administrative Support Building. The project includes an architectural and engineering assessment of the building's needs; repairs to the exterior envelope, including exterior siding, trim, and

window replacement and repointing of brick work and chimneys; installation of a new HVAC system, electrical upgrades; and IT upgrades. Repairs will be undertaken in compliance with historic preservation codes, as the building is a historic property originally constructed in the 1790s.

- **RISCON Microwave System Replacement:** The Budget authorizes \$986,850 in RICAP spending from FY2021 through FY2026 to finance an upgrade to the Department's microwave loop network, a statewide 6 GHz digital network comprised of five microwave hops connecting key radio transmission sites and facilities throughout the State. This microwave loop network provides critical data links for the Rhode Island Statewide Communications Network (RISCON) 800Mhz radio network. The RISCON radio network, managed by the Rhode Island Emergency Management Agency (RIEMA), is the primary radio communications platform for over ten thousand first responders, the Rhode Island Department of Transportation (RIDOT), the Rhode Island Public Transit Authority (RIPTA), and numerous other State and local agencies that provide essential services throughout the state.
- **HQ Roof Replacement:** The Budget includes \$588,120 from RICAP in FY2021 to finance the final stage of work on the Rhode Island State Police headquarters roof replacement, which is scheduled to be completed by June 2021.
- **Public Safety Master Plan:** The Budget includes \$350,000 in RICAP spending in FY2021 to pay the final invoices related to the development of the Department's facilities master plan. The plan was completed in August 2020.



## Office of the Public Defender

Expenditures By Program	FY2020	FY2021	FY2021	Change from		FY2022	Change from	
	Actual	Enacted	Revised	Enacted		Enacted	Enacted	
Public Defender	\$12.2	\$12.8	\$12.8	\$0.0	0.0%	\$13.5	\$0.8	5.9%
<b>Expenditures By Source</b>								
General Revenue	\$12.1	\$12.7	\$12.6	(\$0.1)	-0.9%	\$13.4	\$0.8	9.0%
Federal Funds	0.1	0.1	0.2	0.1	1.48	0.1	-	-
<b>Grand Total</b>	<b>\$12.2</b>	<b>\$12.8</b>	<b>\$12.8</b>	<b>\$0.0</b>	<b>0.0%</b>	<b>\$13.5</b>	<b>\$0.8</b>	<b>5.9%</b>
Authorized FTE Levels	96.0	96.0	96.0	-	-	99.0	3.0	3.1%

\$ in millions. Totals may vary due to rounding.

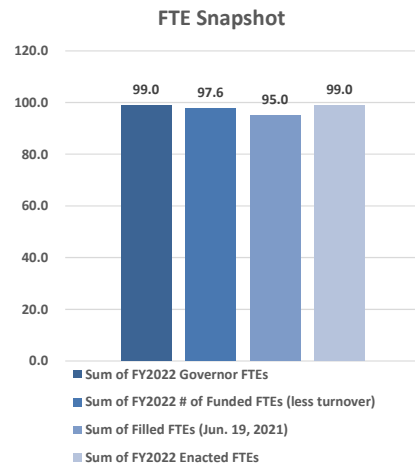
The Office of the Public Defender represents indigent adults and juveniles who are charged with criminal offenses or who are in jeopardy of losing custody of their children to the State. Referrals come from the Supreme, Superior, District and Family Courts. All who are financially eligible are assigned to a staff attorney for representation in the appropriate court. The main office and two branch locations are located in Providence. Three additional offices are located in the southern half of the state. The metropolitan areas of Providence and Newport account for the bulk of the cases. The Office includes four basic divisions of attorneys: appellate, criminal trial (including separate felony and misdemeanor units), juvenile, and parental rights. The Public Defender is appointed by the Governor to a six-year term, with the advice and consent of the Senate.

### MAJOR ISSUES AND TRENDS

The agency's budget is funded almost entirely by general revenues (99.4 percent). The FY2021 Budget as Enacted included \$12.8 million in all funds, of which \$12.7 million is general revenue and \$75,665 is federal funds. The FY2021 Revised Budget is \$12.8 million of which \$12.6 million is general revenue and \$186,515 is federal funds. General revenues decreased by a net of \$101,352 and federal funds increased by \$110,850. The Revised Budget decreased general revenue by \$140,000 reflecting increased personnel turnover savings and lower contract service expenses resulting from reduced trial calendars caused by the COVID-19 Pandemic.

For FY2022, the Budget includes \$13.5 million, of which \$13.4 million is general revenue and \$75,665 is federal funds, reflecting an increase of \$750,946 in general revenue, largely due to the addition of 3.0 new FTEs and statewide personnel cost adjustments.

The Budget includes 96.0 FTE positions in FY2021, consistent with the enacted level, and 99.0 FTE positions in FY2022, an increase of 3.0 positions.



Central Management	General Revenue
FY2021 Enacted	\$12,680,653
Target and Other Adjustments	(1,065)
Personnel	668,950
Operating Adjustments	83,061
<b>FY2022 Enacted</b>	<b>\$13,431,599</b>

**Personnel****\$668,950**

The Budget increases general revenue expenditures to reflect the addition of 3.0 Public Defender IV FTE positions. The Budget adds \$335,698 for the 3.0 Public Defender IV FTE positions in FY2022. According to the Office, the additional positions are necessary to handle excessive caseload levels, which impacts the Public Defender's ability to meet statutory representation requirements. The Budget includes \$33,252 in other statewide planning value adjustments set by the Budget Office, including the restoration of \$216,540 in general revenue removed as Workshare savings in the FY2021 Budget as Enacted. The increase in personnel costs is offset by an increase of \$69,404 in projected turnover savings and by a decrease of \$79,096 in savings from the Voluntary Retirement Incentive (VRI) program.

**Operating Adjustments****\$83,061**

The Budget adds \$83,061 in general revenue for operating adjustments within the Office of the Public Defender, mainly consisting of an increase of \$58,953 for the rental of outside property in FY2022. The Budget also provides increased funding to support annual Microsoft Office 365 computer software licenses, allowing staff to work remotely during the COVID-19 pandemic.

<b>Operating Expenses</b>	<b>FY2021 Enacted</b>	<b>FY2021 Final</b>	<b>Change</b>	<b>FY2022 Enacted</b>	<b>Change to Enacted</b>
Rental of Outside Property	\$555,454	\$555,454	\$0	\$614,407	\$58,953
Comp Supplies/Software and Equipment	25,000	25,000	-	56,250	31,250
All Other Operating	573,373	573,373	-	566,231	(7,142)
<b>Total</b>	<b>\$1,153,827</b>	<b>\$1,153,827</b>	<b>\$0</b>	<b>\$1,236,888</b>	<b>\$83,061</b>

## Department of Environmental Management

Expenditures By Program	FY2020	FY2021	FY2021	Change from		FY2022	Change from	
	Final	Enacted	Final	Enacted		Enacted	Enacted	
Office of Director	\$10.8	\$12.7	\$11.8	\$1.0	9.2%	\$11.7	(\$1.0)	-7.6%
Bureau of Natural Resources	47.1	65.5	64.4	17.3	36.6%	64.5	(0.9)	-1.4%
Bureau of Environmental Protection	26.4	31.1	31.2	4.8	18.1%	31.6	0.5	1.7%
<b>Total</b>	<b>\$84.3</b>	<b>\$109.3</b>	<b>\$107.3</b>	<b>\$23.0</b>	<b>27.3%</b>	<b>\$107.9</b>	<b>(\$1.4)</b>	<b>-1.2%</b>
<b>Expenditures By Source</b>								
General Revenue	\$42.9	\$42.8	\$42.6	(\$0.2)	-0.6%	\$46.2	\$3.4	8.0%
Federal Funds	22.6	35.5	36.6	14.0	62.0%	32.4	(3.1)	-8.8%
Restricted Receipts	12.4	16.6	18.1	5.6	45.4%	17.1	0.5	3.3%
Other Funds	6.4	14.4	10.1	3.6	56.6%	12.2	(2.2)	-15.2%
<b>Total</b>	<b>\$84.3</b>	<b>\$109.3</b>	<b>\$107.3</b>	<b>\$23.0</b>	<b>27.3%</b>	<b>\$107.9</b>	<b>(\$1.4)</b>	<b>-1.2%</b>
Authorized FTE Levels	394.0	394.0	394.0	-	-	401.0	7.0	1.8%

*\$ in millions. Totals may vary due to rounding.*

The Department of Environmental Management (DEM) is responsible for protecting, managing, and restoring the natural resources of the State. The Department is organized into three divisions: the Office of the Director, the Bureau of Natural Resources, and the Bureau of Environmental Protection.

The Department is charged with supervising and controlling the protection, development, planning, and utilization of the natural resources of the state; the promotion of agriculture and animal husbandry; and, providing for the maintenance of waterways and boating facilities.

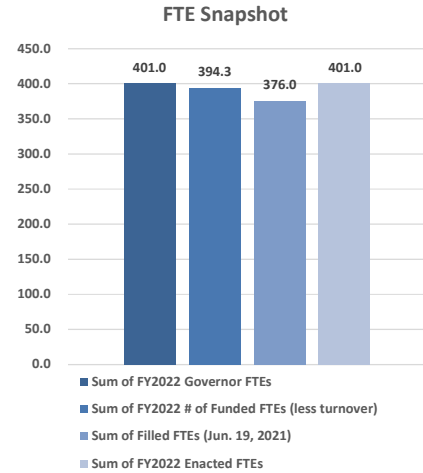
### MAJOR ISSUES AND TRENDS

The FY2022 Budget includes an all funds decrease of \$1.4 million, or 1.2 percent from the FY2021 Budget as Enacted. The Budget includes a \$3.4 million (8.0 percent) increase in general revenue expenditures, primarily due to the replacement of funds shifted to federal sources due to the pandemic, new investments in the Ports of Galilee and Newport, and additional maintenance and beautification of State parks and beaches. The decrease in federal funds is primarily due to the discontinuation of specific COVID support. The 15.2 percent reduction in other funds is due primarily to adjustments to the scheduled of renovations at the Galilee Piers, and other changes to the Rhode Island Capital Plan (RICAP). Of the 51 employees eligible to take the Voluntary Retirement Incentive program implemented by the Governor, 21 employees within the Department opted in.

Article 6 allows DEM to set the beach parking fees for facilities in Westerly at a “reasonably determined” amount. Beach parking fees are generally determined by DEM through regulation; however, under current law, the beach parking fees are frozen at 2011 levels until October 1, 2021. Misquamicut is the State’s largest and most popular beach, with over 76.0 percent of the visitors coming from out of state. This beach also has excessive trash problems that require the addition of dumpsters and recycling containers at every exit and an increase in seasonal employees for trash pickup. According to DEM, Misquamicut’s current parking fees are substantially lower than municipal and other beaches in the area and there is strong support from local political and business leaders to increase the parking fee. The actual fees will be determined through the public regulatory process. The increase in revenue would support additional staffing and maintenance. The article is estimated to generate an additional \$595,372 in beach parking fees beginning in FY2022. Of this total, 27.0 percent (\$160,750) would be remitted to the host community, Westerly, and 73.0 percent (\$434,622) would be retained by the State as general revenue.

Article 7 changes fees related to recreational hunting and fishing, as well as certain agriculture fees, modernizes the commercial fishing licensing system, and establishes a dockside program for shellfish packing houses through the Department of Health (DOH).

The Budget authorizes 401.0 FTE positions in FY2022, an increase of 7.0 FTE positions from the FY2021 Budget as Enacted, and 394.0 FTE positions in FY2021, consistent with the enacted level. DEM requested 9.0 new FTE positions for FY2022. Based on the June 19, 2021, FTE report, DEM has had an average of 8.2 positions (2.1 percent) unfilled during FY2021. According to DEM, prior to COVID, the Department had 100.0 percent of the FTE’s filled; however, the hiring freeze has inhibited the filling of subsequent vacancies.



**OFFICE OF THE DIRECTOR**

The Office of the Director includes the Office of Management Services, Legal Services, Administrative Adjudication, and the two central service offices of Human Resources and Information Technology. The Office is responsible for developing and implementing programs to protect the State’s environment, protect citizens from public health threats resulting from pollution, and provide facilities that support outdoor recreational activities.

Office of the Director	General Revenue
FY2021 Enacted	\$7,197,864
<i>Target and Other Adjustments</i>	
Centralized Services - Distributed	294,599
VRI Savings - Distributed	112,493
	(53,704)
<b>FY2022 Enacted</b>	<b>\$7,551,252</b>

**Centralized Services – Distributed \$112,493**

The Governor’s recommended budget includes \$7.1 million from general revenues in undistributed centralized service expenditures in the Department of Administration’s budget. Based on actual projected expenditures, the FY2022 Budget increases centralized service charge funding by \$112,493 in the Department. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In FY2019, and thereafter, these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency.

**VRI Savings – Distributed (\$53,704)**

The Governor’s recommended budget included \$8.2 million of undistributed savings in the Department of Administration’s budget from the voluntary retirement incentive (VRI) program the administration implemented during FY2021. The savings assumes a delay in filling the positions and a lower salary for the new hires. The FY2021 Budget included \$2.2 million for employee payouts statewide. The Budget distributes \$610,457 in projected general revenue VRI program savings throughout the Department based on 21 individuals who took the incentive in FY2021. Of the total savings, \$53,704 is included in the Office of the Director reflecting three individuals.

**BUREAU OF NATURAL RESOURCES**

The Bureau of Natural Resources is comprised of six divisions which manage the State’s marine, freshwater, and upland resources. The Bureau administers the State’s agriculture programs, state land

acquisitions, and local matching grant programs for outdoor recreation. The Bureau is also responsible for enforcing state laws and regulations governing hunting and fishing, public safety in state parks, and recreational boating; and for administering, maintaining, and operating eight state parks, five campgrounds, seven state beaches, a golf course, the East Bay and Blackstone Bike Paths, and 40,000 acres of state-owned forests. Furthermore, the Bureau is responsible for oversight of all land leases and capital assets of port facilities and commercial fishing piers in Narragansett and Newport.

<b>Bureau of Natural Resources</b>	<b>General Revenue</b>
FY2021 Enacted	\$22,708,134
<i>Target and Other Adjustments</i>	<i>471,079</i>
Enforcement/Criminal Investigation Personnel	1,654,674
Ports of Galilee and Newport (3.0 FTE positions)	537,109
Parks Initiative (4.0 FTE positions)	430,684
VRI Savings - Distributed	(429,223)
Adjustment for One-time COVID Funding	(335,000)
Beach Parking Fees: Payments to Host Communities	190,315
Minimum Wage Increase	44,430
<b>FY2022 Enacted</b>	<b>\$25,272,202</b>

<b>Bureau of Natural Resources</b>	<b>Other Fund Changes</b>
COVID Relief - Government Readiness (federal funds)	\$335,000

***Enforcement/Criminal Investigation Personnel*** **\$1.7 million**

In FY2020 and FY2021, personnel costs in the Enforcement Division were shifted to federal Coronavirus Relief Funds, artificially reducing the budgeted amount in the FY2021 Budget as Enacted. In addition, the FY2022 Budget shifts the personnel costs for the Criminal Investigation Division in to the Enforcement account. The increase relative to the FY2019 Actual Expenditures for both Divisions is \$399,859, an annual average increase of 4.3 percent.

***Ports of Galilee and Newport (3.0 FTE positions)*** **\$537,109**

The Budget provides an increase of \$537,109 over the FY2021 Budget as Enacted for investments in the Ports of Galilee and Newport. From 2019 to 2021, the value of seafood landings at the Port of Galilee has grown from \$42.2 million to \$68.0 million. The Division of Coastal Resources currently has 4.0 FTE positions, and out of total budget of about \$700,000, only \$50,000 is for building and grounds maintenance for the Port of Galilee, Newport Pier 9, and other state piers. Of the total increase, \$266,109 provides a full year of funding for 3.0 new FTE positions including a Chief Implementation Aide (\$105,717), an Assistant Superintendent of State Piers (\$85,858), and a Senior Maintenance Technician (\$74,534). The remaining \$271,000 will be used for surveys of infrastructure, such as bulkhead dive surveys and condition assessments; repairs of buildings and roadways; contracted services, such as plumbing and electrical, grounds maintenance, and equipment.

***Parks Initiative (4.0 FTE positions)*** **\$430,684**

The Budget provides an increase of \$430,684 in personnel costs in the Parks and Recreation Division and 4.0 new FTE positions, relative to the FY2021 Budget as Enacted. As part of the Transforming State Parks Initiative the FY2020 Budget as Enacted invested new revenue from increased user fees based on recommendations from the 2018 report, *Rhode Island State Parks Organization Management and Operations Study*, created in consult with CHM Governmental Services and PROS Consulting. To continue the investment in state parks, the Budget provides \$219,459 in salaries and benefits for new FTE positions. The positions includes 1.0 FTE senior Civil Engineer position (\$77,709), 1.0 FTE Plumber Supervisor (\$55,731), 1.0 FTE Senior Maintenance Technician (\$51,374), and 1.0 FTE Senior Reconciliation Clerk (\$34,645). The Senior Maintenance Technician is budgeted to begin in January 2022, while the remaining three positions are budgeted to begin in October 2021. The remaining \$211,225 represents a 4.2 percent

increase over the FY2021 Budget as Enacted to provide for step and benefit rate increases throughout the division.

**VRI Savings – Distributed**

**(\$429,223)**

The Governor’s recommended budget included \$8.2 million of undistributed savings in the Department of Administration’s budget from the voluntary retirement incentive (VRI) program the administration implemented during FY2021. The savings assumes a delay in filling the positions and a lower salary for the new hires. The FY2021 Budget included \$2.2 million for employee payouts statewide. The Budget distributes \$610,457 in projected general revenue VRI program savings throughout the Department based on 21 individuals who took the incentive in FY2021. Of the total savings, \$429,223 is included in the Bureau reflecting 11 individuals.

**Adjustment for One-time COVID Funding**

**(\$335,000)**

The Budget reduces operating costs for safety expenses within the Division of Parks and Recreation to reflect one-time expenses related to the pandemic. In the FY2021 Budget as Enacted, additional operating funding was provided for expenditures necessary to operate State beaches and parks in compliance with public health and social distancing guidelines, such as PPE, hand sanitizer, cleaning supplies, signage about social distancing and other safety protocols, as well as other purchases related to COVID-19.

**Beach Parking Fees: Payments to Host Communities**

**\$190,315**

The Budget includes an increase of \$190,315 in beach parking fees paid to host communities. Article 6 allows the Department of Environmental Management (DEM) to set the beach parking fees for facilities in Westerly at a “reasonably determined” amount. Beach parking fees are generally determined by DEM through regulation; however, under current law, the beach parking fees are frozen at 2011 levels until October 1, 2021.

The article is estimated to generate an additional \$595,372 in beach parking fees beginning in FY2022. Of this total, 27.0 percent (\$160,750) would be remitted to the host community, Westerly, and 73.0 percent (\$434,622) retained by the State as general revenue. The Budget also includes an additional \$33,000 in payments to host communities due to increased beach visitation across State beaches.

Beach Parking Fees at Misquamicut			
	Current	Article 6	Change
resident weekday	\$6.00	\$10.00	\$4.00
resident weekend	7.00	15.00	8.00
nonresident weekday	12.00	20.00	8.00
nonresident weekend	14.00	30.00	16.00
resident senior weekday	3.00	5.00	2.00
resident senior weekend	3.50	7.00	3.50
nonresident senior weekday	6.00	10.00	4.00
nonresident senior weekend	7.00	15.00	8.00

Misquamicut is the State’s largest and most popular beach, with over 76.0 percent of the visitors coming from out of state. This beach also has excessive trash problems that require the addition of dumpsters and recycling containers at every exit and an increase in seasonal employees for trash pickup. According to DEM, Misquamicut’s current parking fees are substantially lower than municipal and other beaches in the area and there is strong support from local political and business leaders to increase the parking fee. The actual fees will be determined through the public regulatory process. The increase in revenue would support additional staffing and maintenance.

**Bureau of Natural Resources - Seasonal Employees and Minimum Wage Increase**

**\$44,430**

The minimum wage in Rhode Island will increase from \$11.50 per hour to \$12.25 per hour on January 1, 2022, due to legislation enacted on May 20, 2021. As was done with previous minimum wage increases, the Department of Environmental Management will need to increase the hourly wages of those season Parks and Recreational staff that are currently paid less than \$12.25 per hour, as well as the wages of other season staff in order to maintain salaries that reflect different job duties and responsibilities. The increase reflects a portion of total impact since only about 40.0 percent of the season expenses occur between January and the end of the fiscal year.

Article 14 of the FY2018 Budget as Enacted increased the minimum wage from \$9.60 to \$10.10 per hour effective October 1, 2017, and again to \$10.50 per hour beginning January 1, 2019. Previously, the minimum wage was increased on January 1, 2016, from \$9.00 to \$9.60 per hour.

***Bureau of Natural Resources – COVID-19 Projected Cost (federal funds)*** ***(\$335,000)***

The Governor’s recommendation assumed a six-month budget for the COVID-19 response in FY2022 for exceptional costs such as cleaning; however, the Governor’s Budget Amendment, dated June 7, 2021, reduces the projected costs by \$355,000 since the restrictions had been lifted and the exceptional costs are not anticipated.

***Bureau of Environmental Protection***

The Bureau of Environmental Protection is comprised of six programs which are responsible for regulating and protecting water resources; protecting and improving air resources; regulating the transportation and disposal of solid, medical and hazardous waste, and investigating and remediating unpermitted release of those materials; responding to emergency spills of oil and chemicals that present an immediate danger to public health and environment; and assisting the public by coordinating the review of projects requiring multiple applications and permits, and tracking the status of permitting activities throughout the Bureau.

<b>Bureau of Environmental Protection</b>	<b>General Revenue</b>
FY2021 Enacted	\$12,863,971
<i>Target and Other Adjustments</i>	<i>307,553</i>
Restoration of Workshare Savings	316,392
VRI Savings - Distributed	(127,530)
<b>FY2022 Enacted</b>	<b>\$13,360,386</b>

***Restoration of Workshare Savings*** ***\$316,392***

The Budget restores \$316,392 in general revenue workshare savings for 56 employees within the Division. The FY2021 Budget as Enacted included \$445,936 in general revenue personnel savings throughout the Department from furloughed employees eligible to participate in the State’s Workshare program. Approximately 1,600 state employees participated in the program, which included 92 employees throughout DEM. The Workshare program allowed the State to achieve the savings in the wake of the devastating financial impact of COVID-19. Through this program, eligible full-time employees were allowed to work 60.0 percent of their regular weekly hours (three business days) from June 14, 2020, to September 5, 2020.

***VRI Savings – Distributed*** ***(\$127,530)***

The Governor’s recommended budget included \$8.2 million of undistributed savings in the Department of Administration’s budget from the voluntary retirement incentive (VRI) program the administration implemented during FY2021. The savings assumes a delay in filling the positions and a lower salary for the new hires. The FY2021 Budget included \$2.2 million for employee payouts statewide. The Budget distributes \$610,457 in projected general revenue VRI program savings throughout the Department based on 21 individuals who took the incentive in FY2021. Of the total savings, \$127,530 is included in the Bureau reflecting seven individuals.

**CAPITAL PROJECTS**

The Budget includes a total of \$10.4 million in capital expenditures from Rhode Island Capital Plan (RICAP) funds in FY2022 and \$8.3 million in FY2021, a decrease of \$2.2 million and \$4.4 million, respectively, compared to the enacted budget. The decrease in FY2022 is primarily due to the project schedule at Galilee Piers. Major RICAP funded projects include:

- \$1.3 million in FY2021 and \$3.2 million in FY2022 for infrastructure and facility improvements at State parks and management areas. The projects include renovations to Colt Stone Barn, construction

of a maintenance building at Fort Adams State Park, traffic management plan at State beaches, expansion of camping infrastructure, and updating sanitary provisions at recreational facilities.

- \$5.3 million in FY2021 and \$5.4 million in FY2022 for repairs to the Galilee Piers. The Port of Galilee is home to 170 commercial fishing vessels and provides affordable berthing spaces close to wholesale and retail seafood processing businesses. Since 2009, the Department has rebuilt numerous piers, as well as the southwest and northwest bulkhead. Current work is focused on the North Bulkhead and Docks AA-QQ. The North Bulkhead is more than 50 years old and includes 16 piers along its 1,500 foot length. The piers include berthing for vessels and businesses such as RI Engine, which provides regional vessel services, and Sea Freeze, a fish processing house with worldwide shipping.
- \$90,000 in FY2022 for repairs to “high-hazard” State-owned dams. Beginning in FY2020, most of the funding is shifting to the new general obligation Green Economy Bonds proceeds. Currently, four dams are in some stage of investigation, design, and permitting. Silver Spring Lake is in permitting phase. Stillwater Reservoir is under repair. Browning Mill and Lower Curren are in design. The Wyoming Pond Dam is in construction solicitation stage with construction beginning late in spring/summer 2021.
- \$594,191 in FY2021 and \$500,000 in FY2022 for the Blackstone Valley bike path. This project provides funds to the Friends of the Blackstone River for improvements to areas around the Blackstone River Valley focused on enhancing river access and safety, and complimenting the State’s efforts to improve this river corridor. The Friends of the Blackstone River is a non-profit organization, recognized by the Rhode Island Rivers Council and dedicated to making the Blackstone River fishable and swimmable.



## Coastal Resources Management Council

Expenditures By Program	FY2020	FY2021	FY2021	Change from	FY2022	Change from		
	Final	Enacted	Final	Enacted	Enacted	Enacted	Enacted	Enacted
Coastal Resources Management Council	\$5.6	\$5.2	\$5.1	(\$0.1)	-2.1%	\$5.5	\$0.3	4.9%
<b>Expenditures By Source</b>								
General Revenue	\$2.8	\$2.6	\$2.5	(\$0.1)	-4.3%	\$2.8	\$0.2	8.9%
Federal Funds	2.0	2.3	2.3	0.0	0.2%	1.9	(0.4)	-18.9%
Restricted Receipts	0.3	0.3	0.3	-	-	0.3	-	-
Other Funds	0.5	0.1	0.1	-	-	0.6	0.5	502.5%
<b>Total</b>	<b>\$5.6</b>	<b>\$5.2</b>	<b>\$5.1</b>	<b>(\$0.1)</b>	<b>-2.1%</b>	<b>\$5.5</b>	<b>\$0.3</b>	<b>4.9%</b>
Authorized FTE Levels	30.0	30.0	30.0	-	-	30.0	-	-

*\$ in millions. Totals may vary due to rounding.*

The Coastal Resources Management Council (CRMC) is mandated to preserve, protect, develop and, where possible, restore the coastal resources of the State. The CRMC oversees the Coastal Habitat Restoration Program and is charged with developing an Ocean Special Area Management Plan (SAMP) and a Marine Resources Development Plan.

### MAJOR ISSUES AND TRENDS

The FY2022 Budget includes an all funds increase of \$255,464 (4.9 percent) from the FY2021 Budget as Enacted, including a general revenue increase of \$229,233, a federal funds decrease of \$432,574, and an other funds increase of \$458,805. The increase in general revenue is primarily due to a \$108,648 decrease in turnover savings in FY2022, relative to FY2021 when numerous retirements are expected. The decrease in federal funds is due primarily to the expiration of the Block Island Wind Farm Monitoring grant and the Coastal Resilience grant.

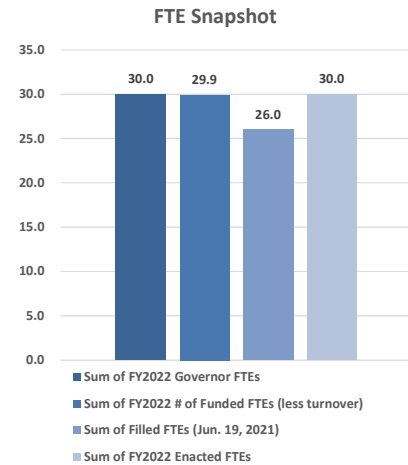
The increase in other funds in FY2022 is primarily due to the carry forward of \$475,000 in RICAP funds for the Narragansett Bay Special Area Management Plan (SAMP) from FY2020. This project will update the Rhode Island Coastal Resources Management Program (RICRMP) to current federal standards and develop a Narragansett Bay Special Area Management Plan (SAMP) to protect the Bay's fisheries, as well as recreation- and marine-based resources.

Article 6 increases the maximum penalties that can be assessed by the CRMC and changes the review of appeals to the Supreme Court. According to CRMC, the penalties have not been changed since 2004, and are so low that violators absorb any fines issued as a cost of doing business. The increase is projected to increase revenue from fines and penalties by \$15,000 (to \$22,500 total) in FY2022.

#### CRMC Administrative Penalties

	Current	Article 6	Change
maximum administrative penalty	\$2,500	\$10,000	\$7,500
maximum penalty per day	500	1,000	500
maximum aggregate penalty	10,000	50,000	40,000
maximum criminal fine	500	1,000	500
maximum penalty for posting or blocking rights-of-way	500	1,000	500

The Budget authorizes 30.0 FTE positions in FY2021 and FY2022, consistent with the FY2021 Budget as Enacted.



Central Management	General Revenue
FY2021 Enacted	\$2,580,300
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<i>Target and Other Adjustments</i>	<i>121,506</i>
Turnover Savings Reduction	108,648
VRI Savings - Distributed	(46,309)
Workshare Savings Restoration	25,388
Legal Services	20,000
<b>FY2022 Governor</b>	<b>\$2,809,533</b>

**Turnover Savings** **\$108,648**

The Budget provides an increase of \$108,648 in general revenue to replace turnover savings included in the FY2021 Budget as Enacted. The increased funding will reduce turnover savings from \$121,439 (5.0 percent of total salaries and benefits) to \$12,791 (0.5 percent of salaries and benefits). The FY2020 Revised Budget included \$13,390 in turnover savings. The higher turnover in FY2021 is due to the expectation that up to 10 employees will retire. In addition, CRMC indicates that five positions were or are expected to be vacant for three or four months in FY2021. According to the April 10, 2021, FTE report, CRMC has been averaging 3.0 vacant FTE positions for FY2021.

**VRI Savings – Distributed** **(\$46,309)**

The Governor’s recommended budget included \$8.2 million of undistributed savings in the Department of Administration’s budget from the voluntary retirement incentive (VRI) program the administration implemented during FY2021. The savings assumes a delay in filling the positions and a lower salary for the new hires. The FY2021 Budget included \$2.2 million for employee payouts statewide. The Budget distributes \$46,309 in projected VRI program savings to the Department based on two individuals who took the incentive in FY2021.

**Workshare** **\$25,388**

The Budget adds \$25,388 in general revenue to replace personnel savings in the FY2021 Budget as Enacted from furloughed employees eligible to participate in the State’s Workshare program. Approximately 1,600 state employees participated in the program, which included four employees within the Department. The Workshare program allowed the State to achieve the savings in the wake of the devastating financial impact of COVID-19. Through this program, eligible full-time employees were allowed to work 60.0 percent of their regular weekly hours (three business days) from June 14, 2020, to September 5, 2020.

**Legal Services****\$20,000**

The Budget includes an additional \$20,000 in funding for legal services (\$126,000 total) to support the Council's increased involvement with the wind energy projects.

**CAPITAL PROJECTS**

The Budget provides Rhode Island Capital Plan (RICAP) funding totaling \$91,310 in FY2021 and \$458,805 in FY2022 for capital projects, including the following:

- **Coastal Storm Risk Study:** In response to Hurricane Sandy and other coastal storms, the United States Army Corps of Engineers (USACE) is investigating solutions to reduce future flood risk by developing the long-term resilience and sustainability of coastal ecosystems. The Budget provides RICAP funds totaling \$475,000 in FY2022 as the state share for the cost of the study being conducted by the USACE. Through the North Atlantic Coast Comprehensive Study (NACCS), the USACE identified high-risk areas on the Atlantic Coast for a more in-depth analysis into potential management solutions to reduce the coastal storm risk to the existing shorefront development. The study breaks Rhode Island into two planning reaches (or zones). The first reach covers the Narragansett Bay area, starting at the Massachusetts border and ending at Point Judith. The second reach encompasses the south shore, including South Kingstown, Charlestown, and Westerly.
- **Narragansett Bay SAMP:** The Budget includes \$89,151 in RICAP funds in FY2021 and \$75,115 in FY2022 to update the Rhode Island Coastal Resources Management Program (RICRMP) to current federal standards and develop a Narragansett Bay Special Area Management Plan (SAMP) to protect the Bay's fisheries, as well as recreation- and marine-based resources. Due to the creation of the original Ocean SAMP, Rhode Island, through the Council, has legal standing for a role in management of federal waters up to 30 miles offshore, instead of only within the traditional three-mile limit. SAMPs are resource management plans and implementation programs developed to manage specific geographic areas with specific resources. In May 2016, the Council marked the five-year anniversary of the Ocean SAMP: the first SAMP in the nation to venture out into federal offshore waters for future uses and preservation. However, the Ocean SAMP starts at the mouth of the Narragansett Bay, leaving a significant gap in the Council's ability to manage the Bay's resources. The Bay is managed pursuant to the federally-approved RICRMP which was developed in the early 1970's; consequently, some of the policies are outdated and inconsistent with current regulations of the National Oceanic Atmospheric Administration (NOAA), the federal agency that regulates federal coastal waters. This project is scheduled for completion in FY2022.



## Department of Transportation

Expenditures By Program	FY2020	FY2021	FY2021	Change from		FY2022	Change from	
	Actual	Enacted	Revised	Enacted		Enacted	Enacted	
Central Management	\$12.9	\$17.6	\$22.2	\$4.6	26.0%	\$25.0	\$7.4	42.1%
Infrastructure- Engineering	422.8	449.7	484.2	34.5	7.7%	597.0	147.3	32.7%
Infrastructure- Maintenance	172.2	135.2	173.1	37.9	28.0%	140.5	5.3	3.9%
Management and Budget	0.8	4.8	5.0	0.3	5.5%	5.4	0.6	12.7%
<b>Total</b>	<b>\$608.7</b>	<b>\$607.3</b>	<b>\$684.5</b>	<b>\$77.2</b>	<b>12.7%</b>	<b>\$767.9</b>	<b>\$160.5</b>	<b>26.4%</b>

### Expenditures By Source

General Revenue	-	-	-	-	-	-	-	-
Federal Funds	317.5	339.4	404.1	64.7	19.1%	451.0	111.7	32.9%
Restricted Receipts	4.6	2.7	2.6	(0.1)	-4.6%	2.6	(0.1)	-4.5%
Other Funds	286.6	265.2	277.8	12.6	4.7%	314.2	49.0	18.5%
<b>Total</b>	<b>\$608.7</b>	<b>\$607.3</b>	<b>\$684.5</b>	<b>\$77.2</b>	<b>12.7%</b>	<b>\$767.9</b>	<b>\$160.5</b>	<b>26.4%</b>

Authorized FTE Levels	755.0	755.0	755.0	-	-	755.0	-	-
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\$ in millions. Totals may vary due to rounding.

The Rhode Island Department of Transportation (RIDOT) is responsible for over 3,300 “lane miles” (1,100 miles) of highway and 1,173 bridges in the State. The Department inspects all State and municipal bridges greater than 20 feet (751 bridges). RIDOT provides services ranging from snow removal to pothole repair, and from installation and maintenance of traffic signalization to design of highway and bridge construction. The Department also develops projects in the areas of rail, water, bicycle, and pedestrian transportation; coordinates with RIPTA on transit projects; and, engages in air quality planning and coordination.

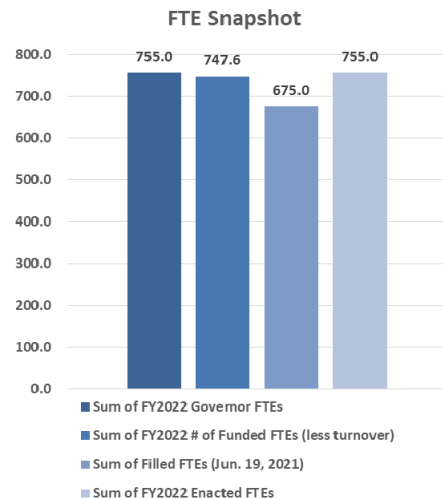
Established in FY1994, the Intermodal Surface Transportation Fund (ISTF) accounts for the collection of the gasoline tax, federal grants, and bond proceeds that are used for the maintenance, upgrading, and construction of the State’s highway system. It also is funded from proceeds of the Grant Anticipation Revenue Vehicle (GARVEE) and the RI Motor Fuel Tax (RIMFT) revenue bonds, and related expenditures. The Transportation Investment and Debt Reduction Act of 2011 created the Rhode Island Highway Maintenance Account within the ISTF.

Funds are used to finance all RIDOT personnel and operating, and ongoing repair and renovation expenditures for RIDOT facilities throughout the state, as well as highway debt service, and motor fuel tax proceeds allocated to the Rhode Island Public Transit Authority (RIPTA), the Rhode Island Turnpike and Bridge Authority, and the Department of Human Services.

### MAJOR ISSUES AND TRENDS

The Budget allocates a total of \$767.9 million to RIDOT, an increase of \$160.5 million in total funds from the FY2021 Budget as Enacted (26.4 percent). The increase in federal funds is mainly related to additional federal discretionary grants, as well as \$24.6 million in federal funds as a result of the COVID-19 pandemic. The increase in other funds is related to increased Rhode Island Capital Plan (RICAP) funds for the Department’s Highway Improvement Program.

The Budget includes an FTE authorization of 755.0 for FY2022 Budget and the FY2021 Revised Budget, consistent with the FY2021 Budget as Enacted levels. As of June 2021, the Department has 675.0 of 755.0 FTE positions filled.



**Motor Fuel Tax**

A portion of the Department’s funding is provided by the motor fuel tax (gas tax). The FY2022 Budget includes a gas tax of 34.5 cents per gallon with a per-penny yield of \$4.3 million.

**Gas Tax Per-Penny Yield:** The gas tax revenue is determined by applying the gas tax (cents per gallon) to the motor fuel tax yield (per penny yield). Both of these factors can change independently of one another.

In FY2014, RIDOT received 21.75 cents of this tax, with the Rhode Island Public Transit Authority (RIPTA) and the Department of Human Services (DHS) receiving 10.75 cents. RIPTA uses gas tax revenues to fund multiple expenses including maintenance, operations, and their underground storage tank fee, while DHS uses gas tax revenues to partially fund their transit programs. Beginning in FY2015, 3.5 cents of the gasoline tax is transferred to the Rhode Island Turnpike and Bridge Authority (RITBA) to be used for maintenance operations, capital expenditures, and debt service on any of its projects in lieu of a toll on the Sakonnet River Bridge. This reduced RIDOT’s share of the gasoline tax to 18.25 cents per gallon.

Beginning in FY2016, the tax is adjusted every other year based on the percentage increase in the Consumer Price Index for all Urban Consumers (CPI-U), rounded to the nearest 1.0 cent increment. The Department of Revenue’s Office of Revenue Analysis (ORA) is responsible for both estimating the gas tax yield as well as determining the impact of the CPI-U.

Year	Motor Fuel Tax Yield (per penny)
2009	\$4,327,710
2010	4,289,568
2011	4,210,324
2012	4,205,959
2013	4,137,712
2014	4,236,402
2015	4,397,823
2016	4,367,305
2017	4,417,413
2018	4,493,241
2019	4,887,828
2020	4,135,558
2021*	4,001,709
2022*	4,269,970

\* Dept. of Revenue Estimate

In FY2020, ORA assumed inflation would change significantly enough to warrant a 1.0 cent increase, raising the gas tax rate from 33.5 cents to 34.5 cents per gallon. Pursuant to RIGL 31-36-20, the additional penny of the gas tax is directed to the Department of Transportation (RIDOT).

The ORA does not assume an increase in the gas tax rate in FY2022. The ORA expects the motor fuel tax to generate a per penny yield of \$4.3 million in FY2022, an increase of \$295,082 from the FY2021 Enacted level.

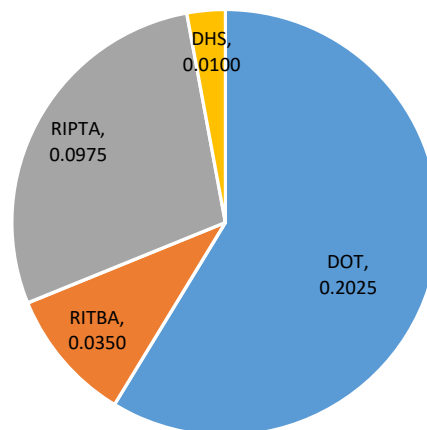
The following table shows the distribution of motor fuel tax proceeds in cents per gallon.

Motor Fuel Tax Allocations: Cents per Gallon					
	DOT	RITBA	RIPTA	DHS	Total
FY2015	\$0.1825	\$0.0350	\$0.0975	\$0.0100	<b>\$0.3250</b>
FY2016	0.1925	0.0350	0.0975	0.0100	<b>0.3350</b>
FY2017	0.1925	0.0350	0.0975	0.0100	<b>0.3350</b>
FY2018	0.1925	0.0350	0.0975	0.0100	<b>0.3350</b>
FY2019	0.1925	0.0350	0.0975	0.0100	<b>0.3350</b>
FY2020	0.2025	0.0350	0.0975	0.0100	<b>0.3450</b>
FY2021	0.2025	0.0350	0.0975	0.0100	<b>0.3450</b>
FY2022	0.2025	0.0350	0.0975	0.0100	<b>0.3450</b>

Note: DOT includes 0.020 for GARVEE Debt Service

Note: RIPTA includes 0.005 for Underground Storage Tank Fee

FY2022 Motor Fuel Tax, Cents per Gallon



The change in the per penny yield leads to an increase of \$10.3 million in FY2022. The following table shows the use of motor fuel tax revenue in FY2022:

<b>Motor Fuel Tax Revenue</b>	<b>FY2020 Actuals</b>	<b>FY2021 Enacted</b>	<b>FY2021 Revised</b>	<b>FY2022 Enacted</b>	<b>Change from Enacted</b>	
DOT	\$83.7	\$80.5	\$81.0	\$86.5	\$6.0	7.4%
RITBA	14.5	13.9	14.0	14.9	\$1.0	7.4%
RIPTA	40.2	38.6	39.0	41.6	\$3.0	7.7%
DHS	4.1	4.0	4.0	4.3	\$0.3	7.4%
<b>Total</b>	<b>\$142.6</b>	<b>\$137.0</b>	<b>\$138.0</b>	<b>\$147.3</b>	<b>\$10.3</b>	<b>7.5%</b>

*\$ in millions. Totals may vary due to rounding.*

*Estimate developed by Senate Fiscal Office.*

### **General Obligation Bonds/Debt Service**

In March 2021, voters approved a bond referendum for \$71.1 million in General Obligation (GO) bonds for the Department. The GO bonds are intended to be used as a 20.0 percent state match needed for federal highway road and bridge projects. Debt service for the Department's GO bonds is included in the Department of Administration's Budget but is paid for by DOT through gas tax receipts. The Budget includes \$31.7 million of this funding in FY2021 and the remaining \$40.0 million in FY2022.

### **RhodeWorks**

The General Assembly enacted "The Rhode Island Bridge Replacement, Reconstruction and Maintenance Fund Act of 2016," in February 2016. The legislation, also known as "RhodeWorks", does the following:

- Allows the Rhode Island Department of Transportation (RIDOT) to establish and collect tolls on commercial trucks, vehicle class 8 and larger, traveling on Rhode Island bridges, raising approximately \$45.0 million annually.
- Allows for the refinancing and restructuring of previously existing GARVEE bonds to realize approximately \$120.0 million in additional resources during the first three years post-refinancing.
- Allows the Rhode Island Commerce Corporation to issue new GARVEE bonds, not to exceed \$300.0 million, for bridge replacement, reconstruction, maintenance, and operations. These bonds have an expected term of fifteen years, with interest-only payments in the first nine years, and will be repaid from future toll revenues and reimbursements.
- Article 6 of the FY2020 Budget as Enacted provided for the issuance of \$200.0 million in GARVEE bonds issued through the Rhode Island Commerce Corporation to fund the bridge replacement, reconstruction, and maintenance of the RhodeWorks program. Total debt service is not expected to exceed \$275.0 million over 15 years. Debt service is financed through future Federal Highway Administration appropriations.

**Truck Toll Gantries:** The truck-only tolling plan received formal federal approval in September 2016 at which time the RIDOT executed a series of Memoranda of Understanding with the Federal Highway Administration regarding which bridge locations toll revenue could be used to maintain. In December 2016, RIDOT issued the RFP for the Design-Build-Operate-Maintain (DBOM) contract for the tolling program, including gantry design and construction; all operational elements, testing and acceptance; and long-term maintenance of the tolling equipment and facilities. In 2017, the Department awarded a contract to Kapsch TrafficCom to design, build, operate, and maintain the gantries for 10 years.

The Department originally anticipated building 14 gantries however, the number of gantries has since been decreased to 13. Currently 11 gantries are operational; all 13 gantries are expected to become operational in FY2022.

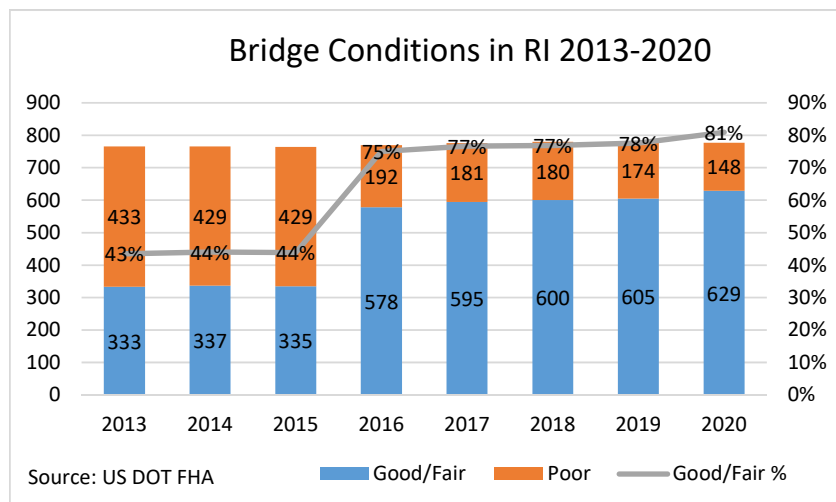
**Truck Tolls**

	Location	Municipality	Toll Amount	Live Date	Annual Maintenance	Gross Annual Revenue
1	Wood River Valley	Hopkinton	\$3.25	6/11/2018	\$433,900	\$3,408,483
2	Baker Pines Bridge	Exeter	\$3.50	6/11/2018	\$454,800	\$3,782,709
3	Centerville/Tollgate	Warwick	\$6.25	1/24/2020	\$490,000	\$8,322,600
4	Oxford Street	Providence	\$2.25	3/29/2020	\$432,950	\$2,433,051
5	Smith Street	Providence	TBD	TBD- FY2022	\$420,750	\$2,063,117
6	Roosevelt Avenue	Pawtucket	\$2.50	3/21/2020	\$466,800	\$1,756,913
7	Plainfield Pike	Cranston	\$6.50	4/11/2020	\$485,950	\$2,405,988
8	Greenville Ave/ Roi	Johnston	\$8.50	6/30/2020	\$647,550	\$5,120,145
9	Scott/Leigh Road	Cumberland	\$7.50	12/16/2019	\$428,850	\$3,120,975
10	Washington Bridge	Providence	\$9.50	TBD- FY2022	\$498,050	\$7,657,665
11	George Washington	Lincoln	\$3.50	10/1/2019	\$437,000	\$848,411
12	Farnum Pike	Smithfield	\$6.75	7/28/2020	\$435,850	\$2,759,771
13	Woonasquatucket	Providence	\$5.00	8/13/2019	\$420,750	\$875,910
					\$6,053,200	\$44,555,738

**State Transportation Improvement Program-Major Projects**

The Department includes major projects the State intends to implement in their yearly State Transportation Improvement Program (STIP). The STIP includes projects for 10 years; however, only the first four years are fiscally constrained, meaning the costs of the projects may not exceed the anticipated funding that is expected to be available in the four-year time period. The current STIP runs FFY2018-FFY2027 and was last updated in February 2021.

**Bridge Capital Program:** The largest project included in the STIP for FY2022 is the Bridge Capital Program. In 2015, Rhode Island was ranked last in the nation for overall bridge condition with about 24.0 percent of bridges ranked as structurally deficient. The Bridge Capital Program is focused on reducing the percentage of structurally deficient bridges to 10.0 percent by 2025. As of December 2020, 148 (19.0 percent) of the State’s 1,188 bridges were in poor condition. The State would need to repair 70 bridges over the next five years to reach the goal of 90.0 percent structurally sound bridges throughout the State. The Bridge Capital Program will identify and develop a structured sequence of preservation, repair, rehabilitation, and replacement actions that will achieve and sustain a state of good repair for the State’s bridges at a minimum cost. The Bridge Capital Project is anticipated to cost \$2.8 billion from FY2018 through FY2027. The STIP includes \$380.3 million in FY2022.





**Debt Service:** The second largest expense in the STIP is debt service. The current STIP includes two Grant Anticipation Revenue Vehicle (GARVEE) bond issuances: the refinancing of the existing GARVEE debt to extend the term by three years from FY2021 to FY2024, and the issuance of a \$300.0 million GARVEE bond. Both issuances increase federal resources for near-term bridge construction and maintenance costs. The goal of issuing these funds now is to save the State money in future bridge repair and replacement costs. Debt service is anticipated to cost \$1.0 billion from FY2018 through FY2027. The STIP includes \$118.2 million in FY2022.

**Route 6/10 Project:** The STIP includes funding in FY2022 for the Route 6/10 interchange project. The project involves the replacement of nine structures, five of which are structurally deficient. The project will also create 1.4 miles of bike paths and clear over four acres of land for development. The total project is expected to cost \$343.3 million from FY2018 through FY2024. In FY2022, the STIP includes \$66.0 million for this project.

**Pavement Capital Program:** The Pavement Capital Program includes funds for design and construction projects to maintain the State’s roadways. Pavement sufficiency targets were approved and phased-in in May 2018. The Department uses an asset management approach described as applying the “right treatment, to the right pavement, at the right time” to prevent roadway failure. Rhode Island currently has 6,528 miles of roadway, the Department maintains approximately 1,100 miles of those roadways. The Pavement Capital Program will allow for additional miles to be paved and will improve the State’s Pavement Structural Health Index, which is held at 80.0 percent per mile. The total project is anticipated to cost \$878.4 million from FY2018 through FY2027. The STIP includes \$48.0 million in FY2022.

<b>Pavement Repair Cost</b>	
Crack Sealing	\$1
Resurfacing (areas with no sidewalk)	35
Resurfacing (areas with sidewalk)	45
Reclaiming	45
Reconstructing	138

*Cost based on 1 square yard*

*Source: State Transportation Improvement Plan*

#### **Rhode Island Highway Maintenance Account (HMA)**

The Transportation Investment and Debt Reduction Act of 2011 created the Rhode Island Highway Maintenance Account within the Intermodal Surface Transportation Fund (ISTF). The FY2015 Budget as Enacted provided additional funding for transportation projects through increased deposits into the HMA including a surcharge of \$25.00 on all dismissals based upon a good driving record, in addition to the \$5.00 administration fee; an increase in the vehicle inspection fee from \$39.00 to \$55.00; transfer of existing revenue from inspection stickers (\$16.00 per inspection), motor vehicle title (\$50.00 per title), and car rental surcharges (8.0 percent of gross receipts per rental vehicle for the first thirty days) from the general fund to the HMA; and, the phased-in transfer of all vehicle license and registration fees into the HMA beginning in FY2016.

Article 8 of the FY2020 Budget as Enacted altered the percentage of fees going into the HMA such that 5.0 percent of the total fees collected each year are retained by the Division of Motor Vehicles (DMV) and the remaining 95.0 percent are deposited into the Account. The funds retained by the DMV are intended to help partially offset personnel costs associated with collecting the fees associated with the HMA. The remaining 95.0 percent of fees deposited into the HMA are shared between DOT and RIPTA, with RIPTA receiving 5.0 percent of the funds deposited and DOT receiving the remaining amount. Article 8 also extended RIPTA’s \$5.0 million annual appropriation to support the Free-Fare program indefinitely.

Section 6 of Article 2 of the FY2022 Budget as Enacted allows a portion of the \$5.0 million annually appropriated to RIPTA from the HMA to come from federal Coronavirus Relief Funds (CRF). The FY2021 Supplemental Budget includes \$3.5 million and FY2022 Budget as Enacted includes \$3.6 million in CRF funds to support the Free-Fare program.

## Rhode Island Highway Maintenance Account

	FY2021 Enacted	FY2021 Revised	FY2022 Enacted
<b><i>New Fees and Surcharges</i></b>			
Good Driving Surcharge	\$0.5	\$0.5	\$0.5
Inspection Sticker Increase	5.8	5.8	5.8
License and Registration Surcharge	18.9	19.5	19.1
<b>Total New Fees</b>	<b>\$25.2</b>	<b>\$25.8</b>	<b>\$25.5</b>
<b><i>Existing General Revenue being Transferred to the Highway Maintenance Account</i></b>			
Inspection Sticker Increase	\$6.6	\$6.6	\$6.6
Motor Vehicle Title Fee	9.5	10.1	10.1
Rental Car Surcharge	3.9	2.9	4.2
License and Registration Transfer	51.1	52.7	48.6
Duplicate and Update License Fee	-	-	-
<b>Total Revenue Transferred from General Fund</b>	<b>\$71.1</b>	<b>\$72.4</b>	<b>\$69.6</b>
<b>Total Revenue to Highway Maintenance Account</b>	<b>\$96.3</b>	<b>\$98.2</b>	<b>\$95.0</b>
5% Share to General Revenues	4.8	4.9	4.8
<b>Remaining Highway Maintenance Account Funds</b>	<b>\$91.5</b>	<b>\$93.3</b>	<b>\$90.3</b>
5% Share to RIPTA	4.6	4.7	4.5
\$5.0 million Transfer to RIPTA	5.0	1.5	1.4
<b>DOT Share of Highway Maintenance Account Funds</b>	<b>\$81.9</b>	<b>\$87.1</b>	<b>\$84.4</b>

*\$ in millions. Totals may vary due to rounding.*

## CENTRAL MANAGEMENT

The Central Management Program includes Legal Counsel, Human Resources, the Real Estate Section, External Affairs, the Safety Section, the Office on Highway Safety, the Office of Civil Rights, and the Director's Office. The Legal Counsel office works closely with the Office of the Attorney General in legal proceedings involving RIDOT and also provides support within RIDOT for program development, property management and acquisition, contracts, litigation, arbitration, and contracted outside legal services. Human Resources administers labor relations, human resource development and training, all equal opportunity programs, and payroll and fringe benefit programs. The Real Estate section deals with acquisition, appraisal, negotiation, and relocation for property purchases (including easements and larger parcels) and property sales. The External Affairs office handles all media inquiries, speaking engagements, legislative correspondence and special events for the Departments, as well as managing the Department's website. The Safety Section is responsible for promoting public safety. The Office on Highway Safety develops and coordinates programs with local, state and federal agencies to reduce highway deaths and injuries, and to promote public awareness of the correlation between highway safety and alcohol and substance abuse through the development and distribution of educational information. The Civil Rights office supports contractors, consultants, and sub-recipients to ensure full compliance with federal and state civil rights laws and equal employment requirements. The Director's Office provides leadership and policy development for the Department to ensure the State's public transportation services are safe, effective and environmentally prudent.

Central Management	FY2020 Actual	FY2021 Enacted	FY2021 Revised	Change from Enacted	FY2022 Enacted	Change from Enacted
Federal Funds	\$7.1	\$10.1	\$12.7	\$2.7 26.4%	\$16.1	\$6.0 59.7%
Other Funds	5.8	7.5	9.4	1.9 25.5%	8.9	1.4 18.5%
<b>Total</b>	<b>\$12.9</b>	<b>\$17.6</b>	<b>\$22.2</b>	<b>\$4.6 26.0%</b>	<b>\$25.0</b>	<b>\$7.4 42.1%</b>

*\$ in millions. Totals may vary due to rounding.*

The Budget includes 67.0 FTE positions, consistent with the FY2021 Budget as Enacted.

<b>Central Management</b>	<b>All Funds</b>
FY2021 Enacted	\$17,586,869
<i>Target and Other Adjustments</i>	<i>(1,593,109)</i>
NHTSA Initiatives (federal funds)	6,004,179
Legal Services (other funds)	2,986,763
<b>FY2022 Enacted</b>	<b>\$24,984,702</b>

### ***NHTSA Initiatives (federal funds)***

***\$6.0 million***

The Budget includes \$16.1 million in federal funds, an increase of \$6.0 million from the FY2021 Budget as Enacted. This increase is related to a number of initiatives funded by the National Highway Transportation Safety Administration (NHTSA). The increase includes an additional \$4.6 million for MAP-21 funds which provides funding highway safety grant programs and \$2.5 million for Minimum Penalties for Repeat Offenders. These increases are partially offset by a decrease of \$991,510 in the State and Community Highway Safety Program and a \$125,000 decrease for grants to prohibit racial profiling.

### ***Legal Services (other funds)***

***\$3.0 million***

The Budget includes an additional \$3.0 million (\$5.8 million total) in gas tax funds for legal services. This funding supports ongoing litigation related to the Department's RhodeWorks program tolling operations. The American Trucking Associations is suing the Department over the truck-only tolls that have been installed throughout the State.

In 2018, the American Trucking Association filed a federal lawsuit against the Department; the lawsuit claims the truck tolls are unconstitutional and discriminate against trucks. The lawsuit also claims that out-of-state trucks being tolled at a higher rate is discrimination.

## **INFRASTRUCTURE - ENGINEERING**

The Infrastructure Engineering program works to develop the State's roads and bridges into an advanced ground transportation system. The program consists of multiple divisions and sections encompassing design, planning, and construction of the Project Management Division. The Project Management division oversees all phases of a project from start to finish, including design, construction, and materials testing. The Construction Management section is responsible for the administration and inspection of highway, bridge, traffic signal and destination signing and freight/commuter rail construction activities throughout the State. The Materials Unit conducts sampling and quality assurance testing. The Research and Technology section evaluates new technologies, provides research for national, regional, and local programs, and provides training in new technology. The Office of Stormwater Management is responsible for the scope, plan, design, and maintenance of storm water systems. The Occupational Safety, Health, and Work Zone Safety section administers the Department's safety and health programs. The Planning Division develops and monitors the Department's Ten-Year Plan to ensure successful implementation. Finally, the Office of Transit, New Starts, and Operations section develops and implements planning projects by working to develop an integrated transportation system that provides convenient transitions between different modes of transportation.

<b>Infrastructure- Engineering</b>	<b>FY2020 Actual</b>	<b>FY2021 Enacted</b>	<b>FY2021 Revised</b>	<b>Change from Enacted</b>	<b>FY2022 Enacted</b>	<b>Change from Enacted</b>	<b>FY2022 Enacted</b>	<b>Change from Enacted</b>
Federal Funds	\$310.2	\$329.3	\$354.4	\$25.0 7.6%	\$416.9	\$87.6 26.6%	\$416.9	\$87.6 26.6%
Restricted Receipts	4.6	2.7	2.6	(0.1) -4.6%	2.6	(0.1) -4.5%	2.6	(0.1) -4.5%
Other Funds	108.0	117.7	127.3	9.6 8.1%	177.5	59.8 50.8%	177.5	59.8 50.8%
<b>Total</b>	<b>\$422.8</b>	<b>\$449.7</b>	<b>\$484.2</b>	<b>\$34.5 7.7%</b>	<b>\$597.0</b>	<b>\$147.3 32.7%</b>	<b>\$597.0</b>	<b>\$147.3 32.7%</b>

*\$ in millions. Totals may vary due to rounding.*

The Budget includes 371.0 FTE positions, consistent with the FY2021 Budget as Enacted.

<b>Infrastructure- Engineering</b>	<b>All Funds</b>
<b>FY2021 Enacted</b>	<b>\$449,734,000</b>
<i>Target and Other Adjustments</i>	
Federal Funds	73,325,728
RICAP (other funds)	64,468,182
Toll Revenue (other funds)	(11,856,407)
Pawtucket/Central Falls TIGER (federal funds)	5,000,000
CARES Act Funding (federal funds)	4,822,000
Gas Tax Transfers (other funds)	3,363,807
Indirect Cost Recovery (federal funds)	3,674,433
Consolidated Rail Infrastructure and Safety Improvements Grant (federal funds)	1,500,000
<b>FY2022 Enacted</b>	<b>\$596,988,618</b>

**Federal Funds****\$73.3 million**

The Budget includes an additional \$73.3 million in federal funds. This includes \$15.0 million for federal highway project funding including \$6.0 million for engineering services related to project design for projects outlined in the Capital Budget. The remaining \$58.3 million are additional federal discretionary grants that will be used to continue supporting capital projects throughout the state. These include Infrastructure for America grants to support the Northbound I-95 viaduct, and Better Utilizing Investments to Leverage Development (BUILD) grants for the Washington Bridget, Route 37 construction and Newport Pell Bridge ramps.

**RICAP (other funds)****\$64.5 million**

The Budget includes an increase of \$64.5 million in Rhode Island Capital (RICAP) funds. The majority of this increase is related to an additional \$63.5 million in funding for the Highway Improvement Program (HIP). The Department's FY2022 Budget request included \$35.0 million in RICAP funding for the HIP, the Governor's Budget includes an additional \$28.5 million in funding from the General Obligation (GO) Bond issuance that was approved as part of the March 2021 bond referendum. The remainder of the increase supports other projects the Department is working on including an additional \$600,000 for the URI Mobility Hub, \$361,594 for Bike Path Maintenance, and \$140,000 for the RIPTA Warwick Bus Hub.

**Toll Revenue (other funds)****(\$11.9 million)**

The Budget includes \$35.1 million in FY2022 related to truck tolls, a decrease of \$11.9 million relative to the FY2021 Budget as Enacted. As of May 2021, 11 of the proposed 13 gantries are operational and collecting tolls. The remaining two gantries are anticipated to be completed in FY2022. Gantry 5 which will be located on the Providence Viaduct is anticipated to be live in October 2021. Gantry 10 which will be located on the Washington Bridge is anticipated to go live in the winter of 2021. The decrease is related to the delayed implementation of two gantries in Providence, one on Smith Street and one on the Washington Bridge. When all tolls are operational, the gantries are expected to generate \$45.0 million in toll revenue while costing about \$6.1 million to maintain.

The gantries charge a toll on tractor trailer trucks, vehicle class 8 or larger. The tolls are limited to once per-toll-facility, per-day in each direction. Tolls are also limited to \$20 for a one-way border-to-border trip from Connecticut to Massachusetts. Individual tolled vehicles do not exceed \$40 in tolls per day. Revenue generated from the truck tolls is used for bridge maintenance and improvements throughout the State.

As of February 2020, the gantries have processed 6.1 million transactions and collected \$22.0 million in revenues in FY2021. The legislation limits the assessment of tolls for trucks with an RFID (E-ZPass) to once per day in each direction. Transactions processed may appear higher, some transactions have no charge as they are from the 2<sup>nd</sup> time that truck passes under a toll gantry.

Truck Toll Revenue	FY2019		FY2020		FY2021	
	Transactions	Billable Revenue	Transactions	Billable Revenue	Transactions	Billable Revenue
July	188,862	\$625,811	194,876	\$641,850	754,750	\$2,648,296
August	196,903	\$651,172	205,615	\$687,318	774,502	\$2,836,544
September	170,653	\$565,031	197,835	\$664,427	797,217	\$2,915,588
October	190,976	\$632,397	245,446	\$813,282	813,818	\$2,983,026
November	181,020	\$597,119	217,470	\$720,434	743,469	\$2,715,373
December	169,528	\$561,698	239,146	\$860,058	764,602	\$2,778,536
January	175,871	\$583,219	289,382	\$1,173,192	738,540	\$2,679,091
February	159,804	\$530,370	346,575	\$1,545,353	669,353	\$2,422,977
March	176,942	\$586,308	411,392	\$1,744,627	837,396	\$3,037,468
April	186,690	\$615,036	514,737	\$1,938,102	824,670	\$2,974,889
May	204,160	\$672,416	578,725	\$2,174,142	810,903	\$2,913,057
June	187,821	\$618,245	609,602	\$2,240,303	859,843	\$3,096,159
<b>Total</b>	<b>2,189,230</b>	<b>\$7,238,821</b>	<b>4,050,801</b>	<b>\$15,203,088</b>	<b>9,389,063</b>	<b>\$34,001,005</b>

Source: RIDOT

**Pawtucket/Central Falls TIGER (federal funds)**

**\$5.0 million**

The Budget includes \$11.4 million in federal Transportation Investment Generating Economic Recovery (TIGER) grants. This grant will be used to support the transit center being built on the Pawtucket/Central Falls line. The project is intended to bring MBTA service to downtown Pawtucket and is currently in the final engineering and construction procurement phase.

**CARES Act Funding (federal funds)**

**\$4.8 million**

The Budget includes \$4.8 million in federal Coronavirus Aid, Relief, and Economic Security Act (CARES Act) funding, \$3.6 of which will be transferred to RIPTA. The remaining \$1.2 million will be used to support design and engineering costs, and building maintenance and repairs throughout the Department.

**Gas Tax Transfers (other funds)**

**\$3.4 million**

The Budget includes \$65.2 million in gas tax funding within the Infrastructure Engineering program, an increase of \$3.4 million above FY2021 Enacted levels. Of this increase, \$2.6 million will be transferred to the Rhode Island Public Transit Authority (RIPTA), including \$428,924 for GARVEE debt service, and \$750,617 will be transferred to the Rhode Island Turnpike and Bridget Authority (RITBA). The FY2021 Budget as Enacted included \$61.8million in transfers, \$39.5 million to RIPTA, \$14.2 million to the RITBA, and \$8.1 million for GARVEE debt service. The FY2022 Budget increases these transfers due to a \$295,082 increase in the per-penny yield above FY2021 Enacted levels.

RIPTA also receives additional transfers from the Highway Maintenance Account that are described in the Infrastructure Maintenance section of this analysis.

**Indirect Cost Recovery (federal funds)**

**\$3.7 million**

The Budget includes an additional \$3.7 million in federal funds to reflect a transfer of Federal Highway Authority indirect cost recovery costs from Central Management to Management and Budget. The Department is able to recoup funds from the FHWA for certain allowable expenses. The recouped costs completely offset gas tax expenditures resulting in no net impact to the overall budget.

	FY2021 Enacted	FY2021 Revised	FY2022 Governor	Change from Enacted
<b>Indirect Cost Recovery</b>				
FHWA Cost Recovery	\$15,170,677	\$18,922,842	\$18,845,110	\$3,674,433
Gas Tax Credit- Infra Eng.	(6,167,620)	(8,827,506)	(8,791,244)	(2,623,624)
Gas Tax Credit- Cntrl Mngmt	(5,274,398)	(6,498,103)	(6,471,410)	(1,197,012)
Gas Tax Credit- Mngmt and Budget	(3,728,659)	(3,597,233)	(3,582,456)	146,203
<b>Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**Consolidated Rail Infrastructure and Safety Improvements Grant** **\$1.5 million**

Pursuant to a budget amendment requested by the Governor, the Budget includes an additional \$1.5 million in federal funds for the Consolidated Rail Infrastructure and Safety Improvements (CRISI) Grant. The Department anticipates this Grant being used in FY2022. The CRISI Grant may be used for the development and support of projects related to rail service, including, but not limited to, the deployment of railroad safety technology, rail line relocation projects, highway-rail grade crossing improvement projects.

**INFRASTRUCTURE - MAINTENANCE**

The Infrastructure Maintenance program is comprised of multiple divisions that are responsible for keeping all state roads and bridges well-maintained and functional. The Automotive section is responsible for the up keep and repair of the program's fleet of heavy trucks and equipment. The Engineering and Support office is a multi-faceted section responsible for resolution of drainage problems, inspection of work permits, coordination of requests for pavement projects, maintenance of guardrails, fences, and highway related equipment along the state highway, highway illumination, and state-wide beautification projects. The Field Operations section, which is comprised of staff who operate from multiple field offices across the State, is responsible for sweeping, litter collection, and snow plowing, as well as bridge, pothole, and guardrail repairs. In recent years, the Department has worked to bring tasks performed by the Infrastructure Maintenance program in-house rather than contracting services from outside vendors.

	FY2020 Actual	FY2021 Enacted	FY2021 Revised	Change from Enacted		FY2022 Enacted	Change from Enacted	
<b>Infrastructure- Maintenance</b>								
Federal Funds	\$0.3	-	\$37.1	\$37.1	-	\$18.0	\$18.0	-
Other Funds	172.0	135.3	136.1	0.8	0.6%	122.5	(12.8)	-9.4%
<b>Total</b>	<b>\$172.2</b>	<b>\$135.3</b>	<b>\$173.1</b>	<b>\$37.9</b>	<b>28.0%</b>	<b>\$140.5</b>	<b>\$5.3</b>	<b>3.9%</b>

\$ in millions. Totals may vary due to rounding.

The Budget includes 281.0 FTE positions in the Infrastructure Engineering program, consistent with the FY2021 Budget as Enacted.

<b>Infrastructure- Maintenance</b>	<b>All Funds</b>
FY2021 Enacted	\$135,247,387
<i>Target and Other Adjustments</i>	<i>\$234,880</i>
Highway Maintenance Account (other funds)	(29,502,178)
CAA Funding (federal funds)	18,000,000
Gas Tax (other funds)	12,407,293
RICAP (other funds)	4,139,716
<b>FY2022 Enacted</b>	<b>\$140,527,098</b>

**Highway Maintenance Account (other funds)** **(\$29.5 million)**

The Budget includes \$87.1 million in Highway Maintenance Account (HMA) funds, a decrease of \$29.5 million from the FY2021 Budget as Enacted. The Budget decreases expenditures in the HMA in FY2022 in order to retain more funds for out-year projects. The Department has a number of larger projects included

in the STIP within the next seven years. The Budget also includes a decrease in HMA funds related to additional federal COVID-19 relief funds.

Highway Maintenance Account funds within the Infrastructure Maintenance program are generated from motor vehicle fees collected by the DMV, including fees on good driver dismissals, license and registration transfers, vehicle titles, inspection stickers, and rental car surcharges. The transfer of these fees from the general fund to the HMA were phased in beginning in FY2016 and completed in FY2019, with 100.0 percent of the fees going to the HMA.

**RIPTA Free- Fare:** The Budget includes \$5.8 million to be transferred from the Highway Maintenance Account (HMA) to RIPTA, a decrease of \$3.7 million from the FY2021 Budget as Enacted. RIPTA receives 5.0 percent of the funds deposited into the HMA. In FY2018, the Budget included the transfer of additional funds to support RIPTA's debt service and the operating costs of the Free-Fare program, which provides transportation to the senior and disabled population. In FY2018 and FY2019, RIPTA received \$5.0 million from the HMA for these costs. Article 8 of the FY2020 Budget as Enacted extended this transfer indefinitely.

The FY2022 Budget includes \$5.8 million from the HMA to support the Free-Fare program, but shifts the \$3.7 million that would normally be funded from the HMA to federal funds from the Consolidated Appropriations Act. This is a one-time shift to use federal funds and allow the HMA funding to be used as additional state matching funds.

**CAA Funding (federal funds)**

**\$18.0 million**

The Budget includes an additional \$18.0 million in federal funds due to an allocation from the Consolidated Appropriations Act in response to the COVID-19 pandemic. The additional federal funds will be used to offset Highway Maintenance Account (HMA) funding, allowing those funds to be used for state matching to other federal funds.

**Gas Tax (other funds)**

**\$12.4 million**

The Budget includes \$29.6 million in gas tax funds, an increase of \$12.4 million from the FY2021 Budget as Enacted. The Department anticipates a \$20.2 million carry forward from FY2021 to FY2022. The majority of this increase is related to additional funds to support debt service payments for the Department's general obligation bonds. Debt service for GO bonds is included in the Department of Administration's Budget but is supported by gas tax receipts from DOT.

**RICAP (other funds)**

**\$4.1 million**

The Budget includes \$5.5 million in Rhode Island Capital Plan (RICAP) funds, an increase of \$4.1 million from the FY2021 Budget as Enacted. This includes an increase of \$2.1 million for salt storage facility projects, \$1.5 million for capital equipment replacement, \$431,254 to improvements to maintenance facilities, and \$122,068 for train station maintenance and repairs. These increases are partially offset by a \$26,208 decrease in funding for welcome center improvements.

The Department intendeds to build four new salt storage facilities across the State to consolidate the salt stock pile and improve operational efficiencies. Funding for maintenance facility improvements will be used to fund roof repairs, the repaving of parking lots, and energy efficient improvements.

**MANAGEMENT AND BUDGET**

Management and Budget houses the Department's Financial Management Division responsible for the oversight and management of the Department's operations and capital budget expenditures. Management and Budget also oversees the Education Advancement section, the Office of Contracts and Specifications, and the Information Technology section. The Education Advancement section is responsible for internal education and advancement initiatives and facilitates administrative and programming coordination. The Office of Contracts and Specifications establishes business arrangements between the Department and the

supplies of good and services in the private sector. The Information Technology section maintains and operates all computer software and hardware as well as purchasing and upgrading all information technology platforms for the Department.

<b>Management and Budget</b>	<b>FY2020 Actual</b>	<b>FY2021 Enacted</b>	<b>FY2021 Revised</b>	<b>Change from Enacted</b>		<b>FY2022 Enacted</b>	<b>Change from Enacted</b>
Other Funds	\$0.8	\$4.8	\$5.0	\$0.3	5.7%	\$5.4	\$0.6 12.8%

*\$ in millions. Totals may vary due to rounding.*

The Budget includes 36.0 FTE positions, consistent with the FY2021 Budget as Enacted.

<b>Management and Budget</b>	<b>All Funds</b>
FY2021 Enacted	\$4,774,747
<i>Target and Other Adjustments</i>	<i>(\$77,445)</i>
Computer Supplies/Software Maintenance (other funds)	683,278
Indirect Cost Recovery (other funds)	146,203
<b>FY2022 Enacted</b>	<b>\$5,380,580</b>

**Computer Supplies/Software Maintenance (other funds) \$683,278**

The Budget includes an additional \$683,278 in gas tax funds for computer supplies and software equipment. The funds will be used for continued support and development on the Project Management Portal (PMP) system, system enhancements to support tolling operations, and the implementation of the Department's e-Construction project to implement Headlight Software for improved functionality and organization within construction projects.

**Indirect Cost Recovery (other funds) \$146,203**

The Budget includes an additional \$146,203 in gas tax funds within the Management and Budget program (an overall decrease of \$3.8 million in gas tax throughout the Department). This reflects a transfer of Federal Highway Authority indirect cost recovery costs from Central Management to Management and Budget. The Department is able to recoup funds from the FHWA for certain allowable expenses. The recouped costs completely offset gas tax expenditures resulting in no net impact to the overall budget.

<b>Indirect Cost Recovery</b>	<b>FY2021 Enacted</b>	<b>FY2021 Revised</b>	<b>FY2022 Enacted</b>	<b>Change from Enacted</b>
FHWA Cost Recovery	\$15,170,677	\$18,922,842	\$18,845,110	\$3,674,433
Gas Tax Credit- Infra Eng.	(6,167,620)	(8,827,506)	(8,791,244)	(2,623,624)
Gas Tax Credit- Cntrl Mngmt	(5,274,398)	(6,498,103)	(6,471,410)	(1,197,012)
Gas Tax Credit- Mngmt and Budget	(3,728,659)	(3,597,233)	(3,582,456)	146,203
<b>Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>



## Rhode Island Public Transit Authority

Revenues by Source	FY2020 Actual	FY2021 Enacted	FY2021 Revised	Change from Enacted		FY2022 Board	Change from Enacted	
Motor Fuel Tax	\$40.3	\$45.4	\$38.8	(\$6.7)	-14.7%	\$40.0	(\$5.4)	-11.9%
Passenger Revenue	21.3	24.5	21.2	(3.3)	-13.6%	23.1	(1.5)	-6.0%
Special Revenue	-	-	-	-	-	-	-	-
Other Revenue	13.1	13.3	11.4	(1.8)	-13.8%	13.8	0.6	4.4%
Federal Funds	41.5	35.7	47.3	11.6	32.5%	44.0	8.3	23.3%
Department of Human Services	0.8	1.2	0.6	(1)	-45.9%	0.7	(0.4)	-37.1%
State Highway Fund Revenues	6.1	6.1	4.7	(1.5)	-23.8%	4.8	(1.3)	-21.8%
Special Projects- Local	0.5	0.3	3.6	3.2	921.5%	-	(0.3)	-100.0%
Special Projects- Federal	-	-	-	0.0	-	-	-	-
<b>Total</b>	<b>\$123.7</b>	<b>\$126.6</b>	<b>\$127.6</b>	<b>\$1.0</b>	<b>0.8%</b>	<b>\$126.5</b>	<b>(\$0.1)</b>	<b>-0.1%</b>

### Expenditures By Category

Salaries, Wages and Benefits	\$90.2	\$89.8	\$88.8	(\$0.9)	-1.0%	\$91.8	\$2.0	2.3%
Contract Services	9.5	10.1	9.5	(0.6)	-5.9%	10.5	0.4	3.9%
Operating Costs	22.7	21.8	21.3	(0.5)	-2.2%	20.1	(1.7)	-7.9%
Utilities	1.7	1.8	1.6	(0.2)	-10.0%	1.4	(0.4)	-19.7%
Insurance and Settlements	-	-	-	0.0	-	-	-	-
Capital Match	0.0	1.3	1.2	(0.0)	-2.6%	1.4	0.1	7.2%
Revolving Loan Fund	-	-	-	0.0	-	-	-	-
Debt Service	1.6	1.5	1.5	(0.0)	0.0%	1.4	(0.2)	-10.7%
Self-Insurance Reserve	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Special Projects- Local	0.6	0.3	3.6	3.2	921.5%	-	(0.3)	-100.0%
Special Projects- Federal	-	-	-	-	-	-	-	-
<b>Total</b>	<b>\$126.3</b>	<b>\$126.6</b>	<b>\$127.5</b>	<b>\$0.9</b>	<b>0.7%</b>	<b>\$126.5</b>	<b>(\$0.1)</b>	<b>0.0%</b>

### Surplus/(Deficit)

Authorized FTE Levels	862.0	862.0	865.0	3.0	0.3%	865.0	3.0	0.3%
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\$ in millions. Totals may vary due to rounding.

The Rhode Island Public Transit Authority (RIPTA) was established in 1964 and is currently governed by an eight (8) member Board of Directors. As defined under RIGL 39-18-3, RIPTA is responsible for:

- Providing public transit services to meet the mobility needs of the people of the State
- Increasing access to employment opportunities
- Connecting different modes of public transportation, including rail, air and water services
- Promoting community design that features public transit services
- Facilitating energy conservation and efficient energy use through public transit services
- Mitigating traffic congestion and enhancing air quality

RIPTA operates and maintains two facilities in Providence and one in Newport.

### MAJOR ISSUES AND TRENDS

The FY2022 Board-Approved Budget includes \$126.5 million in revenues for FY2022, a decrease of \$111,135 from the FY2021 Board-Approved Budget, and \$126.5 million in expenditures, a decrease of \$60,226 from the FY2021 Board-Approved Budget, leading to a \$2,599 surplus.

Salary and benefits increase by \$2.0 million relative to the FY2021 Board-Approved Budget. This increase is partially due to an additional 3.0 project management positions within the Department. The Budget also includes collective bargaining agreement raises for employees in the 618, 618A, and 808 Unions. Employees in the 808 Union received a 2.0 percent raise in July 2020 and will receive another 2.0 percent raise in July 2021. Employees in the 618 and 618A Unions will receive a 2.0 percent raise in FY2021 and a 3.0 percent raise in FY2022.

Article 4 of the FY2018 Enacted Budget provided RIPTA with \$5.0 million in Rhode Island Highway Maintenance Funds in both FY2018 and FY2019 to fund the free-fare program for low-income senior and disabled persons. The legislation required the creation of a Coordinating Council to develop recommendations for the sustainable funding of the program while maximizing the use of federal funds available to support the transportation needs of this population. The Council was due to present its funding recommendations to the Governor and General Assembly by November 1, 2018; however, RIPTA did not present their findings until December 31, 2018. Within the submitted report the main recommendation for sustainable funding was to divert an additional penny of the gas tax to RIPTA for this program. Article 8 of the FY2020 Budget as Enacted extended the \$5.0 million in HMA funding to RIPTA indefinitely to fund the Free-Fare Program.

The FY2015 Budget as Enacted included a provision that RIPTA would receive 5.0 percent of available proceeds from revenue deposited into the Rhode Island Highway Maintenance Account (HMA) beginning in FY2016. RIPTA's share of this account is \$9.6 million in FY2020 and FY2021. RIPTA uses \$3.4 million of this funding to support the senior and disabled bus pass program, \$1.6 million for debt service, and \$4.6 million for other operating expenses. In FY2021, the Governor's Budget also transferred an additional \$3.1 million from the HMA to RIPTA to be used as matching funds for the purchase of new buses.

RIPTA has received \$29.0 million in federal Coronavirus Aid, Relief, and Economic Security (CARES) Act funding, \$18.4 million in FY2021 and \$10.6 million in FY2022. Due to the COVID-19 pandemic, RIPTA has experienced a decrease in the demand for service coupled with an increase in drivers needed for additional routes to practice safe social distancing as well as increase sanitation needs to keep vehicles clean. RIPTA has also experienced a decrease in state gas tax revenues related to the pandemic as gas tax receipts are lower than projected. RIPTA will use the CARES Act funding to cover operating losses and offset revenue declines, rent or lease additional vehicles to be able to comply with social distancing guidelines, and invest in sustainable improvements for the future.

### **Motor Vehicle Fuel Tax**

A portion of RIPTA's funding is provided by the motor fuel tax (gas tax). The FY2022 Budget includes a gas tax of 34.5 cents per gallon with a penny yield of \$4.3 million.

Beginning in FY2016, the tax is adjusted every other year based on the percentage increase in the Consumer Price Index for all Urban Consumers (CPI-U), rounded to the nearest 1.0 cent increment. The Department of Revenue's Office of Revenue Analysis (ORA) is responsible for both estimating the gas tax yield as well as determining the impact of the CPI-U.

In FY2020, ORA assumed inflation would change significantly enough to warrant a 1.0 cent increase, raising the gas tax rate from 33.5 cents to 34.5 cents per gallon. Pursuant to RIGL 31-36-20, the additional penny of the gas tax is directed to the Department of Transportation (RIDOT).

The ORA does not assume an increase in the gas tax rate in FY2022. The ORA expects the motor fuel tax to

	Motor Fuel Tax Allocations: Cents per Gallon				Total
	DOT	RITBA	RIPTA	DHS	
FY2015	\$0.1825	\$0.0350	\$0.0975	\$0.0100	<b>\$0.3250</b>
FY2016	0.1925	0.0350	0.0975	0.0100	<b>0.3350</b>
FY2017	0.1925	0.0350	0.0975	0.0100	<b>0.3350</b>
FY2018	0.1925	0.0350	0.0975	0.0100	<b>0.3350</b>
FY2019	0.1925	0.0350	0.0975	0.0100	<b>0.3350</b>
FY2020	0.1975	0.0350	0.1025	0.0100	<b>0.3450</b>
FY2021	0.1975	0.0350	0.1025	0.0100	<b>0.3450</b>
FY2022	0.1975	0.0350	0.1025	0.0100	<b>0.3450</b>

Note: DOT includes 0.020 for GARVEE Debt Service

Note: RIPTA includes 0.005 for Underground Storage Tank Fee

Source: Budget Office

generate a per penny yield of \$4.3 million in FY2022, an increase of \$295,082 from the FY2021 Enacted level.

The change in the per penny yield leads to an increase of \$10.3 million in FY2022. The following table shows the use of motor fuel tax revenue in FY2022:

<b>Motor Fuel Tax Revenue</b>	<b>FY2020 Actuals</b>	<b>FY2021 Enacted</b>	<b>FY2021 Revised</b>	<b>FY2022 Enacted</b>	<b>Change from Enacted</b>	
DOT	\$83.7	\$80.5	\$81.0	\$86.5	\$6.0	7.4%
RITBA	14.5	13.9	14.0	14.9	\$1.0	7.4%
RIPTA	40.2	38.6	39.0	41.6	\$3.0	7.7%
DHS	4.1	4.0	4.0	4.3	\$0.3	7.4%
<b>Total</b>	<b>\$142.6</b>	<b>\$137.0</b>	<b>\$138.0</b>	<b>\$147.3</b>	<b>\$10.3</b>	<b>7.5%</b>

*\$ in millions. Totals may vary due to rounding.*

*Estimate developed by Senate Fiscal Office.*

### **Volkswagen Funds**

In January 2018, the State was awarded \$14.4 million from the national Volkswagen (VW) settlement. VW illegally installed software in their vehicles that was able to sense when the car was undergoing emissions testing and activate equipment to reduce emissions: about 3,000 cars in Rhode Island were affected. The settlement established an Environmental Mitigation Trust (EMT), which will be administered by the Department of Environmental Management (DEM) and used within in a 10-year period. Of the total settlement, about \$11.8 million will be used to replace diesel RIPTA buses with zero emission vehicles (ZEV); \$1.5 million for charging infrastructure; and, \$2.1 million for administrative expenses at DEM, RIPTA, and OER. In the fall of 2018, RIPTA began a pilot program to lease three ZEV buses. During the pilot, RIPTA will collect data on the efficiency and viability of ZEV buses with the goal of understanding if it is possible to transition RIPTA's fleet from diesel buses to ZEV buses. In 2019, RIPTA acquired three ZEV buses and installed charging infrastructure. In the spring of 2019, RIPTA began road tests with the ZEV buses and as of the spring of 2020 the three ZEV buses are deployed on the R-Line in Providence. Currently, RIPTA is working on the procurement for the remaining 17 buses in FY2022.

<b>RIPTA VW Funds</b>	
FY2019	\$2,766,338
FY2020	2,919,000
FY2021	3,079,485
FY2022	2,943,025
FY2023	136,460
<b>Total</b>	<b>\$11,844,308</b>

### **Fare Changes**

No fare changes are proposed for FY2022. In 2015, RIPTA conducted a comprehensive study of the fare products offered to customers, as well as the rates charged. The goals of the fare study were to simplify fare products; improve reliability of fare media; introduce needed products; make boarding a bus fast, convenient, and reliable; implement new fare technologies; and, maximize revenue and ridership. RIPTA's Board adopted a new fare structure in December 2016 that eliminated the 15-ride pass and RIPTIKs (packages of 10 one-way tickets including free transfers that did not expire), created a 10-ride pass, increased the price of a 7-day pass and bus transfers, and recommended charging seniors and people with disabilities \$0.50 per trips. While other changes were implemented, the charge to seniors and people with disabilities caused concern among advocacy groups and was never executed. Since FY2017, the General Assembly has included additional funds to continue the free fare program.

In September 2020, RIPTA launched the WAVE program, a smart fare collection system. The WAVE program operates on an earn-as-you-go model. The system tracks individual's trips allowing them to pay for individual rides or days while never exceeding the price of a day pass or month pass. Once a user spends the equivalent to a day or month pass they are not charged for any additional rides that day or month.

RIPTA Fares	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
1- Day Pass	\$6.00	\$6.00	\$6.00	\$6.00	\$6.00	\$6.00	\$6.00
7- Day Pass	23.00	25.00	25.00	25.00	25.00	25.00	25.00
10- Ride Pass	-	25.00	20.00	20.00	20.00	20.00	20.00
15- Ride Pass (discontinued in FY2016)	26.00	-	-	-	-	-	-
RIPTIKs (discontinued in FY2016)	20.00	-	-	-	-	-	-
Monthly Pass	62.00	70.00	70.00	70.00	70.00	70.00	70.00
Ride/Paratransit	-	4.00	4.00	4.00	4.00	4.00	4.00
Transfers	0.50	1.00	1.00	1.00	1.00	1.00	1.00
Cash Fare for buses & trolleys	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Reduced Fare for Seniors and Disabled*	10.00	10.00	10.00	10.00	10.00	10.00	10.00

\* Cost to renew pass, must be done every 2 years

### **Free Fare Program**

RIPTA provides free bus rides to qualifying low-income seniors and people with disabilities through the Free-Fare Program. RIPTA estimates that nearly 15,000 individuals have free-fare bus passes, 10,607 individuals with disabilities and 4,285 seniors. These pass holders take approximately 6.4 million trips annually. Passes issued through the program are good for two years and include a \$10 processing fee to renew. To qualify as a low-income senior, applicants must be over age 65 and provide proof of income through either an SSI award letter, a Medicaid eligibility notice letter, or a Supplemental Income Verification Notice. The applicant's total household income may not be more than 200.0 percent of the Federal Poverty Level, or \$34,840 for a family of two, as of 2021. To qualify as a disabled person, the applicant must provide either a Medicare card with a disability code, a Supplemental Security Income award letter, or a Certification of Disability completed by the Providence Center.

RIPTA also offers half-fare boarding to seniors and people with disabilities, regardless of income, during off-peak hours. Participants must enroll in the program and will be issued a valid identification card. Participants are required to pay full fare during peak service hours (7am-9am and 3pm-6pm weekdays).

**Free Fare Program Changes:** RIPTA proposed a Reduced Fare program was originally scheduled to begin in July 2016. Previously, eligible low-income seniors and disabled had their rides fully subsidized under RIPTA's Free Fare program; however, the program contributed significantly to RIPTA's operating deficits. The Reduced Fare model was expected to help alleviate the deficit. Due to outcry from local advocacy groups, transitioning from the Free Fare program to the Reduced Fare model was effectively delayed for seven months when the General Assembly appropriated \$900,000 to RIPTA for the program in the FY2017 Budget as Enacted. Article 4 of the FY2018 Budget as Enacted provides the Rhode Island Public Transit Authority (RIPTA) with \$5.0 million in Rhode Island Highway Maintenance Funds in both FY2018 and FY2019: \$3.4 million to fund the free-fare program for low-income senior and disabled persons, and the remaining \$1.6 million for debt service payments that were shifted back to the Authority. Article 8 of the FY2020 Budget extends the \$5.0 million in HMA funding to RIPTA indefinitely. The additional funding allows the continuation of the free fare program indefinitely.

**Transportation Coordinating Council:** Pursuant to Article 4 of the FY2018 Enacted Budget, RIPTA established a coordinating council to develop recommendations for the sustainable funding of the Free Fare Bus Pass Program while maximizing the use of federal funds available to support the transportation needs of the State's elderly and disabled populations. The Council was due to report their recommendations to the Governor, Speaker of the House and Senate President by November 1, 2018; however, RIPTA did not present their findings until December 31, 2018.

The Council consisted of members from multiple State agencies including RIPTA; the Department of Human Services; the Executive Office of Human Services; the Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals; the Office of Veteran’s Affairs; and, the Division of Elderly Affairs. The Council broke into two “working groups”, the Communications working group and the Bus Pass Program Funding working group. Although the legislation was passed in June 2017 the Council did not begin meeting until January 2018. The entire Council met a total of six times from January through December of 2018.

RIPTA estimated that the total funding gap within the Free-Fare Program will be about \$4.4 million in FY2020. Within the submitted report the main recommendation for sustainable funding was to divert an additional penny of the gas tax, or an equal amount of funding from another source, to RIPTA.

The No-Fare Bus Pass Coalition, an advocacy group that was also a member of the Council, made the following recommendations:

- A dedicated stream of state lottery or gambling revenues, such as a scratch ticket to promote public transit or earmarking a percentage of anticipated gaming revenues for RIPTA.
- Establishing a tax on ride-sharing companies, such as Uber and Lyft, with funds collected allocated to RIPTA.
- Establishing a tax on parking lots, or increasing the cost of parking, and allocating additional funds collected to RIPTA.

Although the Council was aware of these recommendations, there was no follow-up with relative Departments such as the Lottery or the Department of Revenue. The Free-Fare Program will continue to be funded through the \$5.0 million appropriation to RIPTA from the HMA.

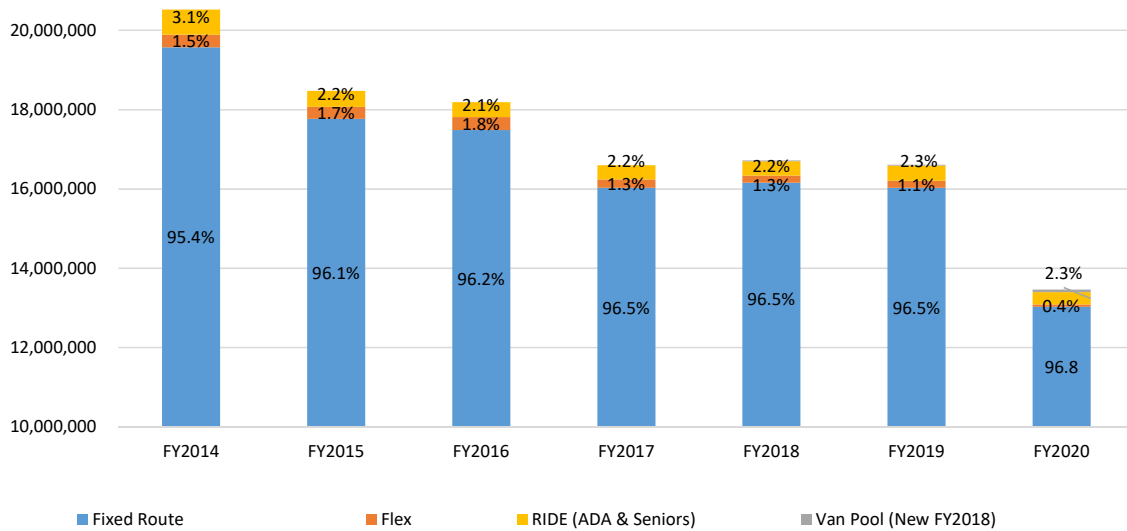
### ***Ridership***

RIPTA offers four types of transit service: fixed route, flex service, the RIdle Program, and van pool services. Fixed route service consists primarily of regular bus service on established routes. Flex service provides van transportation within a limited geographic area. The RIdle program provides transportation to eligible senior citizens and individuals with disabilities. Van pool services, which started in FY2018, allows a group of commuters to lease a shared vehicle through Enterprise and use the vehicle daily while commuting to work. The van pool program is mainly used by Electric Boat in Quonset Park; however, RIPTA hopes to expand this program into other areas of the State in the next few years.

In FY2020, RIPTA’s total ridership was 13.5 million passengers, a net decrease of 19.0 percent from FY2019. The largest decrease, 67.0 percent, was in Flex Services. In FY2021, the year to date ridership for fixed route and paratransit riders is 5.3 million rides, a decrease of 6.3 million rides from the same time last year.

The following table shows ridership, by category, for RIPTA for FY2014 through FY2020.

RIPTA Ridership



*Analyst Note: According to RIPTA, the 19.0 percent decline in ridership between FY2014 and FY2017 is related to the hiring of LogistiCare by the State in 2014, which had a strong impact on both the fixed route and RIDE. Prior to this RIPTA served as both the broker of ADA services and as a provider. LogistiCare had been the designated broker since FY2014 and shifted trips away from RIDE as a provider. For business reasons RIPTA decided to cease being a LogistiCare provider in FY2017.*

**SELECTED CAPITAL PROJECTS**

RIPTA’s FY2022 Budget includes \$54.1 million in capital expenditures, of which \$41.4 million is funding by the Federal Transit Administration (FTA) the remaining \$12.7 million is funded by other sources including Rhode Island Capital Plan (RICAP) funds.

**Bus Purchases:** The Budget includes \$16.2 million in FY2021 for the purchase of 24 diesel buses and \$15.8 million in FY2022 for the purchase of 26 fixed-route buses including 17 electric buses. RIPTA maintains a fixed-route fleet of about 245 vehicles. Federal Transit Administration (FTA) guidelines recommend that fixed route vehicles are replaced at the end of their 12-year useful life. RIPTA often uses buses past their 12-year recommended lifespan due to funding constraints.

**Paratransit Vehicles:** RIPTA maintains a fleet of about 94 vehicles for the paratransit program, also known as RIDE. Federal Transit Administration (FTA) guidelines recommend that Paratransit vehicles be retired at the end of their 5-year useful life. In spite of uncertainties within the paratransit program, the age of the Paratransit fleet requires the continued replacement of vehicles.

Paratransit vehicles are funded via a fee charged for all trips provided through the paratransit program. The proceeds from this fee are put into the Paratransit Revolving Loan fund, an internal RIPTA mechanism which funds the match for paratransit vehicles. Proceeds from this fee have fallen as the trip volume under the program have been reduced. RIPTA continues to review this funding mechanism to determine the long-term impact on paratransit fleet replacement.

The Budget includes \$3.3 million in FY2021 and \$3.5 million in FY2022 for Paratransit bus purchases. The FTA pays 80.0 percent of each vehicle replacement cost and RIPTA pays a 20.0 percent local match from its revolving loan fund.

**URI Mobility Hub:** The Budget includes \$5.0 million in FY2022 for the construction of a bus hub at URI's Kingston Campus. The bus hub will create a mobility hub on the campus and allow for improved regional connectivity. Currently, RIPTA is awaiting the results of a preliminary application for the design and construction of this project.

The Capital Budget includes 80.0 percent of this project being funded by the FTA, with RIPTA paying the remaining 20.0 percent from local funds.

**East Side Tunnel:** The Budget includes \$4.0 million in FY2022 for the East Side Tunnel project. The Tunnel is in need of passenger amenity improvements, structural repairs, and safety improvements.







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**SPECIAL REPORTS**

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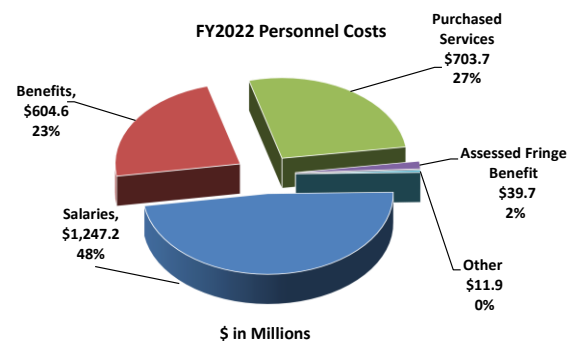
## Personnel

The FY2022 Budget as Enacted includes a total of \$2,607.1 million for personnel expenditures, an increase of \$217.7 million compared to the FY2021 Budget as Enacted, and \$188.5 million more than the Governor's FY2022 Budget recommendation. Salaries and benefits total \$1,851.8 million and comprise 71.0 percent of FY2022 personnel expenditures (51.9 percent of the salaries and benefits costs are supported by general revenue).

The FY2021 Revised Budget includes \$2,804.3 million for personnel expenditures, an increase of \$414.9 million compared to the FY2021 Budget as Enacted. Salaries and benefits total \$1,830.8 million and comprise 65.3 percent of FY2021 revised personnel expenditures (41.9 percent of the salaries and benefits costs are supported by general revenue). Purchased services increase by \$404.9 million (a decrease of \$8.1 million in general revenue), largely due to increased federal COVID-19 funding for pandemic-related services.

### PERSONNEL EXPENDITURE TRENDS

Expenditures for salaries in FY2022 total \$1,247.2 million, comprising 47.8 percent of total personnel costs, an increase of \$1.9 million (0.2 percent) from the FY2021 Budget as Enacted. Total benefit costs, excluding assessed fringe benefits and other costs, amount to \$656.2 million and comprise 25.2 percent of total personnel costs. Benefits increase \$30.2 million, 4.8 percent, from the FY2021 Budget as Enacted, primarily due to increased health and retirement costs. Purchased services costs are \$703.7 million, 27.0 percent, of the total personnel costs. Purchased services increase by \$185.6 million, 35.8 percent, from the FY2021 Budget as Enacted.



Expenses by Description	FY2019 Actual	% of Total	FY2020 Actual	% of Total	FY2021 Enacted	% of Total	FY2021 Revised	% of Total	FY2022 Enacted	% of Total
Salaries	\$1,135.7	55.6%	\$1,170.3	55.7%	\$1,245.3	52.1%	\$1,249.7	44.6%	\$1,247.2	47.8%
Benefits	530.3	25.9%	544.7	25.9%	578.5	24.2%	581.1	20.7%	604.6	23.2%
Purchased Services	330.1	16.2%	341.0	16.2%	518.1	21.7%	923.0	32.9%	703.7	27.0%
Assessed Fringe Benefits	40.4	2.0%	37.7	1.8%	39.4	1.6%	42.4	1.5%	39.7	1.5%
Other	7.4	0.4%	7.7	0.4%	8.1	0.3%	8.1	0.3%	11.9	0.5%
<b>Total</b>	<b>\$2,043.9</b>	<b>100.0%</b>	<b>\$2,101.4</b>	<b>100.0%</b>	<b>\$2,389.4</b>	<b>100.0%</b>	<b>\$2,804.3</b>	<b>100.0%</b>	<b>\$2,607.1</b>	<b>100.0%</b>

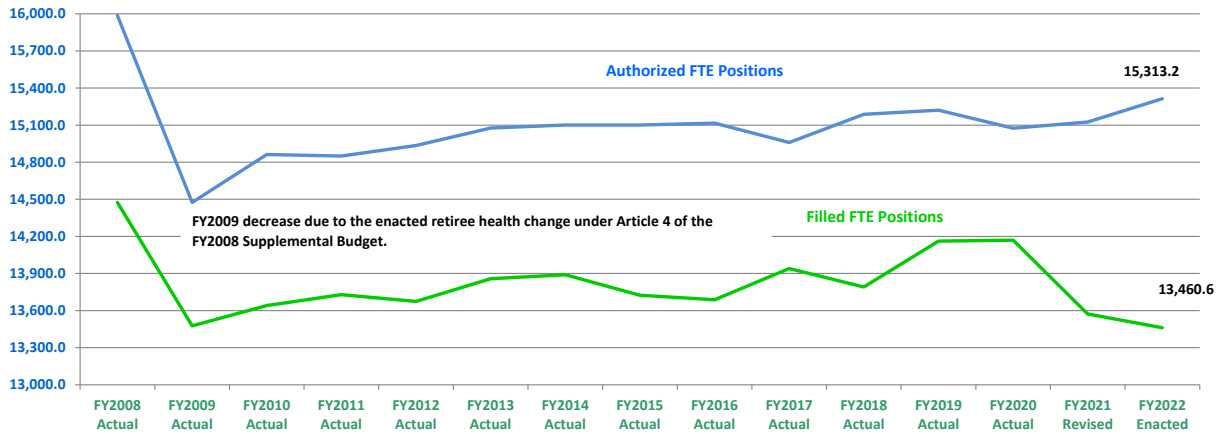
\$ in millions. Totals may vary due to rounding.

Expenses by Function	FY2019 Actual	FY2020 Actual	FY2021 Enacted	FY2021 Revised	FY2022 Enacted	% of Pers. Budget	FY2022 General Revenue	FY2022 General Revenue %
General Government	\$237.4	\$255.0	\$288.6	\$371.4	\$318.5	12.2%	\$159.5	50.1%
Human Services	521.8	546.2	664.3	1,005.8	806.6	30.9%	319.5	39.6%
Education	649.6	644.7	756.4	737.7	779.2	29.9%	193.2	24.8%
Natural Resources	59.7	61.7	63.8	64.0	66.9	2.6%	37.3	55.8%
Public Safety	442.6	464.6	476.5	470.8	474.1	18.2%	425.1	89.7%
Transportation	132.8	129.2	139.9	154.6	161.8	6.2%	-	-
<b>Total</b>	<b>\$2,043.9</b>	<b>\$2,101.4</b>	<b>\$2,389.4</b>	<b>\$2,804.3</b>	<b>\$2,607.1</b>	<b>100.0%</b>	<b>\$1,134.6</b>	<b>43.5%</b>

\$ in millions. Totals may vary due to rounding.

**FTE POSITIONS**

The FY2022 Budget as Enacted authorizes 15,313.2 FTE positions. At the start of the fiscal year, 13,515.3 FTE positions (88.3 percent of the original enacted authorized amount) were filled, leaving 1,797.9 FTE positions vacant, a rate of 11.7 percent. Since the start of the fiscal year, as of July 17, 2021, the State has a net decrease of 54.7 filled FTE positions.



The following table illustrates the number of FTE positions by government function.

Government Function	FY2021 Enacted	FY2021 Revised	Change to Enacted	FY2022 Enacted	% of Total	Change to Enacted
General Government	2,441.9	2,441.9	-	2,454.4	16.0%	12.5
Human Services	3,571.6	3,571.6	-	3,682.6	24.0%	111.0
Education	4,218.4	4,218.4	-	4,222.4	27.6%	4.0
Public Safety	3,190.0	3,190.0	-	3,244.0	21.2%	54.0
Natural Resources	424.0	424.0	-	431.0	2.8%	7.0
Transportation	755.0	755.0	-	755.0	4.9%	-
<b>Subtotal</b>	<b>14,600.9</b>	<b>14,600.9</b>	<b>-</b>	<b>14,789.4</b>	<b>96.6%</b>	<b>188.5</b>
Sponsored Research	523.8	523.8	-	523.8	3.4%	-
<b>Total FTE Positions</b>	<b>15,124.7</b>	<b>15,124.7</b>	<b>-</b>	<b>15,313.2</b>	<b>100.0%</b>	<b>188.5</b>

**FY2021:** The FY2021 Supplemental Budget includes 15,124.7 FTE positions, which is consistent with the enacted level.

**FY2022:** The FY2022 Budget authorizes 15,313.2 FTE positions, a net increase of 188.5 FTE positions from the FY2021 Budget as Enacted and from the Governor’s recommendation for the FY2021 Revised Budget. Following are changes in the Governor’s proposal:

- **An increase of 85.0 FTE positions in the Department of Children, Youth, and Families:** The Budget adds a net 85.0 FTE positions, including 91.0 new FTEs for accreditation, 2.0 Paralegal positions as requested by the Department, and 1.0 FTE position to perform utilization management services, offset by a reduction of 9.0 FTEs to align staffing levels at the Training School to reflect a historically low census.
- **An increase of 37.0 FTE positions in the Department of Labor and Training:** The Budget transfers the Employer Tax Unit from the Department of Revenue, this includes the transfer of 35.0 FTE positions. The Budget also includes an additional 2.0 FTE investigatory positions within the Workplace Fraud Unit which enforces laws pertaining to the misclassification of employees, wage and hour issues, and the State’s prevailing wage requirements for public works construction projects.

- **A decrease of 32.0 FTE positions in the Department of Revenue:** The Budget decreases a net 32.0 FTE positions in FY2022 in the Department of Revenue. This reflects the transfer of 35.0 FTE positions from the Division of Taxation to the Department of Labor and Training (DLT) associated with the shifting of the Employer Tax Unit to DLT; and an increase of 3.0 FTE positions related to the proposal in Article 3 that shifts the administration of the commercial driver's license road test from the Community College of Rhode Island (CCRI) to the Division of Motor Vehicles. The positions include 2.0 Senior Motor Vehicle Examiners and 1.0 Customer Service Specialist III.
- **An increase of 29.0 FTE positions in the Department of Public Safety:** The Budget increases 29.0 FTE positions in the Department of Public Safety by 29.0, including 28.0 new Troopers to be hired upon graduation from the State Police Training Academy in FY2022 and 1.0 new Capitol Police Officer to provide additional security at the Pastore Center in Cranston.
- **An increase of 17.0 FTE positions in the Department of Health:** The Budget adds a net 17.0 positions, including 15.0 new FTEs for pandemic response, 3.0 FTEs for the Shellfish Dockside Program, and 1.0 FTE position to oversee the Opioid Stewardship Fund, offset by a reduction of 2.0 FTEs to reflect the closure of the Vital Records satellite location at the Division of Motor Vehicles.
- **An increase of 13.0 FTE positions in the Department of Corrections:** The Budget includes an additional 7.0 Community Correction Assessment Analysts for discharge planning services, 2.0 Health Program Administrators, 1.0 Co-Hospital Case Manager, and 1.0 Data Analyst within the Department's Healthcare Services Program. The Budget also adds 1.0 Apprenticeship Coordinator position to coordinate the apprenticeship program between the Department of Labor and Training (DLT) and the Department of Corrections and 1.0 Coordinator of Employment and Training Programs to work with DLT to connect inmates with post-incarceration employment opportunities.
- **An increase of 9.0 FTE positions in the Department of Human Services:** The Budget includes an additional 10.0 FTE positions to reflect the transfer of the Office of Medical Review from the Executive Office of Health and Human Services to the Department of Human Services. This increase is partially offset by the transfer of 1.0 FTE Attorney from the Department's Child Care Licensing Unit to the Executive Office of Health and Human Services.
- **An increase of 8.0 FTE positions in the Department of the Attorney General:** The Budget includes an increase of 8.0 FTE positions, including 3.0 Attorneys and 1.0 Clerk within the Criminal Division, and 3.0 Attorneys and 1.0 Paralegal within the Civil Division.
- **An increase of 7.0 FTE positions in the Department of Environmental Management:** The Budget provides a total of 7.0 new FTE positions. 4.0 of the positions are in the Parks and Recreation Division as part of the effort to improve conditions at State parks and beaches, including 1.0 FTE senior Civil Engineer position, 1.0 FTE Plumber Supervisor, 1.0 FTE Senior Maintenance Technician, and 1.0 FTE Senior Reconciliation Clerk. The remaining 3.0 positions are in the Division of Coastal Resources to help support operations at the Ports of Galilee and Newport, including a Chief Implementation Aide, an Assistant Superintendent of State Piers, and a Senior Maintenance Technician.
- **An increase of 3.0 FTE positions in the Department of Administration:** The Budget includes a net increase of 3.0 FTE positions within the Department. The new positions are: 1.0 Associate Director – Financial Management position at a cost of \$179,768 and a 1.0 Principal Insurance Analyst position at a cost of \$113,167, within a new Risk Management Unit under Central Management to manage the State's comprehensive insurance policies; a 1.0 Human Resource Analyst II position at a cost of \$106,016 that will be financed through the Human Resources Internal Service Fund. This position will be a business partner to state agencies, and specifically to support efficiencies at the Veterans Home;

and, a new 1.0 Administrator State Equal Opportunity position in the Office of Diversity, Equity, and Opportunity at a cost of \$140,402 in general revenue to support statewide equal opportunity initiatives. At the time of the budget submission, the position was vacant and was omitted from the budget. Offsetting the new positions is a decrease of 1.0 FTE position in the Statewide Facility Services Internal Service Fund.

- **An increase of 3.0 FTE positions in the Office of the Public Defender:** The Budget adds 3.0 Public Defender IV FTE positions to handle the excessive caseloads handled by the Office of the Public Defender.
- **An increase of 2.0 FTE positions in the Executive Office of Commerce:** The Budget increases 2.0 FTE positions in the Executive Office of Commerce, including a 1.0 new Deputy Secretary with responsibilities for overseeing housing policy development and administration. The remaining 1.0 FTE position is not identified, and according to Budget documentation is inadvertently included.
- **An increase of 2.0 FTE positions in Public Utilities Commission:** The Budget adds 2.0 new FTE positions in FY2022 including a 1.0 Pipeline Safety Inspector I and a 1.0 Pipeline Safety Inspector III position. The Governor adds the positions to handle an increase in workload to expand the DPUC's capacity to inspect utility infrastructure. The U.S. Department of Transportation Pipeline and Hazardous Materials Safety Administration recommends that the State increase the number of personnel in the Commission's pipeline safety program. The addition of the two new positions is a top priority of the Commission in FY2022.
- **A decrease of 2.0 FTE positions within the Executive Office of Health and Human Services:** The Budget moves the Office of Medical Review, consisting of 10.0 FTE positions, to the Department of Human Services (DHS). The Budget also shifts 1.0 lawyer from DHS to EOHHS, adds 3.0 FTEs to support Medicaid initiative implementation, and adds 4.0 unfunded FTEs for data and finance support for a net reduction of 2.0 FTE positions compared to the FY2021 Enacted level.
- **An increase of 2.0 FTE positions in the Department of BHDDH:** The Budget adds 2.0 FTE positions to oversee the State's compliance with the Consent Decree, including management of the \$2.0 million system transition fund and the inclusion of the Division of Developmental Disabilities within the Caseload Estimating Conference.
- **An increase of 2.0 FTE positions in the Office of Post-Secondary Commissioner:** The Budget provides 33.0 FTE positions for the OPC in FY2021, including 1.0 FTE that is third-party funded. This represents an increase of 2.0 FTE positions from the FY2021 Budget as Enacted. The increase is due to the addition of 2.0 FTE Executive Assistant positions for the Northern Education Center. These positions will be funded from restricted receipts.
- **An increase of 2.0 FTE positions in Elementary and Secondary Education:** The Budget provides 326.1 FTE positions across the Elementary and Secondary Education system, including 143.1 FTE positions at the Department of Elementary and Secondary Education, 123.0 FTE positions at Davies, and 60.0 FTE positions at the School for the Deaf. While resulting in a net change of 1.0 FTE positions across the system, relative to the FY2021 Budget as Enacted, there is an increase of 4.0 FTE positions in the Administration of the Comprehensive Education Strategy program and a decrease of 3.0 at the Davies Career and Technical School. The FTE level in FY2021 is consistent with the Budget as Enacted.
- **An increase of 1.0 FTE position in the Department of Business Regulation:** The Budget adds a net increase of 1.0 FTE position, including 2.0 new Insurance Examiners and 1.0 new Bomb Technician, offset by the elimination of 2.0 FTEs within the Medical Marijuana program.

- **An increase of 1.0 FTE position in the Council on the Arts:** The Budget provides \$87,377 in federal National Endowment for the Arts funds and 1.0 Senior Administrative Aide/Communications and Public Engagement Director. Through the recent strategic planning process, RISCA identified the need to build awareness for the arts in the state. The position will work closely with the staff and external partners to inform and engage the arts community and the general public. The position will help set strategy for the agency, develop key messages for communication to strategic audiences, oversee the development of relevant print/design materials, and ensure that RISCA's social media and communications work is responsive to the needs of artists, and arts and culture organizations. The federal funds are from the annual partnership agreement grant with the National Endowment for the Arts and the position is limited to the term of available funds.
- **An increase of 1.0 FTE position in the Department of Emergency Management:** The Budget adds 1.0 Fiscal Management Officer to handle overall finance operations including the increased responsibility of managing various federal awards related to the COVID-19 pandemic.
- **A decrease of 0.5 FTE position in the Commission for Human Rights:** The Budget eliminates a vacant 0.5 Senior Compliance Officer position.

**STATE EMPLOYEE CONTRACT AGREEMENT**

The current state employee collective bargaining agreements (CBAs) between the State and the state employee bargaining units included a 4-year contract that concluded June 30, 2020. The contract with the State Police ended October 2020. The State was scheduled to begin bargaining with the unions, but due to the COVID-19 Pandemic, negotiations were placed on hold. Negotiations have commenced with the unions. The terms of the CBAs remain in full force and effect during this period of renewed negotiations. There are no projected cost-of-living adjustment (COLA) increases at this time.

Effective Date	Percentage Increase
30-Jun-02	4.5%
27-Jun-04	1.5%
25-Jun-05	2.5%*
26-Jun-05	4.0%
25-Jun-06	3.0%
24-Jun-07	3.0%
21-Jun-09	2.5%
2-Jan-11	3.0%
19-Jun-11	3.0%
6-Apr-14	2.0%
5-Oct-14	2.0%
4-Oct-15	2.0%
1-Jan-18	2.0%**
1-Jan-19	2.5%
1-Jul-19	2.0%
1-Jan-20	1.0%

\*Not compounded on 1.5%

\*\* Retroactive payment to January 1, 2018

**TURNOVER**

The FY2022 Budget lists turnover as a natural account under the personnel category. This practice started with Governor's recommendation for the FY2020 Budget. As illustrated in the table, the FY2021 Budget as Enacted contained \$36.3 million in turnover savings, of which \$26.9 million or 74.3 percent consisted of general revenue funds. The FY2021 Revised Budget reduces the total turnover to \$35.3 million (reflecting unachieved personnel savings), thus requiring \$997,275 to be included in the revised budget. The FY2022 Budget as Enacted includes turnover savings of \$46.2 million, of which \$30.2 million, or 65.4 percent reflects general revenue.

**Turnover by Funding Source**

Funding Source	FY2021 Enacted	FY2021 Final	Change to Enacted	FY2022 Enacted	Change to Enacted
General Revenue	(\$26,936,632)	(\$28,421,355)	(\$1,484,723)	(\$30,173,978)	(\$3,237,346)
Federal Funds	(5,370,985)	(3,828,217)	1,542,768	(6,132,060)	(761,075)
Restricted Receipts	(1,646,210)	(1,840,174)	(193,964)	(1,087,579)	558,631
Other Funds	(2,308,212)	(1,175,018)	1,133,194	(8,765,172)	(6,456,960)
<b>Total</b>	<b>(\$36,262,039)</b>	<b>(\$35,264,764)</b>	<b>\$997,275</b>	<b>(\$46,158,789)</b>	<b>(\$9,896,750)</b>

In FY2022, turnover is stated in 30 agency budgets. The following table illustrates the top agencies with all funds turnover savings.

**Turnover by Agency**

Turnover by Agency	FY2021 Enacted	FY2021 Final	Change to Enacted	FY2022 Enacted	Change to Enacted
Rhode Island College	-	-	-	(\$10,513,656)	(\$10,513,656)
BHDDH	(7,201,475)	(7,069,965)	131,510	(9,372,527)	(2,171,052)
Human Services	(3,973,034)	(3,471,657)	501,377	(4,047,860)	(74,826)
Corrections	(6,062,265)	(6,062,265)	-	(3,864,897)	2,197,368
DCYF	(2,327,411)	(2,327,411)	-	(2,596,878)	(269,467)
Judiciary	(162,964)	(162,964)	-	(2,714,733)	(2,551,769)
Revenue	(3,563,283)	(4,870,858)	(1,307,575)	(2,076,028)	1,487,255
Health	(856,096)	(907,832)	(51,736)	(1,433,122)	(577,026)
Administration	(1,306,453)	(1,306,453)	-	(1,367,213)	(60,760)
Labor and Training	(40,807)	29,853	70,660	(1,136,627)	(1,095,820)
Elementary and Secondary Education	(1,050,485)	(1,267,365)	(216,880)	(1,103,110)	(52,625)
Transportation	(3,077,828)	(834,335)	2,243,493	(921,588)	2,156,240
EOHHS	(1,057,807)	(964,855)	92,952	-	1,057,807
All Other Agencies	(5,582,131)	(6,048,657)	(466,526)	(5,010,550)	571,581
<b>Total</b>	<b>(\$36,262,039)</b>	<b>(\$35,264,764)</b>	<b>\$997,275</b>	<b>(\$46,158,789)</b>	<b>(\$9,896,750)</b>



## VOLUNTARY RETIREMENT INCENTIVE

The Governor initiated a voluntary retirement incentive (VRI) payment program for active state employees as of January 4, 2021, who had a full benefit retirement date on or before December 31, 2020. The program does not include members of the State Police or Correctional Officers who are under separate retirement plans. The VRI is intended to achieve strategic and budgetary objectives by refilling 70.0 percent of the resulting vacancies at 80.0 percent of the previous employee's cost for the first year, while allowing the State to recognize the long-term service of its employees and provide them with the flexibility to retire.

A total of 900 executive branch, higher education, constitutional office, judicial, and legislative employees were identified that matched the eligibility requirement. Eligible employees who elected to retire within the designated

Department	Authorized FTEs	Number of Eligible Employees	July 20 # of Retirees	July 20 # of Extensions	Retirees Perc. of Eligible
Higher Education	3,730.5	140	40	4	28.6%
BHDDH	1,188.4	93	33	3	35.5%
Transportation	755.0	101	28	4	27.7%
Administration	647.7	63	20	12	31.7%
Human Services	1,038.1	81	41	5	50.6%
Environmental Management	394.0	51	21	7	41.2%
Judiciary	726.3	66	18	5	27.3%
Labor and Training	425.7	37	10	2	27.0%
DCYF	617.5	44	16	3	36.4%
Corrections	1,411.0	15	3	1	20.0%
Health	513.6	39	15	7	38.5%
Revenue	602.5	36	15	2	41.7%
Public Safety	593.6	10	6	1	60.0%
Attorney General	239.1	10	2	2	20.0%
Legislature	298.5	35	17	1	48.6%
Business Regulation	161.0	10	2	-	20.0%
EOHHS	192.0	20	8	2	40.0%
Secretary of State	59.0	4	-	-	0.0%
Elementary and Secondary Education	325.1	5	2	-	40.0%
Public Defender	96.0	9	2	-	22.2%
Public Utilities Commission	52.0	5	-	-	0.0%
CRMC	30.0	4	2	-	50.0%
Commerce	14.0	2	1	1	50.0%
Treasury	89.0	7	4	-	57.1%
Military Staff	92.0	2	-	-	0.0%
RI Arts Council	8.6	1	-	-	0.0%
Ethics Commission	12.0	3	1	1	33.3%
Historic Preservation	15.6	3	-	-	0.0%
Commission on Disabilities	4.0	1	-	-	0.0%
Office of the Governor	45.0	1	1	-	100.0%
Human Rights Commission	14.5	2	2	2	100.0%
RIEMA	32.0	1	1	-	100.0%
<b>Total</b>	<b>14,423.3</b>	<b>901</b>	<b>311</b>	<b>65</b>	<b>34.5%</b>
<b>Budget Target</b>		<b>301</b>			<b>103.3%</b>

Source: State Budget Office Report dated July 20, 2021

Note: The extensions are a subset of the number electing the VRI

enrollment periods received a one-time payment equal to two times the employee's current annualized longevity amount up to a maximum amount of \$40,000 paid through the assessed fringe benefits fund, a bi-weekly assessment of 3.95 percent charged to direct salaries.

The program was offered in stages based on the individual employee's longevity entitlement level. The last group of employees were required to submit a written notice of their election to retire on or before May 15, 2021.

The Budget Office estimates VRI net savings of \$16.4 million (\$9.4 million general revenue) covering FY2021 and FY2022, based on the assumption that 33.0 percent or 301 employees would take the VRI. The net savings is the result of the cost of refilling the position and payment of the incentive buyout.

As of July 20, 2021, 311 employees (34.5 percent of those eligible) accepted the VRI buyout, including non-executive branch employees. To date, the total buyout costs is \$6.9 million.

Longevity Amount	Written Notice to Retire	Effective Retirement Date on or Before
20.0%	March 15, 2021	April 15, 2021
17.5% and 15.0 %	April 15, 2021	May 15, 2021
10.0%, 7.5%, 5.0%	May 15, 2021	June 15, 2021

**PURCHASED SERVICES**

Purchased services expenditures provide for contractors (non-state employees) who deliver special expertise to the State or where the work is temporary or project-specific. There are 10 categories of purchased services. Six of the 10 categories (Other Contracts, Information Technology, Management and Consultant Services, Training and Educational Services, Medical Services, and Design and Engineering) comprise 89.8 percent of the total FY2022 purchased service appropriation in the Budget.

<b>Purchased Services</b>	<b>FY2018 Actual</b>	<b>FY2019 Actual</b>	<b>FY2020 Actual</b>	<b>FY2021 Enacted</b>	<b>FY2021 Final</b>	<b>FY2022 Enacted</b>	<b>Change to Enacted</b>
Training and Educational Services	52.4	56.3	47.2	110.4	71.1	131.4	21.0
Management & Consultant Services	80.8	72.7	100.1	81.4	85.6	117.5	36.1
Medical Services	19.0	19.8	22.8	83.6	205.6	115.0	31.4
Information Technology	54.3	58.0	49.5	100.2	95.7	113.6	13.4
Other Contracts	15.8	17.4	19.3	44.0	351.3	90.8	46.8
Design and Engineering Services	56.0	61.5	59.8	51.7	63.4	63.5	11.8
Clerical and Temporary Services	5.5	5.5	6.0	6.2	7.2	29.6	23.4
University and College Services	22.1	25.4	21.9	24.1	24.3	24.0	(0.1)
Legal Services	5.9	5.9	5.7	8.0	11.0	9.9	1.9
Buildings and Ground Maintenance	\$7.3	\$7.5	\$8.3	\$8.5	\$7.9	\$8.4	(\$0.1)
<b>Total</b>	<b>\$319.1</b>	<b>\$330.0</b>	<b>\$340.6</b>	<b>\$518.1</b>	<b>\$923.1</b>	<b>\$703.7</b>	<b>\$185.6</b>

\$ in millions

The FY2022 Budget includes \$703.7 million for purchased service expenses, of which \$467.8 million is federal funds (66.5 percent) and \$96.8 million (13.7 percent) is general revenue. Approximately \$457.2 million in the FY2021 Revised Budget and \$168.5 million in the FY2022 Budget as Enacted reflect COVID-19 response funds. The FY2022 Budget reflects an increase of \$185.6 million from the FY2021 Budget as Enacted and a decrease of \$219.3 million from the FY2021 Revised Budget. Seven state departments account for \$591.8 million (84.1 percent) of the appropriation for purchased services, of which four departments have significant changes: the Department of Health increases by \$109.5 million (113.2 percent); Elementary and Secondary Education increases by \$25.8 million (26.0 percent); the Department of Transportation increases by \$16.7 million (32.5 percent); and the Department of Administration increases by \$11.5 million (100.9 percent).

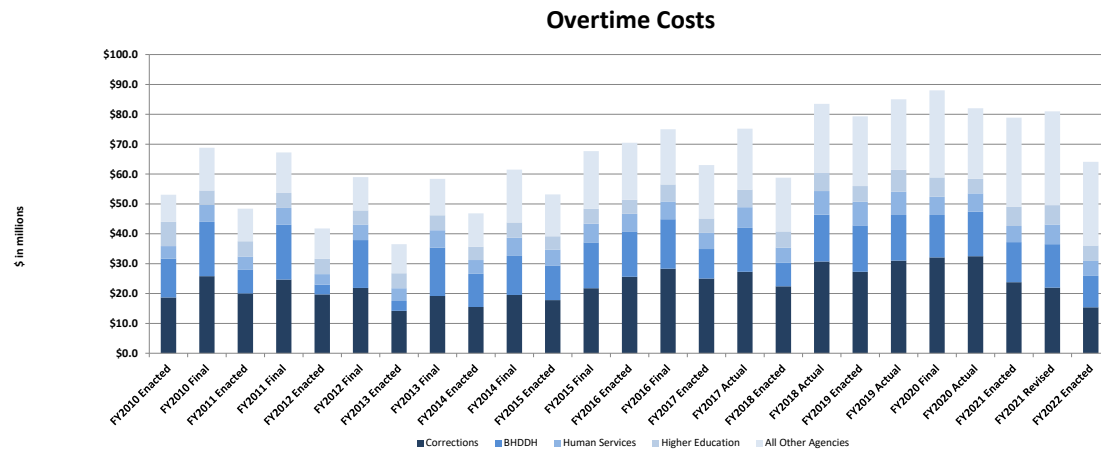
**Purchased Services**

<b>Purchased Services by Agency</b>	<b>FY2021 Enacted</b>	<b>FY2021 Final</b>	<b>FY2022 Enacted</b>	<b>Change to Enacted</b>
Health	\$96.7	\$391.3	\$206.2	\$109.5
Elementary and Secondary Education	99.4	72.7	125.2	25.8
EOHHS	106.9	134.8	108.1	1.2
Transportation	51.4	67.7	68.1	16.7
Human Services	37.4	36.4	37.2	(0.2)
University of Rhode Island	25.3	25.3	24.1	(1.2)
Administration	11.4	56.9	22.9	11.5
Labor and Training	11.2	42.8	18.1	6.9
Corrections	16.1	16.4	16.0	(0.1)
BHDDH	9.4	11.0	11.4	2.0
Revenue	9.3	7.8	10.2	0.9
Commerce	-	6.1	9.1	9.1
Environmental Management	7.5	8.0	8.3	0.8
DCYF	6.1	7.3	6.3	0.2
Treasury	5.5	5.5	6.1	0.6
All other Agencies	24.6	32.7	26.4	1.8
<b>Total</b>	<b>\$518.2</b>	<b>\$922.7</b>	<b>\$703.7</b>	<b>\$185.5</b>

\$ in millions

## OVERTIME

Overtime costs in FY2022 are projected to total \$64.0 million, \$16.8 million less than the FY2021 Budget as Enacted and \$16.8 million less than proposed in the FY2021 Revised Budget. General revenue supports 62.5 percent of overtime expenses in FY2022, but comprised only 39.1 percent of the expenses in the FY2021 Revised Budget, as more of the overtime costs used federal COVID-19 response funds in FY2021. 27.2 percent of the total FY2021 projected overtime expenditures for the State occur with the Department of Corrections, which is projected to decrease to 23.9 percent in FY2022.



Overtime costs often result from staffing shortages, due either to high turnover rates or insufficient FTE authorizations in the enacted budget. Where there are state or federally mandated minimum staffing levels (such as at Eleanor Slater Hospital in BHDDH) or caseload-driven personnel requirements (such as inmate population levels at the Department of Corrections), agencies must use overtime or contract personnel to provide adequate coverage.

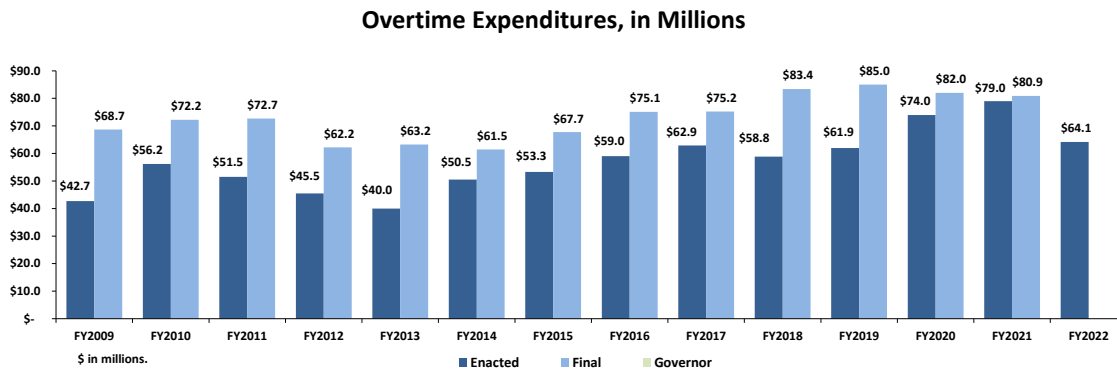
- Department of Corrections:** The FY2021 Budget as Enacted decreased general revenue costs for overtime by \$18.2 million and shifted the costs over to federal COVID-19 response funds resulting in an increase of \$10.0 million in federal funds. For FY2021, the net all fund adjustment for overtime was \$8.7 million. This decrease was achieved by more strictly enforcing sick leave policies to reduce fraudulent discharging of sick time, the closure of multiple modules within the Intake Service Center, Medium Security, and High Security, an anticipated reduction in emergency room and hospital trips, and stricter enforcement of overtime policies throughout the Department. Also, there was a Correctional Officer class with a November 2020 graduation. The additional officers reduce workloads for current Correctional Officers and reduce the need for overtime.

The FY2022 Budget includes \$15.4 million in all funds for overtime costs resulting in a net all fund decrease of \$8.5 million as compared to the FY2021 Budget as Enacted. The Budget includes a decrease of \$19.4 million in federal funds and an increase of \$10.9 million in general revenue reflecting the shift of overtime costs from federal COVID-19 response funds back to general revenue in FY2022.

- BHDDH:** The FY2022 Budget includes \$10.5 million in all funds for overtime costs, of which \$8.0 million is general revenue. This is a net all fund decrease of \$3.0 million, of which \$3.2 million is general revenue savings. The change is entirely attributable to Eleanor Slater Hospital (ESH). The Budget adjusts the Hospital's personnel accounts to more accurately reflect how salary and benefit expenses are accounted for. In previous years, some staffing costs were incorrectly classified as overtime. The Budget shifts the funds to different accounts. Total personnel costs at the Hospital remain relatively consistent.

- Transportation:** The FY2022 Budget provides \$4.8 million in overtime costs, comprised of \$1.3 million in federal funds and \$3.5 million in other funds. The overtime costs are \$2.9 million less than the FY2021 Budget as Enacted. The FY2022 Budget decreases overtime costs to align with the FY2020 actual costs. The FY2022 Budget includes an overall increase in gas tax but does not allocate any additional funding to OT.

The following chart illustrates the variances between the enacted and actual expenditures for overtime costs, statewide:



**OPEB UNFUNDED ACTUARIAL ACCRUED LIABILITY**

The June 30, 2019, valuation decreased the OPEB Unfunded Actuarial Accrued Liability (UAAL) by \$45.8 million as compared to the previous valuation of June 30, 2018. Overall, the UAAL has decreased by \$372.1 million since the June 30, 2009, valuation.

	June 30, 2009	June 30, 2011	June 30, 2013	June 30, 2015	June 30, 2017	June 30, 2018	June 30, 2019	2009-2019	2009-2019
OPEB UAAL Status	Valuation	Valuation	Valuation	Valuation	Valuation	Valuation	Valuation	Change	Change
State Employees	\$673.6	\$774.7	\$597.5	\$530.7	\$525.5	\$439.2	\$401.9	(\$37.3)	(\$271.7)
State Police	67.1	80.3	60.8	55.9	46.4	32.2	26.4	(5.8)	(40.7)
Board of Governors	58.5	50.6	48.2	54.5	53.5	39.6	41.4	1.8	(17.1)
Teachers	13.5	9.5	9.3	6.4	3.5	0.4	(2.8)	(3.2)	(16.3)
Legislators	11.8	0.0	(0.7)	(1.2)	(1.3)	(1.7)	(1.9)	(0.2)	(13.7)
Judicial	8.7	1.8	(1.1)	(2.1)	(2.2)	(2.7)	(3.9)	(1.2)	(12.6)
<b>Total</b>	<b>\$833.2</b>	<b>\$916.9</b>	<b>\$714.1</b>	<b>\$644.2</b>	<b>\$625.4</b>	<b>\$506.9</b>	<b>\$461.1</b>	<b>(\$45.8)</b>	<b>(\$372.1)</b>

\$ in Millions

Source: GRS Actuarial Valuations June 30, 2009, and June 30, 2011

The Assumptions include a 5.0 percent rate of return

**FUNDING PROJECTIONS OF THE ADEC AND UAAL AS OF JUNE 30, 2019**

There is no UAAL for teacher, judge, and legislator plans as those plans are fully funded at this time. The plan for teachers reached full funding June 30, 2019. The UAAL will be fully amortized as of June 30, 2038, for state employees, State Police, and the Board of Governors. Lastly, on December 30, 2019, the “Further Consolidated Appropriations Act of 2020” repealed the “Cadillac Tax” provision regarding health care plan costs. This 40.0 percent excise tax was mandated under the federal Patient Protection and Affordable Care Act and is applied to the differential between the federal threshold and actual plan costs. This actuarial valuation does not include any liability or analysis for the imposition of a “Cadillac Tax”.

## FY2022 Revenue Changes

The FY2022 Budget includes \$4,410.7 million in total general revenue, an estimated \$372.3 million above the \$4,038.4 million in the FY2021 Budget as Enacted. New revenue initiatives include reauthorizing the State's hospital license fee, partially decoupling from the federal paycheck protection program loan forgiveness law, increasing parking fees at Misquamicut State Beach, and the modification of several departmental licenses and fees, including the elimination of the fee to obtain a sales tax permit. The following section highlights changes to the Governor's recommended revenue proposals:

<b>FY2022 Revenue Initiatives</b>	<b>Amount</b>
Medicaid Revenue Changes	\$170.3
May 2021 REC Changes	153.3
PPP Tax Policy Revenue Changes	46.2
DBR Revenue Changes	2.8
DOR Revenue Changes	(2.1)
Environment/Health Revenue Changes	1.9
Other Departmental Revenue Changes	(0.0)
<b>Total</b>	<b>\$372.3</b>

*\$ in millions. Total may vary due to rounding.*

### EOHHS Revenue Changes

**\$170.3 million**

The Budget includes a net \$170.3 million increase related to revenue changes associated with the following initiatives within the Executive Office of Health and Human Services (EOHHS):

<b>EOHHS Revenue Changes</b>	
Hospital License Fee	\$170.2
Medicaid Revenue Changes	0.0
<b>Total</b>	<b>\$170.3</b>

*\$ in millions*

- Hospital License Fee:** Article 6 reauthorizes the collection of the hospital license fee in FY2022. The article includes a fee of 3.607 percent of patient revenues for hospitals located in Washington County and 5.725 percent of patient revenues for all other non-psychiatric community hospitals, including the State-run Eleanor Slater Hospital. The fee is assessed on hospital fiscal year 2019 revenues for FY2021 and hospital fiscal year 2020 revenues for FY2022. The Budget includes \$170.2 million in new revenues that were not included in the May 2021 adopted revenue estimate.
- Medicaid Revenue Changes:** The Budget increases revenue collections by \$39,927 to reflect the impact of Medicaid expenditure changes which affect collections from the 2.0 percent insurance premium tax and 5.5 percent nursing home provider tax. These initiatives are described in the FY2022 Expenditures section of this report.

<b>Initiative</b>	<b>Nursing Home</b>	<b>Insurance</b>	<b>Total</b>
LTSS Resiliency and Rebalancing	(\$383,693)	\$62,255	(\$321,438)
Reimbursement Rates - Complex Patients	187,159	35,131	222,290
Nursing Home Staffing	72,552	3,769	76,321
Community Health Workers	-	53,194	53,194
Perinatal Doula Services	-	9,560	9,560
<b>Total</b>	<b>(\$123,982)</b>	<b>\$163,909</b>	<b>\$39,927</b>

### May Revenue Estimating Conference

**\$153.3 million**

The May 2021 Revenue Estimating Conference (REC) increased total general revenue by a net \$153.3 million. The personal income tax revenue estimate was increased by \$84.6 million over the FY2021 Budget as Enacted amount of \$1,450.4 million, or 5.8 percent. Sales and use taxes increased 7.6 percent, or \$92.4

million. These increases were offset by a 2.0 percent, or \$13.2 million decrease in other revenues, including lottery income, and a \$2.8 million decrease in general business taxes.

### PPP Tax Policy Changes

**\$46.2 million**

Article 6 of the Budget partially decouples Rhode Island law from federal tax statutes governing how Paycheck Protection Program (PPP) loans are treated relative to income for purposes of personal and business income taxes. The purpose of the initiative is to preserve pandemic relief for those smaller businesses that received PPP loans of \$250,000 or less, while mitigating the significant state revenue loss that would result by completely aligning with federal law.

- Background:** In response to devastating impacts of the COVID-19 pandemic on businesses, Congress enacted a series of supports and relief measures. The CARES Act, enacted in March 2020, established the federal PPP program, which provides loans to help businesses keep their workforce employed during the pandemic. Eligible costs for the PPP program include certain payroll, operating, supplier, property, and worker protection costs. The CARES Act also permitted loan forgiveness if businesses conform to the program. In December 2020, Congress enacted the Consolidated Appropriations Act (CAA) to provide further pandemic relief, including for businesses. The CAA allowed businesses to deduct expenses paid for with PPP loans. This amounts to a double tax benefit.

Rhode Island income tax statutes conform to federal tax statutes and regulations, particularly as it relates to what constitutes income, adjusted for deductions and other modifications. Any significant change in these modifications affects how income is determined for purposes of Rhode Island taxes. These include the PPP expense deductions.

- Proposal:** In an effort to preserve a portion of the federal pandemic tax relief for businesses relative to state taxes while ameliorating related revenue losses, Article 6 exempts the first \$250,000 of expenses paid with forgiven PPP loans from personal income and business corporations taxation. The article also directs the State Tax Administrator to waive interest and penalties on the taxable portion of each Paycheck Protection Program loan that is forgiven during tax year 2020 provided that the portion is paid in full on or before March 31, 2022. The Tax Administrator is also charged with facilitating these tax payments through forms and instructions.

According to the Office of Revenue Analysis, decoupling from the federal pandemic relief statutes is estimated to reduce the State revenue impact by \$46.2 million in FY2022.

PPP Tax Policy Revenue Changes	FY2021			FY2022			Total 2 Year Impact
	Personal Income Tax	Business Taxes	FY2021 Total	Personal Income Tax	Business Taxes	FY 2022 Total	
Federal PPP Loan Forgiveness	(\$28,943,146)	(\$57,634,990)	(\$86,578,136)	(\$15,189,418)	(\$26,961,035)	(\$42,150,453)	(\$128,728,589)
Decoupling from Federal PPP Loan Forgiveness $\geq$ \$250,000	516,430	1,111,548	1,627,978	14,368,622	31,809,821	46,178,443	47,806,421
<b>Total</b>	<b>(\$28,426,716)</b>	<b>(\$56,523,442)</b>	<b>(\$84,950,158)</b>	<b>(\$820,796)</b>	<b>\$4,848,786</b>	<b>\$4,027,990</b>	<b>(\$80,922,168)</b>

### DBR Revenue Changes

**\$2.8 million**

The Budget makes several revenue changes related to the Department of Business Regulation's (DBR) programming, including increasing the fee for a broker dealer license and expanding the eligibility for an engineer license in the State. Estimates are based on a July 1, 2021, effective date.

DBR Revenue Changes	Impact
DBR - Broker Dealer License Fee Increase	\$2,715,925
DBR - Engineer License Eligibility Expansion	90,000
<b>Total</b>	<b>\$2,805,925</b>

- DBR – Broker Dealer License Fee Increase:** Article 6 of the Budget increases general revenues by \$2.7 million to reflect an increase in the broker dealer license fee. The fee increases by \$25, from \$75 to \$100. The fee was last increased in FY2012. Broker dealers are individuals or firms that buy, sell, and trade financial securities.

- **DBR – Engineer License Eligibility Expansion:** Article 9 of the Budget expands eligibility for a professional engineer’s license to include individuals who have an engineering technology degree and meet experience requirements. Currently, individuals with undergraduate degrees in engineering technology are only eligible for a professional engineer’s license if they also earn a master’s degree in engineering. The expansion generates an additional \$90,000 in general revenues.

**DOR Revenue Changes****(\$2.1 million)**

The Budget includes several initiatives related to the activity and responsibilities of the Department of Revenue (DOR) that result in a net \$2.1 million revenue reduction in FY2022.

<b>DOR Revenue Changes</b>	<b>Impact</b>
DOR - License Plate Reissuance Delay	(\$3,440,000)
DOR - Extend authorization of the Collections Unit	1,377,299
Lottery - Reduced Marketing Costs	360,000
DOR - Sales Tax Permit Fee Elimination	(331,585)
Lottery - Sports Betting Local Share	(200,000)
DOR - CDL Testing Administration	100,000
<b>Total</b>	<b>(\$2,134,286)</b>

- **DOR – License Plate Reissuance Delay:** Article 3 of the Budget delays the license plate reissuance from June 1, 2020, to July 1, 2022. Under RIGL 33-3-33, the DMV is required to issue new reflective license plates for all registered vehicles every 10 years. This would be the ninth time the mandated reissuance has been delayed since it was first required in 2011. The delay is estimated to reduce general revenue collections by \$3.4 million in FY2022.
- **DOR – Extend authorization of the Collections Unit:** Article 3 reauthorizes the Department of Revenue (DOR) Central Collections Unit (CCU) by extending the statutory sunset date of June 30, 2021, to June 30, 2023. The Collections Unit was established in July 2018 to assist state agencies in the collection of debts owed to the State. Based on the growth rate of collections by the Unit in FY2020 and data from the first six months of FY2021, the Office of Management and Budget (OMB) estimates \$1.4 million in additional revenue in FY2022.
- **Lottery – Reduced Marketing Costs:** The Budget includes a \$360,000 reduction in marketing and print advertising costs from the Lottery Fund in FY2022. According to OMB, the Lottery Division is eliminating or reducing several media campaigns in the coming fiscal year (but unlikely to negatively impact overall gaming activity). There is a corresponding increase in the transfer from the Lottery Fund to the General Fund.
- **DOR – Sales Tax Permit Fee Elimination:** Article 6 of the Budget eliminates the \$10 fee charged for the annual permit the State requires retail and lodging businesses to obtain for the right and obligation to collect and remit Rhode Island sales and use taxes. Article 6 also provides the Tax Administrator with the discretion to set the permit expiration date, currently set at one year. The \$10 reinstatement fee for revoked/suspended permits is also eliminated. These changes are estimated to reduce general revenue by \$331,585 in FY2022 based on a July 1, 2021, effective date.
- **Lottery – Sports Betting Local Share:** Article 6 increases the annual statutory fee that is paid to Lincoln and Tiverton for hosting sports wagering at the casinos in their community. Current law sets the fee at \$100,000 for each town. Article 6 increases the fee to \$200,000 per year, which comes out of lottery funds prior to being transferred to general revenue.
- **DOR – CDL Road Test Administration:** Article 3 transfers the administration of skills testing for commercial driver licensing (CDL) from the Community College of Rhode Island to the Division of Motor Vehicles (DMV). The Budget provides \$132,961 in personnel and operating expenses to the DMV in FY2022 for this new responsibility. These costs are offset by a \$32,101 reduction in payments

made by the DMV to CCRI and \$100,000 in expected general revenue from testing fees, based on a January 1, 2022, effective date.

**Environment/Health Revenue Changes**

**\$1.9 million**

The Budget increases fees related to several Department of Environmental Management (DEM), and Coastal Resources Management Council (CRMC), and Department of Health programs.

Environment/Health Revenue Changes	Impact
DEM - Pesticide/Fertilizer Fee Increase	\$946,892
DEM - Beach Fee Increase	595,372
DOH - Dockside Shellfish Program	366,300
CRMC - Fines Increased	15,000
<b>Total</b>	<b>\$1,923,564</b>

- **DEM – Pesticide/Fertilizer Fee Increase:** The Budget includes \$946,892 in new revenue generated from several registration fee increases related organic/chemical products proposed in Article 7. The changes and revenue impact, based on a July 1, 2021, effective date, are outlined in the following table:

Category	Registration Fee		
	Current	Article 7	FY2022 Revenue
Pesticide Product	\$200	\$300	\$842,900
Commercial Fertilizer	72	100	103,992
<b>Total</b>			<b>\$946,892</b>

- **DEM – Beach Fee Increase:** The Budget includes \$595,372 in new revenue from an increase in the beach parking fees at Misquamicut State Beach in Westerly. Article 6 empowers the Department of Environmental Management (DEM) to charge “reasonably determined” fees for beaches, parks, and recreation areas in Westerly. Beach parking fees are generally determined by DEM through regulation; however, under current law, the beach parking fees are frozen at 2011 levels until October 1, 2021. Article 6 exempts facilities located in Westerly from this limitation

Misquamicut is the State’s largest and most popular beach, with over 76.0 percent of the visitors coming from out of state. This beach also has excessive trash problems that require the addition of dumpsters and recycling containers at every exit and an increase in seasonal employees for trash pickup. According to DEM, Misquamicut’s current parking fees are substantially lower than municipal and other beaches in the area and there is strong support for local political and business leaders to increase the parking fee. The increase in revenue would support additional staffing and maintenance.

	Beach Parking Fees at Misquamicut		
	Current	Article 6	Change
resident weekday	\$6.00	\$10.00	\$4.00
resident weekend	7.00	15.00	8.00
nonresident weekday	12.00	20.00	8.00
nonresident weekend	14.00	30.00	16.00
resident senior weekday	3.00	5.00	2.00
resident senior weekend	3.50	7.00	3.50
nonresident senior weekday	6.00	10.00	4.00
nonresident senior weekend	7.00	15.00	8.00

- **Dockside Shellfish Program:** Article 7 authorizes DOH to establish a dockside program that allows licensed shellfish processors to harvest and assure the sanitary quality of shellfish. License fees are estimated to generate \$366,300 in general revenue in FY2022.
- **CRMC – Fines Increased:** Article 6 of the Budget increases the maximum penalties the Chair or Executive Director of the Coastal Resources Management Council can assess for various violations. The revenue impact for this change is \$15,000 annually. The estimate is based on a July 1, 2021, effective date.

**Other Departmental Revenue Changes**

**(\$14,021)**

The Budget includes a net reduction of \$14,021 related to several smaller revenue changes.



<b>Other Revenue Changes</b>	<b>Impact</b>
EOC - Affordable Housing Developer Exemption	(\$30,194)
DOC Work Release Fee Restructuring	18,880
EOC - Wavemaker Tax Exemption	(2,707)
<b>Total</b>	<b>(\$14,021)</b>

- **Affordable Housing Exemption:** Article 14 of the Budget as Enacted exempts transactions involving affordable housing developments that utilize federal low-income tax credits from the real estate conveyance tax. The exemption is established in an effort to reduce barriers to the development of affordable housing. This exemption is estimated to result in a general revenue loss of \$30,194 in FY2022.
- **DOC – Work Release Fee Restructuring:** The Budget includes an \$18,880 increase in fee revenue related to the Department of Corrections (DOC) work release programming. Article 13 recommends changing how individuals who participate in the DOC’s work release program are charged for room and board. Currently, these individuals are charged 30.0 percent of gross pay. The Governor recommends changing this to 30.0 percent of net pay. The estimated revenue increase is attributable to an estimated increase in participation based on the incentive.
- **EOC Wavemaker Tax Exemption:** The Stay Invested in Rhode Island Wavemaker Fellowship program is a competitive student loan reimbursement program for college and university graduates who take employment in science, technology, engineering, and mathematics (STEM) fields in Rhode Island. Article 9 of the Budget clarifies that fellowship awards are exempt from state taxation. The change is expected to reduce personal income tax revenues by \$2,707 in FY2022.

#### **FY2021 SUPPLEMENTAL CHANGES**

##### ***May Revenue Estimating Conference***

***\$177.1 million***

The Budget includes \$177.1 million in additional revenue based on the May 2021 Revenue Estimating Conference (REC). The REC increased its personal income tax revenue estimate from the FY2021 enacted level by 6.2 percent, or \$89.6 million. Business taxes were revised down \$35.3 million from the enacted level and sales taxes increased by \$84.3 million. These adjustments, along with other offsets and increases in other revenue sources (lottery, excise taxes, etc.), net the overall \$177.1 million increase.

##### ***Fund Capitalizations***

***(\$87.0 million)***

- **Information Technology Investment Fund Capitalization:** The Budget shifts \$67.0 million in one-time general revenue receipts to the State’s Information Technology Investment restricted receipts fund (ITIF) in FY2021. The ITIF was established by the General Assembly in 2011 (FY2012 Enacted Budget) as a dedicated funding stream for the ongoing improvement and upgrading of the State’s information technology systems. Eligible spending includes all hardware, software, consulting services, and ongoing maintenance/scheduled upgrade expenditures across all State agencies. The ITIF is primarily capitalized by proceeds from all State land and building sales (excluding the I-195 land), 10.0 percent of the first-responders surcharge on wireline and wireless telecommunications, and any other appropriations made by the General Assembly. The one-time investment of general revenue will support the following projects:
  - **ERPS Project:** The Budget provides \$50.0 million for a new Enterprise Resource Planning System (ERPS) for human resources, information systems, payroll, and financial management. The Governor had recommended financing the project with certificates of participation.
  - **DCYF RICHIST Project:** The Budget provides \$17.0 million of ITIF funds for the state match on a new child welfare IT system to replace the current Rhode Island Children’s Information System

(RICHIST). The Governor had recommended that the match be made through the issuance of new certificates of participation.

- **Historic Preservation Tax Credit Trust Fund Capitalization:** The Budget transfers \$20.0 million in one-time general revenue receipts to the Historic Preservation Tax Credit Trust Fund (HPTC) in FY2021. This investment recapitalizes the program and enables it to fund additional program that have applied and been waiting in the queue to receive credits. There are currently 38 projects awaiting credits, of which the next 10 have requested \$24.0 million. Article 9 of the Budget also extends the sunset for the Historic Preservation Tax Credits program by one year to June 30, 2022.

### PPP Tax Policy Changes

**\$1.6 million**

Article 6 of the Budget partially decouples Rhode Island law from federal tax statutes governing how Paycheck Protection Program (PPP) loans are treated relative to income for purposes of personal and business income taxes. The purpose of the initiative is to preserve pandemic relief for those smaller businesses that received PPP loans of \$250,000 or less, while mitigating the significant state revenue loss that would result by completely aligning with federal law.

- **Background:** In response to devastating impacts of the COVID-19 pandemic on businesses, Congress enacted a series of supports and relief measures. The CARES Act, enacted in March 2020, established the federal PPP program, which provides loans to help businesses keep their workforce employed during the pandemic. Eligible costs for the PPP program include certain payroll, operating, supplier, property, and worker protection costs. The CARES Act also permitted loan forgiveness if businesses conform to the program. In December 2020, Congress enacted the Consolidated Appropriations Act (CAA) to provide further pandemic relief, including for businesses. The CAA allowed businesses to deduct expenses paid for with PPP loans. This amounts to a double tax benefit.

Rhode Island income tax statutes conform to federal tax statutes and regulations, particularly as it relates to what constitutes income, adjusted for deductions and other modifications. Any significant change in these modifications affects how income is determined for purposes of Rhode Island taxes. These include the PPP expense deductions.

- **Proposal:** In an effort to preserve a portion of the federal pandemic tax relief for businesses relative to state taxes while ameliorating related revenue losses, Article 6 exempts the first \$250,000 of expenses paid with forgiven PPP loans from personal income and business corporations taxation. The article also directs the State Tax Administrator to waive interest and penalties on the taxable portion of each Paycheck Protection Program loan that is forgiven during tax year 2020 provided that the portion is paid in full on or before March 31, 2022. The Tax Administrator is also charged with facilitating these tax payments through forms and instructions.

According to the Office of Revenue Analysis, decoupling from the federal pandemic relief statutes is estimated to reduce the State revenue impact by \$1.6 million in FY2021.

PPP Tax Policy Revenue Changes	FY2021			FY2022			Total 2 Year Impact
	Personal Income Tax	Business Taxes	FY2021 Total	Personal Income Tax	Business Taxes	FY 2022 Total	
Federal PPP Loan Forgiveness	(\$28,943,146)	(\$57,634,990)	(\$86,578,136)	(\$15,189,418)	(\$26,961,035)	(\$42,150,453)	(\$128,728,589)
Decoupling from Federal PPP Loan Forgiveness ≥ \$250,000	516,430	1,111,548	1,627,978	14,368,622	31,809,821	46,178,443	47,806,421
<b>Total</b>	<b>(\$28,426,716)</b>	<b>(\$56,523,442)</b>	<b>(\$84,950,158)</b>	<b>(\$820,796)</b>	<b>\$4,848,786</b>	<b>\$4,027,990</b>	<b>(\$80,922,168)</b>

### Hospital License Fee

**\$927,628**

Article 6 maintains the hospital license fee at 5.0 percent in FY2021, but updates the revenue base year from 2018 to 2019 so that the fee calculation is consistent with prior year practice. The May 2021 adopted revenue estimate included \$161.5 million in revenue collections from a 5.0 percent fee assessed against 2018 revenues, based on current law at the time. The updated base year results in total revenue collections of \$162.5 million, or \$927,628 more than the May 2021 adopted revenue estimate.

## Municipal Aid

The FY2022 Budget increases direct state aid for municipalities by \$1.3 million compared to the FY2021 Enacted level. For FY2022, the Distressed Community Relief Aid is reduced by \$1.4 million. The Payment in Lieu of Taxes (PILOT) program is funded at \$46.1 million for a reimbursement rate of 26.0 percent. Meal and Beverage Tax revenue is projected to increase by a total of \$2.5 million for FY2022 and the Hotel Tax is projected to increase by 82.3 percent. Tables showing impacts by community are included at the end of this analysis.

	FY2021 Enacted	FY2021 Revised	Change from Enacted		FY2022 Enacted	Change from Enacted	
<b>Direct Aid</b>							
Payment in Lieu of Taxes	\$50.7	\$50.7	-	-	\$46.1	(\$4.6)	-9.1%
Distressed Communities	13.8	13.8	-	-	12.4	(1.4)	-10.5%
Motor Vehicle Excise Tax	123.8	123.7	(0.1)	-0.1%	139.5	15.7	12.7%
State Aid to Libraries							
Grant-in-Aid	9.6	9.6	-	-	9.6	-	-
Library Construction	2.7	2.7	-	-	2.1	(0.6)	-22.2%
Pandemic Relief - Per Capita	7.8	-	(7.8)	-100.0%	-	(7.8)	-100.0%
<b>Total Direct Aid</b>	<b>\$208.3</b>	<b>\$200.5</b>	<b>(\$7.8)</b>	<b>-3.8%</b>	<b>\$209.6</b>	<b>\$1.3</b>	<b>0.6%</b>
<b>Indirect Aid</b>							
Public Service Corporations Tax	\$13.16	\$13.16	-	-	\$12.59	(0.6)	-4.3%
Meals & Beverage Tax	24.8	24.3	(0.4)	-1.8%	27.2	2.5	10.0%
Hotel Tax	4.2	6.3	2.1	50.3%	7.6	3.4	82.3%
Airport Impact Aid	1.0	1.0	-	-	1.0	-	0.0%
<b>Total Indirect Aid</b>	<b>\$43.1</b>	<b>\$44.8</b>	<b>\$1.7</b>	<b>3.8%</b>	<b>\$48.5</b>	<b>\$5.3</b>	<b>12.4%</b>
<b>Total Aid</b>	<b>\$251.4</b>	<b>\$245.2</b>	<b>(\$6.2)</b>	<b>-2.5%</b>	<b>\$258.1</b>	<b>\$6.7</b>	<b>2.6%</b>

\$ in millions. Totals may vary due to rounding.

### DIRECT AID TO LOCAL GOVERNMENT

#### Payment in Lieu of Taxes (PILOT)

The Payment in Lieu of Taxes (PILOT) program was established in 1986 to reimburse cities and towns for property taxes that would have been due on real property owned by non-profit higher education institutions and hospitals if it were subject to taxation. The objective is to offset the costs to the community for providing public safety or other municipal services to these properties.

The Budget provides \$46.1 million in general revenue for the State's PILOT program in FY2022, \$26.9 million more than the FY2021 enacted level. The FY2021 Budget as Enacted appropriated both general revenue and federal Coronavirus Relief Funds (CRF) to meet the \$46.1 million required to level-fund the program relative to FY2020, saving \$26.9 million in general revenue. The General Assembly also appropriated an additional \$4.6 million in CRF funds in FY2021 that was distributed to municipalities according to the PILOT formula. Funding for the program is restored as general revenue only in FY2022.

Fiscal Year	PILOT Funding Trends		
	Total Funding	% Change	% Reimbursed
2008	\$27.8	0.0%	27.0%
2009	27.6	-0.7%	25.2%
2010	27.6	-	23.9%
2011	27.6	-	21.1%
2012	33.1	20.0%	23.4%
2013	35.1	6.0%	22.7%
2014	35.1	-	22.0%
2015	40.1	14.2%	25.4%
2016	40.1	-	23.7%
2017	42.0	4.7%	27.0%
2018	45.2	7.7%	27.0%
2019	46.1	2.0%	27.0%
2020	46.1	0.0%	26.7%
2021*	50.7	0.0%	28.8%
2022	46.1	-9.1%	26.0%

\$ in millions.

\* includes additional federal pandemic relief funds

Payment in Lieu of Taxes Program				
Source	FY2021	FY2022	Change	
General Revenue	\$19,203,960	\$46,089,504	\$26,885,544	140.0%
COVID Muni Aid	26,885,544	-	(\$26,885,544)	-100.0%
<b>Subtotal</b>	<b>\$46,089,504</b>	<b>\$46,089,504</b>	<b>-</b>	<b>-</b>
COVID Muni Aid Bonus	4,614,456	-	(4,614,456)	-100.0%
<b>Total</b>	<b>\$50,703,960</b>	<b>\$46,089,504</b>	<b>(\$4,614,456)</b>	<b>-9.1%</b>

Current law requires reimbursement at 27.0 percent of forgone tax revenue, but allows for a ratable reduction if the appropriation is less than this amount. The FY2022 Budget amount represents a rate of 26.01 percent.

### **Distressed Community Relief**

The Distressed Community Relief program was established in 1990 to provide State assistance to communities with the highest property tax burdens relative to the wealth of taxpayers. The Budget includes \$12.4 million in general revenue for the Distressed Community Relief Fund in FY2022, \$9.8 million more than the FY2021 enacted level. The FY2021 Budget as Enacted appropriated both general revenue and federal Coronavirus Relief Funds (CRF) to meet the \$12.4 million required to level-fund the program relative to FY2020, saving \$9.8 million in general revenue. The General Assembly also appropriated an additional \$1.4 million in CRF funds in FY2021 that was distributed to municipalities according to the Distressed Community Relief program formula. Funding for the program is restored as general revenue only in FY2022.

Distressed Community Relief Program				
Source	FY2021	FY2022	Change	
General Revenue	\$2,580,095	\$12,384,458	\$9,804,363	380.0%
COVID Muni Aid	9,804,363	-	(\$9,804,363)	-100.0%
<b>Subtotal</b>	<b>\$12,384,458</b>	<b>\$12,384,458</b>	<b>-</b>	<b>-</b>
COVID Muni Aid Bonus	1,445,637	-	(1,445,637)	-100.0%
<b>Total</b>	<b>\$13,830,095</b>	<b>\$12,384,458</b>	<b>(\$1,445,637)</b>	<b>-10.5%</b>

Seven communities are eligible to receive funds under the program in FY2022. Distribution is based upon annually updated data related to the local tax levy and is certified by the Division of Municipal Finance.

When a community is determined to no longer be eligible for the program, it is permitted to receive a transitional amount that is 50.0 percent of its proportional share.

The Budget requires that any community classified as “distressed” be mandated to participate in the Division of Taxation’s income tax refund offset program, allowing the Division to recover unpaid State and local taxes and/or fines through an intercept of an individual’s income tax refund. The program assists communities with maximizing their collection of revenue thereby reducing or eliminating their distressed condition. All seven communities are currently participating.

Municipality	FY2021		Change
	Enacted*	FY2022 Enacted	
Central Falls	\$245,802	\$220,713	(\$25,089)
Cranston	2,983,075	2,685,555	(297,520)
North Providence	1,073,357	987,908	(85,449)
Pawtucket	1,633,458	1,490,485	(142,973)
Providence	6,006,484	5,265,375	(741,109)
West Warwick	1,028,973	953,745	(75,228)
Woonsocket	858,947	780,677	(78,270)
<b>Total</b>	<b>\$13,830,096</b>	<b>\$12,384,458</b>	<b>(\$1,445,638)</b>

\* includes additional federal pandemic relief funds

### **Motor Vehicle Excise Tax**

The Motor Vehicle and Trailer Excise Tax Elimination Act of 1998 was enacted to offer broad-based property tax relief to the residents of Rhode Island. The FY2010 Budget as Enacted included \$135.4 million for Motor Vehicle Excise Tax reimbursement. The FY2010 Revised Budget reduced that amount to \$117.2

million. In FY2011, funding was reduced to \$10.0 million, funding for fire districts was eliminated, and the State-mandated motor vehicle tax exemption was reduced from \$6,000 to \$500. These provisions remained in effect through FY2017.

Article 11 of the FY2018 Budget as Enacted decreased the motor vehicle excise tax each year from FY2018 through FY2023, fully eliminating the tax in FY2024. The tax is reduced over a seven-year period by decreasing tax rate caps and assessment ratios, while raising exemption floors and exempting vehicles that are more than 15 years old. Additionally, to ensure taxpayer relief, the article removed the motor vehicle excise tax from the levy calculation related to the 4.0 percent cap on municipal property tax levy increases.

Additionally, the sales tax escalator calculation, which was in place from the 1998 motor vehicle excise tax phase-out language, was changed. The language previously rounded the changes so that it could significantly and negatively impact the levy reimbursements to cities and towns. Article 11 also changed the rounding of the sales tax received from the nearest tenth of one cent to the nearest thousandth of one cent, reducing the impact of the rounding. The authority to make this calculation shifted from the Director of Administration to the Director of Revenue.

The following table shows the updated phase-out schedule, estimated aid amounts, and the changes in State aid under the program.

Motor Vehicle Tax Phase-out and Forecast Based on Current Law							
	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
State Assessment Ratio	95.0%	90.0%	85.0%	80.0%	75.0%	70.0%	-
Rate Cap	\$60.0	\$50.0	\$35.0	\$35.0	\$30.0	\$20.0	-
Exemption Amount	1,000	2,000	3,000	4,000	5,000	6,000	-
FY2011 Base Phase-out	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
FY2018 Additional Phase-out	24,543,927	46,281,611	80,265,446	\$102,477,776	129,656,362	165,730,128	222,350,194
<b>Total Statewide Aid</b>	<b>\$34,543,927</b>	<b>\$56,281,611</b>	<b>\$90,265,446</b>	<b>\$112,477,776</b>	<b>\$139,656,362</b>	<b>\$175,730,128</b>	<b>\$232,350,194</b>
Additional Aid from Previous FY	24,543,927	21,737,684	33,983,835	22,212,330	27,178,586	36,073,766	56,620,066

The total statewide aid for FY2021 is comprised of \$37.7 million in general revenue, \$74.8 million in federal Coronavirus Relief Funds (CRF), and an undistributed adjustment of \$88,443, for a statutorily-prescribed (formula) \$112.5 million. The total does not include the \$11.3 million in additional CRF funds, also distributed by the phase-out formula to municipalities as an enhancement.

Source: ORA and Division of Municipal Finance

For FY2022, the Budget includes \$139.7 million in total general revenue reimbursement funding for cities and towns, consistent with the current law, \$102.0 million more than the FY2021 enacted level. The FY2021 Budget as Enacted appropriated both general revenue and federal Coronavirus Relief Funds (CRF) to meet \$112.5 million in statutorily-required FY2021 reimbursements to cities and towns, saving \$74.8 million in general revenue. The General Assembly also appropriated an additional \$11.2 million in CRF funds in FY2021 that was distributed to municipalities according to the phase-out formula. Funding for the phase-out is restored as general revenue only in FY2022.

Source	FY2021	FY2022	Change	
General Revenue	\$37,728,006	\$139,656,362	\$101,928,356	270.2%
Undistributed GR Adjustment*	(\$88,443)	-	-	-
COVID Muni Aid	74,838,213	-	(\$74,838,213)	-100.0%
<b>Subtotal</b>	<b>\$112,477,776</b>	<b>\$139,656,362</b>	<b>\$27,178,586</b>	<b>24.2%</b>
COVID Muni Aid Bonus	11,189,907	-	(11,189,907)	-100.0%
<b>Total</b>	<b>\$123,667,683</b>	<b>\$139,656,362</b>	<b>\$15,988,679</b>	<b>12.9%</b>

Total includes both the state aid formula amount for the phase-out established in FY2018 and the approximately \$10.0 million motor vehicle tax relief appropriated annually since FY2011.

\* The undistributed general revenue adjustment reconciles the FY2021 final enacted general revenue amount with the enacted distribution levels.

### State Aid to Libraries

**Grant-in-Aid:** State aid to libraries is distributed based on the city or town's expenditure level as a percentage of the total expenditures by all communities statewide. In order to be eligible for these funds, cities and towns must maintain their level of support for public library services at 100.0 percent of the previous year's funding from the local tax base. The Budget provides cities and towns with \$9.6 million in total direct library aid in FY2022. This includes a \$701,052 in funding for the Statewide Reference Library Resource Grant that supports interlibrary services for all municipal libraries. Distribution of direct library aid is based on qualifying data from the statutory reference year. Current law requires reimbursement of 25.0 percent of second prior year expenses, but allows for a ratable reduction if the appropriation is less than this amount. The FY2022 appropriation is funded at 22.1 percent.

Fiscal Year	Grant in Aid*	Library Aid		% Change
		Construction	Total Aid	
2008	\$8.7	\$2.7	\$11.4	-0.4%
2009	8.7	2.6	11.3	-1.0%
2010	8.8	2.7	11.5	1.9%
2011	8.7	2.5	11.2	-2.4%
2012	8.7	2.8	11.5	2.6%
2013	8.7	2.5	11.2	-3.0%
2014	8.7	2.5	11.2	0.3%
2015	8.7	2.3	11.0	-1.8%
2016	8.8	2.7	11.5	4.5%
2017	9.4	2.2	11.6	0.7%
2018	9.4	2.2	11.5	-0.5%
2019	9.3	2.2	11.5	-
2020	9.3	1.9	11.2	-2.4%
2021	9.6	2.7	12.3	9.8%
2022	9.6	2.1	11.7	-4.9%

\$ in millions.

\*Inclusive of the Statewide Reference Library Resources Grant

**Construction Reimbursement:** Rhode Island law grants authority to the Office of Library and Information Services (OLIS) to award grants to a municipality or a free public library for construction or capital improvements. Grants are limited to a maximum of 50.0 percent of the total eligible costs as determined by the Office of Library and Information Services and are paid on an installment basis, based on a community's debt service requirement, for a period of up to 20 years.

For FY2022, the Budget includes \$2.1 million for Library Construction Aid, \$595,278 less than the FY2021 Enacted level. According to OLIS, the reduction reflects planned reimbursement costs.

### INDIRECT AID TO LOCAL GOVERNMENT

#### Public Service Corporation Tax

The tangible personal property of telegraph, cable, and telecommunications corporations and express corporations is exempt from local taxation. It is, however, subject to taxation by the State. The State Tax Administrator applies the average assessment ratio and the average tax rate to the value of tangible personal property of each company to calculate the amount of tax due. The "average assessment ratio" is the total assessed valuation divided by the full market value of the valuation. The "average property rate" is the total statewide property levy divided by the total statewide assessed valuation.

The revenue from this tax flows through the State; it is not appropriated. The State is allowed to keep 0.75 percent of the tax for administrative fees. The remainder of the revenue is deposited into a restricted receipt account and apportioned to the cities and towns based on the ratio of each municipality's population relative to the total population of the State.

Collections from this tax decreased from \$18.0 million in FY2003 to \$9.2 million in FY2009. In 2009, the General Assembly passed legislation freezing the tax rate on telecommunications tangible personal property at a rate equal to or greater than the rate that applied in FY2008. For each year thereafter, the tax rate applied to telecommunications tangible property can be no less than the rate that applied in FY2008.

Fiscal Year	Public Service Corporation	
	Total Funding	% Change
2008	\$10.3	0.0%
2009	9.2	-11.1%
2010	10.2	10.9%
2011	11.4	11.8%
2012	11.8	3.5%
2013	12.7	7.6%
2014	13.2	3.9%
2015	14.3	8.3%
2016	13.0	-9.0%
2017	13.6	4.2%
2018	13.2	-2.9%
2019	13.3	1.0%
2020	13.3	-
2021	13.2	-0.8%
2022	12.6	-4.5%

\$ in millions.

The FY2022 Budget provides \$12.6 million to be distributed to municipalities on July 31, 2021.

### **Meals and Beverage Tax**

During the 2003 session, the General Assembly enacted a 1.0 percent gross receipt tax on retail sales of meals and beverages in or from eating and/or drinking establishments. The revenue from this tax flows through the State; it is not appropriated. The taxes are collected by the Division of Taxation and distributed at least quarterly to the city or town where the meals and beverages were delivered.

For FY2021, the Office of Revenue Analysis anticipates \$24.3 million in collections, increasing to \$27.2 million in FY2022.

<b>Fiscal Year</b>	<b>Total Funding</b>	<b>% Change</b>
2015	\$23.9	7.0%
2016	25.7	7.5%
2017	26.3	2.5%
2018	28.9	9.7%
2019	28.3	-2.1%
2020	26.2	-7.6%
2021	24.3	-7.0%
2022	27.2	12.0%

*\$ in millions.*

### **Hotel Tax**

The State levies a 5.0 percent gross receipts tax on charges for occupancy of any space furnished in buildings or structures with a minimum of three rooms that are kept, used, maintained, advertised, or held out to the public to be a space where living quarters are supplied for pay for transient use (30 days or less). This tax is collected by the hotel and remitted to the Division of Taxation on a monthly basis.

This tax is in addition to all other taxes and fees currently imposed. The Division of Taxation collects the tax and is responsible for distribution, except for the City of Newport, which is authorized to collect and disburse taxes from all hotels physically located in the City. 25.0 percent of the revenue from the 5.0 percent hotel tax is distributed to the city or town where the hotel which generated the tax is physically located.

<b>Fiscal Year</b>	<b>Total Distribution</b>	<b>Change</b>
2015	\$17.2	9.7%
2016	19.4	12.5%
2017	19.6	1.2%
2018	21.5	-0.7%
2019	21.7	0.7%
2020	17.7	-18.4%
2021	6.3	-64.5%
2022	7.6	21.2%

*\$ in millions.*

The FY2016 Budget as Enacted expanded the hotel tax to include vacation home rentals, small bed and breakfasts, hotel room resellers, and unlicensed lodging rentals (such as those listed on the Airbnb.com website).

The Budget includes \$6.2 million in hotel tax distribution in FY2021 and \$7.6 million in FY2022. The significant decrease in hotel tax collections from FY2020 to FY2021 (64.5 percent) is related to the impact of pandemic restrictions and customer hesitancy towards travel.

## **OTHER AID TO LOCAL GOVERNMENT**

### **Local Fiscal Recovery Fund (ARP)**

The American Rescue Plan Act of 2021 (ARP) established the Local Fiscal Recovery Fund within the U.S. Department of Treasury to assist local-level jurisdictions with pandemic recovery. Congress appropriated \$536.8 million for Rhode Island municipalities under the program. These funds are to be to support public health expenditures, address negative economic impacts caused by the public health emergency, replace lost public sector revenue, provide premium pay for essential works, and invest in water, sewer, and broadband infrastructure.

The funding will be disbursed in two tranches, with 50.0 percent being made available in May 2021 and the balance disbursed in May 2022. According to guidance from Treasury, Local Fiscal Recovery Funds are allocated across three categories – county-level, non-entitlement unit level, and entitlement unit level. Treasury disburses funds directly to entitlement unit level governments while county and non-entitlement unit funding must be appropriated by the General Assembly. Entitlement communities in Rhode Island

include Cranston, East Providence, Pawtucket, Providence, Warwick, and Woonsocket. Allocations by municipality are shown in the following table:

Municipality	Local Fiscal Relief Funds						Direct Appropriation	
	First Tranche (State Appropriated - FY2022)*			Second Tranche (State Appropriated)*			City	
	County	Non-Entitlement Unit	Total	County	Non-Entitlement Unit	Total	(Entitlement Unit)	Total LFRF
Barrington	\$840,122	\$1,559,053	\$2,399,176	\$840,122	\$1,559,053	\$2,399,176	-	4,798,351
Bristol	1,146,906	2,128,366	\$3,275,272	1,146,906	2,128,366	\$3,275,272	-	6,550,543
Burrillville	882,042	1,636,846	\$2,518,888	882,042	1,636,846	\$2,518,888	-	5,037,776
Central Falls	1,024,077	1,900,427	\$2,924,504	1,024,077	1,900,427	\$2,924,504	-	5,849,009
Charlestown	409,568	760,054	\$1,169,622	409,568	760,054	\$1,169,622	-	2,339,245
Coventry	1,822,227	3,381,591	\$5,203,818	1,822,227	3,381,591	\$5,203,818	-	10,407,637
Cranston	-	7,910,937	\$7,910,937	-	7,910,937	\$7,910,937	26,770,457	42,592,330
Cumberland	1,845,464	3,424,712	\$5,270,176	1,845,464	3,424,712	\$5,270,176	-	10,540,352
East Greenwich	686,626	1,274,203	\$1,960,829	686,626	1,274,203	\$1,960,829	-	3,921,658
E. Providence	-	4,624,619	\$4,624,619	-	4,624,619	\$4,624,619	18,536,674	27,785,912
Exeter	341,167	633,120	\$974,287	341,167	633,120	\$974,287	-	1,948,574
Foster	248,326	460,830	\$709,156	248,326	460,830	\$709,156	-	1,418,313
Glocester	540,247	1,002,561	\$1,542,808	540,247	1,002,561	\$1,542,808	-	3,085,615
Hopkinton	421,814	782,780	\$1,204,595	421,814	782,780	\$1,204,595	-	2,409,189
Jamestown	287,734	533,961	\$821,695	287,734	533,961	\$821,695	-	1,643,390
Johnston	1,542,343	2,862,198	\$4,404,542	1,542,343	2,862,198	\$4,404,542	-	8,809,083
Lincoln	1,150,674	2,135,359	\$3,286,032	1,150,674	2,135,359	\$3,286,032	-	6,572,065
Little Compton	181,809	337,392	\$519,201	181,809	337,392	\$519,201	-	1,038,402
Middletown	831,487	1,543,029	\$2,374,516	831,487	1,543,029	\$2,374,516	-	4,749,032
Narragansett	803,279	1,490,682	\$2,293,960	803,279	1,490,682	\$2,293,960	-	4,587,921
Newport	1,273,502	2,363,297	\$3,636,799	1,273,502	2,363,297	\$3,636,799	-	7,273,599
New Shoreham	53,904	100,033	\$153,937	53,904	100,033	\$153,937	-	307,874
North Kingstown	1,377,595	2,556,467	\$3,934,062	1,377,595	2,556,467	\$3,934,062	-	7,868,124
North Providence	1,710,598	3,174,436	\$4,885,034	1,710,598	3,174,436	\$4,885,034	-	9,770,069
North Smithfield	658,470	1,221,953	\$1,880,423	658,470	1,221,953	\$1,880,423	-	3,760,846
Pawtucket	-	7,003,941	\$7,003,941	-	7,003,941	\$7,003,941	44,262,279	58,270,161
Portsmouth	901,510	1,672,974	\$2,574,485	901,510	1,672,974	\$2,574,485	-	5,148,969
Providence	-	17,470,082	\$17,470,082	-	17,470,082	\$17,470,082	131,373,965	166,314,129
Richmond	405,120	751,799	\$1,156,919	405,120	751,799	\$1,156,919	-	2,313,838
Situate	561,547	1,042,088	\$1,603,635	561,547	1,042,088	\$1,603,635	-	3,207,270
Smithfield	1,145,964	2,126,618	\$3,272,581	1,145,964	2,126,618	\$3,272,581	-	6,545,163
South Kingstown	1,588,241	2,947,372	\$4,535,612	1,588,241	2,947,372	\$4,535,612	-	9,071,224
Tiverton	819,659	1,521,080	\$2,340,739	819,659	1,521,080	\$2,340,739	-	4,681,479
Warren	550,086	1,020,819	\$1,570,905	550,086	1,020,819	\$1,570,905	-	3,141,810
Warwick	-	7,867,039	\$7,867,039	-	7,867,039	\$7,867,039	23,697,760	39,431,837
Westerly	1,171,293	2,173,623	\$3,344,917	1,171,293	2,173,623	\$3,344,917	-	6,689,834
West Greenwich	334,259	620,300	\$954,559	334,259	620,300	\$954,559	-	1,909,118
West Warwick	1,515,705	2,812,764	\$4,328,470	1,515,705	2,812,764	\$4,328,470	-	8,656,940
Woonsocket	-	4,054,821	\$4,054,821	-	4,054,821	\$4,054,821	28,278,594	36,388,236
<b>Total</b>	<b>\$29,073,366</b>	<b>\$102,884,228</b>	<b>\$131,957,593</b>	<b>\$29,073,366</b>	<b>\$102,884,228</b>	<b>\$131,957,593</b>	<b>\$272,919,729</b>	<b>\$536,834,915</b>

\* The State administers the County and Non-entitlement units (NEU/smaller municipalities) portions which will both be distributed in two 50% tranches – the first 50% tranche to take place beginning in May 2021 (which we assume will not be completed until July 2021, state FY 2022) and the second 50% to take place 12 months following the first disbursement (which would be in state FY 2023).

The distribution to entitlement units (“Metropolitan cities”/largest municipalities) goes directly to the municipality and therefore we have taken the position that it will not be appropriated because no state entity ever touches these funds. We have not been following this guidance as closely (in fact, the US Treasury did not welcome State of RI participants into the online information session regarding this disbursement of funds). The FFIS report states with “Metropolitan cities and counties will receive funds in two tranches: 50% beginning in May 2021 and 50% 12 months after the first payment” which suggests those funds will be distributed in two tranches as well

### Warwick Rental Car Tax Revenue

The RI Airport Corporation levies a customer service charge (CSC) of \$5.00 per day for all vehicle rentals from companies operating at T.F. Green Airport in Warwick. Revenues from the CSC are to be used to pay for the construction, expansion, reconfiguration, operation and maintenance of the Warwick Intermodal Transit Station. The CSC is applied prior to the application of the sales tax and rental vehicle surcharge. Since 2003, per RIGL 1-2-17.1, all sales taxes (7.0 percent) and rental vehicle surcharges (6.0 percent) collected from the application of the CSC have been deposited into a restricted receipt account for the City



of Warwick. The Office of Revenue Analysis anticipates \$995,120 in CSC payments to the City in FY2021 and FY2022.

### **Airport Impact Aid**

The Budget provides \$1.0 million in funding for the Airport Impact Aid program in FY2022. The Airport Impact Aid program provides State aid funds to municipalities which host airports. Under current law, the aid is distributed according to a statutory formula that provides 60.0 percent of the first \$1.0 million, or \$600,000, for communities with airports serving more than 1.0 million passengers per year. T.F. Green in Warwick is the only airport in the State that meets this threshold. The remaining 40.0 percent is distributed to communities based on each airport's share of total landings in a calendar year, including T.F. Green. Under current law, no community that hosts an airport can receive less than \$25,000.

The following table shows the distribution of Airport Impact Aid for FY2022:

<b>Airport</b>	<b>FY2021</b>	<b>FY2022*</b>	<b>Change</b>
Warwick T.F. Green	\$784,348	\$784,348	-
Block Island	35,706	35,706	-
Middletown - Newport Airport	47,094	47,094	-
North Central - Smithfield	25,003	25,003	-
North Central - Lincoln	25,003	25,003	-
North Kingstown - Quonset	47,442	47,442	-
Westerly	45,440	45,440	-
<b>Total</b>	<b>\$1,010,036</b>	<b>\$1,010,036</b>	<b>-</b>

*\* Airport Impact Aid distributions are Senate Fiscal Office estimates and are based on CY2020 landing data. Final distribution levels will be adjusted based on updated CY2021 data.*

### **Property Revaluation Reimbursement**

In 1997, the General Assembly enacted legislation requiring municipalities to conduct full property revaluations every nine years and statistical updates at year 3 and year 6. Communities are responsible for appropriating funds to cover the costs of full property revaluations; however, the State reimbursed municipalities for 100.0 percent of the first statistical update. Reimbursements for subsequent updates were set at 80.0 percent (up to \$16 per parcel) for the second statistical update and 60.0 percent (up to \$12 per parcel) for the third and subsequent statistical revaluations. The Budget includes \$1.5 million for the Property Revaluation program in FY2022, an increase of \$385,067 from the FY2021 enacted level. The change is based on anticipated reimbursements, which are required by law. The following communities will be reimbursed for statistical updates in FY2022: Coventry, Gloucester, Portsmouth, Richmond, Warren, and West Greenwich. Full revaluations will occur in Charlestown, Cumberland, Hopkinton, and North Providence.

#### **Property Revaluation Program**

<b>Fiscal Year</b>	<b>Amount</b>	<b>% Change</b>
2015	\$0.6	20.0%
2016	1.4	133.3%
2017	0.6	-57.1%
2018	0.9	50.0%
2019	1.6	77.8%
2020	0.5	-68.8%
2021	1.1	120.0%
2022	1.5	36.4%

*\$ in millions*

### **Municipal Road and Bridge Fund**

The FY2014 Budget as Enacted transferred \$7.0 million of bond premium proceeds derived from the sale of 2013 general obligation bonds from Rhode Island Capital Plan (RICAP) funds to capitalize a Municipal Road and Bridge Revolving Fund. The FY2014 Revised Budget increased this amount by \$3.3 million, for a total of \$10.3 million. The FY2015 Budget included an additional \$5.0 million in funding made available

from the sale of Tobacco Settlement Bonds, and the Clean Water Finance Agency (now the Rhode Island Infrastructure Bank) contributed \$3.5 million to the program from its board-designated administrative fund in FY2015. The Budget does not include any additional funding for the Municipal Road and Bridge Fund in FY2022.

These funds are available for municipalities to borrow for road and bridge projects. Loans began in FY2014, and future capitalizations, combined with the revolved funds, allow State-sponsored financing on an ongoing basis. This fund is administered by the Rhode Island Infrastructure Bank (RIIB) Applications are submitted to the Rhode Island Department of Transportation (RIDOT), based on regulations developed by RIDOT. RIDOT developed a project priority list based on 6 criteria:

- The extent to which the project generates economic benefits.
- The extent to which the project would be able to proceed at an earlier date.
- The likelihood the project will provide mobility benefits.
- The cost effectiveness of the project.
- The likelihood that the project will increase safety.
- The readiness of the project to proceed during the next calendar year.

<b>Municipal Road and Bridge Fund</b>					
<b>Borrower</b>	<b>Program Year</b>	<b>Amount Requested</b>	<b>Amount Borrowed</b>	<b>Loan Outstanding</b>	<b>Credit Limit Remaining</b>
East Providence	2014	\$1,215,000	\$1,215,000	\$520,000	-
Newport	2014	4,000,000	1,500,000	627,000	-
Warwick	2014	1,600,000	1,600,000	1,065,541	131,459
Burrillville	2014	680,000	680,000	335,452	4,548
New Shoreham	2014	255,000	255,000	131,802	29,198
Westerly *	2014	625,000	225,000	-	-
Pawtucket	2014	7,000,000	3,500,000	2,638,000	-
Cumberland	2014	560,000	560,000	373,550	45,450
Coventry	2014	340,000	340,000	144,000	-
West Warwick	2015	150,515	150,515	69,515	-
Bristol	2015	500,000	500,000	364,000	-
Hopkinton	2015	253,000	253,000	48,104	-
Pawtucket	2015	5,000,000	5,000,000	3,912,000	-
East Greenwich	2015	2,000,000	2,000,000	925,000	-
Coventry	2015	900,000	900,000	607,000	-
Bristol	2016	1,175,000	1,175,000	927,000	-
Cranston	2016	1,755,000	1,755,000	1,436,000	-
New Shoreham	2016	296,000	296,000	241,000	-
Pawtucket	2016	3,000,000	3,000,000	2,467,000	-
East Greenwich	2017	5,000,000	5,000,000	4,111,407	214,593
Pawtucket	2017	3,000,000	3,000,000	2,603,000	-
New Shoreham	2018	449,000	449,000	392,000	-
Providence Public Building Authority	2018	10,000,000	10,000,000	8,767,000	-
Pawtucket	2018	2,000,000	2,000,000	1,830,000	-
Middletown	2018	5,000,000	5,000,000	3,957,307	609,693
Barrington	2019	3,500,000	3,500,000	1,247,452	1,902,548
Warren	2019	2,500,000	2,000,000	(11,000)	2,000,000
Westerly	2019	15,000,000	15,000,000	6,598,422	7,894,578
Central Falls	2019	1,500,000	1,500,000	1,100,025	335,975
Pawtucket	2019	2,000,000	2,000,000	1,835,000	-
Providence Public Building Authority	2020	20,000,000	20,000,000	1,441,658	18,558,342
Cumberland	2020	2,500,000	2,500,000	1,456,356	934,644
Warwick	2020	3,000,000	3,000,000	(246,000)	2,963,000
Warwick	2020	7,000,000	7,000,000	3,841,489	2,501,511
<b>Total</b>		<b>\$113,753,515</b>	<b>\$106,853,515</b>	<b>\$55,756,080</b>	<b>\$38,125,539</b>

\*\$400,000 turned back by Westerly

## OTHER MUNICIPAL ISSUES

### *Tax Stabilization Incentive*

Article 19 of the FY2016 Budget as Enacted created the Tax Stabilization Incentive program whereby municipalities can apply to the Rhode Island Commerce Corporation for partial reimbursement of personal and/or real estate tax revenue forgone due to the granting of a tax stabilization agreement by that community for a qualified construction or rehabilitation project. The Corporation provides a partial reimbursement of no more than 10.0 percent of the property tax revenue that would have otherwise been collected.

Under this program, a community can grant a stabilization agreement for the rehabilitation of an existing structure where the total cost of the development budget exceeds 50.0 percent of the adjusted basis of the property (original cost of the property reduced by depreciation deductions and increased by capital expenditures), or for a new construction project that begins within twelve months of the approval of the tax stabilization agreement and is completed within 36 months. The qualifying property must be used or intended to be used for offices, commercial enterprises, or residential purposes. The terms of the stabilization agreements must be for a minimum of twelve years and reimbursements cease upon termination of the underlying tax stabilization agreement or upon exhaustion of funds appropriated to the reimbursement fund.

Article 17 of the FY2017 Budget modified the Tax Stabilization Agreement incentive program to allow the Commerce Corporation to reimburse municipalities up to 50.0 percent of foregone revenue for up to five projects statewide in any given year. The current reimbursement rate is 10.0 percent. The city or town council of any qualifying community must pass a resolution designating a qualifying project as the most important project to the municipality's economic development for that fiscal year. Designated "Hope Communities" may select two projects for potential qualification annually. The total amount of funding to be awarded is subject to general revenue appropriation.

Since FY2016, the Commerce Corporation has provided \$606,426 in tax stabilization incentives in support of three projects:

<b>Project</b>	<b>Municipality</b>	<b>Board Approval Date</b>	<b>Board Approval Amount</b>
Residence Inn (Former Fogarty Building)	Providence	2/22/2016, 5/22/17	\$246,597
Immunex RI Corporation	West Greenwich	4/10/2018	179,829
Rubius Therapeutics	Smithfield	6/28/2018	180,000
<b>Total</b>			<b>\$606,426</b>

*Source: Commerce Corporation*

## FY2022 Direct Municipal Aid to Cities and Towns

Municipality	FY2021 Enacted	Payment in Lieu of Taxes	Distressed		Library Grant-in-Aid	Library		Change from FY2021 Enacted
			Communities Relief Fund	Motor Vehicle Excise Tax		Construction Aid	FY2022 Enacted	
Barrington	\$3,536,863	\$17,094	-	\$3,566,139	\$365,527	\$107,551	\$4,056,310	\$519,446
Bristol	3,343,879	1,327,172	-	1,474,839	190,810	292,294	3,285,114	(58,765)
Burrillville	3,361,397	98,835	-	3,204,281	186,270	231,931	3,721,316	359,920
Central Falls	1,838,006	-	220,713	1,532,474	31,902	-	1,785,089	(52,917)
Charlestown	566,057	-	-	516,867	53,533	-	570,399	4,342
Coventry	3,354,789	-	-	3,141,355	197,001	-	3,338,356	(16,433)
Cranston	22,580,958	4,778,876	2,685,555	14,740,627	664,578	-	22,869,637	288,679
Cumberland	3,313,950	-	-	3,073,980	308,514	29,844	3,412,338	98,388
East Greenwich	1,807,341	729,131	-	865,992	123,871	49,190	1,768,184	(39,157)
East Providence	5,884,162	260,127	-	5,600,113	447,125	53,991	6,361,355	477,193
Exeter	1,103,364	-	-	1,174,231	60,044	29,901	1,264,176	160,812
Foster	902,475	-	-	1,027,831	34,393	-	1,062,224	159,749
Glocester	1,269,331	-	-	1,205,509	81,660	-	1,287,169	17,837
Hopkinton	901,414	-	-	896,335	37,216	-	933,552	32,138
Jamestown	310,202	-	-	182,168	109,968	-	292,136	(18,067)
Johnston	6,049,911	-	-	6,502,131	126,270	-	6,628,400	578,490
Lincoln	2,251,539	-	-	2,395,450	217,473	-	2,612,923	361,384
Little Compton	164,657	-	-	105,149	37,355	-	142,504	(22,153)
Middletown	960,312	-	-	794,581	126,831	45,005	966,418	6,106
Narragansett	760,886	-	-	526,083	87,158	-	613,241	(147,645)
Newport	3,083,475	1,601,050	-	672,750	415,522	-	2,689,322	(394,153)
New Shoreham	326,537	-	-	94,711	91,679	63,325	249,714	(76,823)
North Kingstown	2,075,644	1,080	-	2,015,597	301,066	-	2,317,743	242,099
North Providence	7,522,452	-	987,908	6,697,585	201,533	-	7,887,025	364,574
North Smithfield	2,407,302	-	-	2,662,361	80,421	-	2,742,782	335,480
Pawtucket	14,246,422	3,501	1,490,485	12,271,628	421,641	-	14,187,255	(59,167)
Portsmouth	1,155,999	-	-	1,079,761	117,111	-	1,196,871	40,873
Providence	72,262,894	34,027,865	5,265,375	26,298,168	1,319,744	646,446	67,557,598	(4,705,296)
Richmond	760,139	-	-	756,231	26,826	-	783,056	22,917
Scituate	681,551	-	-	574,145	109,928	-	684,074	2,523
Smithfield	4,386,141	860,981	-	3,880,588	317,166	-	5,058,736	672,595
South Kingstown	2,066,755	209,069	-	1,659,007	242,750	-	2,110,827	44,072
Tiverton	1,051,059	-	-	526,855	127,469	299,621	953,945	(97,114)
Warren	1,145,483	-	-	1,106,897	64,909	-	1,171,806	26,324
Warwick	12,998,839	1,528,261	-	13,018,239	736,708	-	15,283,208	2,284,369
Westerly	3,523,674	185,126	-	2,944,189	316,166	253,767	3,699,248	175,574
West Greenwich	839,034	-	-	655,354	48,116	-	703,470	(135,564)
West Warwick	3,902,364	-	953,745	3,008,286	171,836	-	4,133,868	231,504
Woonsocket	8,672,092	461,334	780,677	7,036,751	200,324	-	8,479,087	(193,005)
SRL <sup>1</sup>	701,052	-	-	-	701,052	-	701,052	-
ILG <sup>2</sup>	62,609	-	-	-	62,609	-	62,609	-
Fire Districts	172,109	-	-	171,125	-	-	171,125	(984)
<b>Total</b>	<b>\$208,305,119</b>	<b>\$46,089,504</b>	<b>\$12,384,458</b>	<b>\$139,656,362</b>	<b>\$9,562,072</b>	<b>\$2,102,866</b>	<b>\$209,795,262</b>	<b>\$1,490,143</b>

<sup>1</sup> SRL: Statewide Reference Library Resources Grant<sup>2</sup> ILG: Grant-in-Aid to Institutional Libraries

FY2021 Supplemental - Direct Municipal Aid to Cities and Towns

Municipality	FY2021 Enacted	Payment in Lieu of Taxes <sup>1</sup>	Distressed Communities		Motor Vehicle Excise Tax <sup>1</sup>	Municipal COVID-Relief Fund PCF <sup>2</sup>	Library Grant-in-Aid	Library Construction Aid	FY2021 Final	Change from FY2021 Enacted
			Relief Fund <sup>1</sup>	Relief Fund <sup>1</sup>						
Barrington	\$3,536,863	\$18,185	-	-	\$2,976,099	\$118,662	\$375,185	\$109,585	\$3,597,716	\$60,853
Bristol	3,343,879	1,408,834	-	-	1,265,477	163,081	194,607	294,981	3,326,980	(16,899)
Burrillville	3,361,397	109,259	-	-	2,743,168	120,679	184,839	239,321	3,397,267	35,870
Central Falls	1,838,006	-	245,802	-	1,434,371	142,163	31,752	-	1,854,088	16,082
Charlestown	566,057	-	-	-	451,682	57,065	52,802	-	561,549	(4,508)
Coventry	3,354,789	-	-	-	2,847,908	253,600	229,468	-	3,330,976	(23,813)
Cranston	22,580,958	5,297,860	2,983,075	-	13,509,661	595,554	638,834	-	23,024,984	444,026
Cumberland	3,313,950	-	-	-	2,695,988	254,164	297,545	30,898	3,278,595	(35,355)
East Greenwich	1,807,341	791,019	-	-	813,626	112,288	132,534	51,202	1,900,669	93,328
East Providence	5,884,162	279,679	-	-	3,692,626	348,028	411,631	55,972	4,787,936	(1,096,226)
Exeter	1,103,364	-	-	-	872,259	49,744	53,203	75,968	1,051,174	(52,190)
Foster	902,475	-	-	-	854,267	34,393	33,861	-	922,521	20,046
Glocester	1,269,331	-	-	-	1,083,089	73,802	78,704	-	1,235,595	(33,736)
Hopkinton	901,414	-	-	-	815,015	59,492	35,851	-	910,358	8,944
Jamestown	310,202	-	-	-	165,996	40,312	108,139	-	314,447	4,245
Johnston	6,049,911	-	-	-	5,711,545	214,432	125,400	-	6,051,377	1,466
Lincoln	2,251,539	-	-	-	1,760,245	158,754	213,729	-	2,132,728	(118,811)
Little Compton	164,657	-	-	-	99,126	25,708	36,164	-	160,998	(3,659)
Middletown	960,312	-	-	-	591,136	117,928	142,580	46,053	897,697	(62,615)
Narragansett	760,886	-	-	-	485,181	114,056	177,025	-	776,262	15,376
Newport	3,083,475	1,771,032	-	-	628,149	181,624	402,053	181,109	3,163,967	80,492
New Shoreham	326,537	-	-	-	90,156	6,066	90,133	63,008	249,363	(77,174)
North Kingstown	2,075,644	1,195	-	-	1,398,608	192,222	297,608	-	1,889,633	(186,011)
North Providence	7,522,452	-	1,073,357	-	6,194,389	238,079	197,202	-	7,703,027	180,575
North Smithfield	2,407,302	-	-	-	2,225,747	90,577	79,629	-	2,395,953	(11,349)
Pawtucket	14,246,422	3,873	1,633,458	-	12,024,525	526,314	408,981	-	14,597,151	350,729
Portsmouth	1,155,999	-	-	-	870,625	127,757	116,092	-	1,114,474	(41,525)
Providence	72,262,894	37,489,776	6,006,484	-	26,537,763	1,316,115	1,301,180	832,928	73,484,246	1,221,352
Richmond	760,139	-	-	-	679,800	55,935	24,736	-	760,471	332
Scituate	681,551	-	-	-	504,695	77,771	106,425	-	688,891	7,340
Smithfield	4,386,141	952,391	-	-	2,908,509	158,651	307,560	-	4,327,111	(59,030)
South Kingstown	2,066,755	231,266	-	-	1,252,839	225,434	231,439	-	1,940,978	(125,777)
Tiverton	1,051,059	-	-	-	500,078	116,007	122,762	302,836	1,041,683	(9,376)
Warren	1,145,483	-	-	-	991,575	76,927	60,853	-	1,129,355	(16,128)
Warwick	12,998,839	1,690,515	-	-	9,164,823	578,295	779,794	-	12,213,427	(785,412)
Westerly	3,523,674	178,683	-	-	2,554,781	165,942	307,643	253,767	3,460,816	(62,858)
West Greenwich	839,034	-	-	-	568,923	45,322	44,294	-	658,539	(180,495)
West Warwick	3,902,364	-	1,028,973	-	2,639,955	212,378	165,207	-	4,046,513	144,149
Woonsocket	8,672,092	480,393	858,947	-	6,927,422	304,679	200,967	165,238	8,937,645	265,553
SRL <sup>3</sup>	701,052	-	-	-	-	-	701,052	-	701,052	-
ILG <sup>4</sup>	62,609	-	-	-	-	-	62,609	-	62,609	-
Fire Districts	172,109	-	-	-	135,855	-	-	-	135,855	(36,254)
<b>Total</b>	<b>\$208,305,119</b>	<b>\$50,703,960</b>	<b>\$13,830,096</b>	<b>\$123,667,683</b>	<b>\$7,750,000</b>	<b>\$9,562,072</b>	<b>\$2,702,866</b>	<b>\$208,216,676</b>	<b>(\$88,443)</b>	

<sup>1</sup> Includes both general revenue and federal Coronavirus Relief Funds (CRF)

<sup>2</sup> PCF: Per Capita Funds (CRF Funds)

<sup>3</sup> SRL: Statewide Reference Library Resources Grant

<sup>4</sup> ILG: Grant-in-Aid to Institutional Libraries

Totals may vary due to rounding

## FY2022 - Indirect Municipal Aid to Cities and Towns

Municipality	FY2021					Change from	
	Public Service Enacted	Corp. Tax	Hotel Tax	Meals and Beverage Tax	Airport Impact Fees <sup>1</sup>	FY2022 Enacted	FY2021 Enacted
Barrington	\$348,546	\$192,114	\$3,244	\$177,747	-	373,105	\$24,559
Bristol	697,039	263,739	47,318	458,912	-	769,969	72,930
Burrillville	382,036	197,557	148	202,713	-	400,418	18,382
Central Falls	367,672	231,392	404	130,582	-	362,378	(5,294)
Charlestown	299,789	92,883	61,494	172,991	-	327,368	27,579
Coventry	876,588	412,395	72,853	437,480	-	922,728	46,140
Cranston	2,801,324	967,705	26,540	1,905,791	-	2,900,036	98,712
Cumberland	911,425	415,003	563	506,154	-	921,720	10,295
East Greenwich	764,723	155,790	1,689	705,670	-	863,149	98,426
East Providence	1,553,083	565,505	43,684	1,030,996	-	1,640,185	87,102
Exeter	190,235	79,366	64	110,331	-	189,761	(474)
Foster	74,552	56,130	421	19,391	-	75,942	1,390
Glocester	197,253	120,775	2,419	77,050	-	200,244	2,991
Hopkinton	147,225	96,432	2,474	51,695	-	150,601	3,376
Jamestown	151,897	65,431	31,580	87,024	-	184,035	32,138
Johnston	1,014,159	349,035	6,288	675,449	-	1,030,772	16,613
Lincoln	991,586	258,808	90,149	785,513	25,000	1,159,470	167,884
Little Compton	108,410	41,553	21,836	59,998	-	123,387	14,977
Middletown	1,335,179	190,768	761,398	768,622	42,340	1,763,128	427,949
Narragansett	972,859	184,599	238,848	665,314	-	1,088,761	115,902
Newport	3,372,156	293,727	1,904,265	2,383,262	-	4,581,254	1,209,098
New Shoreham	779,036	10,909	540,769	375,132	31,017	957,827	178,790
North Kingstown	980,048	312,449	81,593	588,503	64,987	1,047,532	67,484
North Providence	809,361	387,825	1,759	387,272	-	776,856	(32,505)
North Smithfield	453,223	147,834	2,631	311,771	-	462,236	9,013
Pawtucket	1,818,660	855,635	51,591	908,238	-	1,815,464	(3,196)
Portsmouth	484,733	206,787	19,446	262,337	-	488,570	3,837
Providence	7,993,704	2,137,706	1,583,228	5,591,098	-	9,312,032	1,318,328
Richmond	225,987	91,144	7,933	142,582	-	241,659	15,672
Scituate	193,628	126,647	5,660	63,035	-	195,342	1,714
Smithfield	1,138,497	258,355	125,661	808,135	25,000	1,217,151	78,654
South Kingstown	1,313,015	365,054	159,904	894,130	-	1,419,088	106,073
Tiverton	472,224	187,862	10,457	258,461	-	456,780	(15,444)
Warren	414,374	124,908	897	315,580	-	441,385	27,011
Warwick	4,836,839	964,596	910,399	2,934,387	780,829	5,590,211	753,372
Westerly	1,524,955	268,491	564,319	912,863	40,863	1,786,536	261,581
West Greenwich	246,755	74,125	90,118	127,774	-	292,017	45,262
West Warwick	794,794	344,712	103,870	383,889	-	832,471	37,677
Woonsocket	1,075,943	495,476	43,459	550,590	-	1,089,525	13,582
<b>Total</b>	<b>\$43,113,512</b>	<b>\$12,591,223</b>	<b>\$7,621,370</b>	<b>\$27,228,463</b>	<b>\$1,010,036</b>	<b>\$48,451,093</b>	<b>\$5,337,581</b>

<sup>1</sup> Airport Impact Aid distributions are Senate Fiscal Office Estimates and are based on May 2020 landing data. Final distribution levels will be adjusted based on updated CY2021 data.

## FY2021 Supplemental - Indirect Municipal Aid to Cities and Towns

Municipality	FY2021	Public Service		Meals and		Airport Impact	Change from FY2021 Enacted
	Enacted	Corp. Tax	Hotel Tax	Beverage Tax	Fees <sup>1</sup>	FY2021 Enacted	
Barrington	\$348,546	\$201,493	\$2,201	\$127,188	-	\$330,882	(\$17,664)
Bristol	697,039	276,918	32,417	452,311	-	761,646	64,607
Burrillville	382,036	204,918	80	156,213	-	361,211	(20,825)
Central Falls	367,672	241,398	105	149,204	-	390,707	23,035
Charlestown	299,789	96,898	61,868	122,549	-	281,315	(18,474)
Coventry	876,588	430,622	47,389	435,889	-	913,900	37,312
Cranston	2,801,324	1,011,274	17,941	1,870,520	-	2,899,735	98,412
Cumberland	911,425	431,581	235	467,605	-	899,421	(12,004)
East Greenwich	764,723	162,821	1,772	633,140	-	797,733	33,009
East Providence	1,553,083	590,964	51,382	957,841	-	1,600,187	47,104
Exeter	190,235	84,468	119	97,700	-	182,287	(7,948)
Foster	74,552	58,400	4,142	14,259	-	76,801	2,249
Glocester	197,253	125,319	2,345	77,246	-	204,910	7,658
Hopkinton	147,225	101,020	1,658	44,385	-	147,063	(161)
Jamestown	151,897	68,451	31,622	54,760	-	154,833	2,936
Johnston	1,014,159	364,114	11,404	662,134	-	1,037,652	23,493
Lincoln	991,586	269,570	46,442	517,211	25,000	858,223	(133,363)
Little Compton	108,410	43,654	27,654	35,561	-	106,869	(1,541)
Middletown	1,335,179	200,247	670,311	645,464	42,340	1,558,362	223,183
Narragansett	972,859	193,671	248,695	585,423	-	1,027,789	54,930
Newport	3,372,156	308,404	1,922,316	1,783,553	-	4,014,273	642,117
New Shoreham	779,036	10,300	574,134	372,406	31,017	987,857	208,820
North Kingstown	980,048	326,401	88,002	568,430	64,987	1,047,820	67,772
North Providence	809,361	404,268	1,367	469,808	-	875,443	66,082
North Smithfield	453,223	153,803	3,028	326,375	-	483,206	29,984
Pawtucket	1,818,660	893,702	48,847	966,073	-	1,908,622	89,961
Portsmouth	484,733	216,936	13,266	261,114	-	491,316	6,583
Providence	7,993,704	2,234,814	599,559	4,546,899	-	7,381,272	(612,432)
Richmond	225,987	94,980	12,507	153,667	-	261,154	35,167
Scituate	193,628	132,057	6,202	68,405	-	206,664	13,037
Smithfield	1,138,497	269,396	91,543	760,557	25,000	1,146,496	7,999
South Kingstown	1,313,015	382,796	120,939	820,172	-	1,323,907	10,893
Tiverton	472,224	196,984	4,970	274,345	-	476,299	4,075
Warren	414,374	130,625	701	347,444	-	478,770	64,396
Warwick	4,836,839	1,009,817	489,281	2,570,892	780,829	4,850,819	13,980
Westerly	1,524,955	281,776	859,739	824,571	40,863	2,006,949	481,994
West Greenwich	246,755	76,958	76,640	113,957	-	267,555	20,800
West Warwick	794,794	360,627	79,960	403,312	-	843,899	49,104
Woonsocket	1,075,943	517,357	33,694	575,606	-	1,126,657	50,714
<b>Total</b>	<b>\$43,113,512</b>	<b>\$13,159,804</b>	<b>\$6,286,476</b>	<b>\$24,314,187</b>	<b>\$1,010,036</b>	<b>\$44,770,506</b>	<b>\$1,656,994</b>

<sup>1</sup> Airport Impact Aid distributions are Senate Fiscal Office Estimates and are based on CY2020 landing data. Final distribution levels will be adjusted based on updated May 2021 data.





## Education Aid

The Education Adequacy Act (2010-S-2770, Substitute A as Amended) provided a new school funding formula that creates a single methodology for distributing state aid to all public schools. The core principle behind the formula is that state funding should follow the student; therefore, the distribution of state funds changes annually based on shifts in enrollment. This formula applies to all public schools, charter schools, the Davies Career and Technical School, and the Metropolitan Career and Technical Center. The Act does not change the funding methodology for the School for the Deaf, since it is an education program that already has a state, federal and local share.

Beginning in FY2012, the formula established a per-pupil spending amount and allocated this funding based on student enrollment, adjusting for poverty (as measured by the number of families whose income is below 185.0 percent of the federal poverty guidelines). The formula also adjusts for local revenue generating capacity and overall poverty level, as well as the concentration of children living in poverty.

The Act included a multi-year transition plan to ease districts into the new formula, allowing time for school districts and municipal governments to adjust for gains or losses in education aid. The plan provided a transition period of ten years from the formula implementation in FY2012 for those districts projected to receive less school aid than they did in the previous year, and seven years for those districts projected to receive more. FY2021 is the final year of the transition plan.

In FY2022, the formula aid to the districts, charter schools, and state schools increases by \$36.3 million; categorical aid increases by \$685,500; stabilization funding for Central Falls, Davies, and the Met increases by \$2.5 million; and group home aid decreases by \$100,048. As of FY2022 the funding formula distribution is fully phased in.

The last page of this report shows the distribution of the Elementary and Secondary Emergency Relief (ESSER) funds.

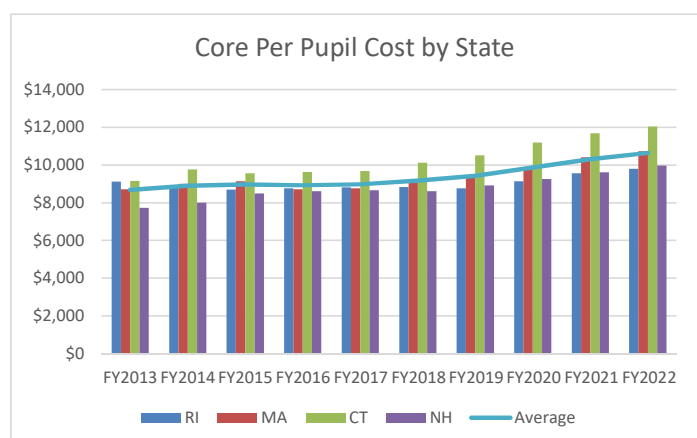
### HOW THE FORMULA WORKS

**Step 1 - Student Enrollment:** Student enrollment is based on resident average daily membership (RADM), which refers to the average number of students who are residents of the community and were enrolled in the school district during the prior school year. The Budget is based on enrollment data as of March 2021 with projected charter school enrollments.

*Analyst Note: In an effort to hold local education agencies (LEAs) harmless from enrollment declines due to the COVID-19 pandemic, the Budget provides that, in FY2022, the enrollment used to calculate education aid will be the greater of March 2020 or March 2021, adjusted for charter school growth.*

**Step 2 - Core Instruction Amount:** The core instruction amount provides a base level of funding per pupil (\$10,635 in FY2022, a 3.2 percent increase from the FY2021 Budget as Enacted). It is derived from the average of northeast regional expenditure data from Rhode Island, Massachusetts, Connecticut and New Hampshire, as published by the National Center for Education Statistics (NCES).

**Step 3 - High Need Student Weight (40.0 percent):** The Act includes a single factor to adjust the core instruction amount to address the effects of poverty and other factors



influencing educational need. The student success factor, also referred to as the high need student weight, increases the core instruction amount by 40.0 percent, or \$4,254 based on the FY2022 core instruction amount of \$10,635 ( $\$10,635 \times 0.40 = \$4,254$ ), for each student whose family income is at or below one hundred eighty-five percent (185%) of federal poverty guidelines.

*Analyst Note: In an effort to hold local education agencies (LEAs) harmless from enrollment declines due to the COVID-19 pandemic, the Budget provides that, in FY2022, the Student Success Factor (SSF), which provides a 40.0 percent weight for each student living in poverty, will be calculated based on the year with the greatest percentage of students enrolled in the district living in poverty.*

**Step 4 - Total Foundation Budget:** The total foundation budget for each school district is calculated by adding the product of the total core instruction amount and the total student success factor weight.

$$\text{Total Foundation Budget} = (\$10,635 \times \text{RADM}) + (0.40 \times \$10,635 \times \text{students in poverty})$$

**Step 5 - State Share Ratio:** The Education Adequacy Act creates a new share ratio by adding a wealth measure, based on the concentration of children living in poverty, to the single equalized weighted assessed valuation (EWAV) previously used to determine a district's ability to pay for the cost of education. The total foundation budget equals the student enrollment and the high-need student weight of the district multiplied by the core instruction amount. The State's share of the total foundation budget is the state share ratio calculated as follows:

$$\text{State Share Ratio (SSR)} = \sqrt{\frac{\text{SSRC}^2 + \%PK - 6\text{poverty}^2}{2}}$$

By squaring each factor, the formula amplifies the greater of the two variables. Consequently, school districts with less capacity to raise revenue than the State as whole and a higher concentration of child poverty look relatively poorer, while districts with a higher capacity to raise revenue and lower concentrations of poverty look relatively wealthier. Those poorer districts with the higher SSR will receive a greater portion of the calculated education costs as state aid than the wealthier districts.

The EWAV share ratio is based on each community's total assessed property value and median family income, relative to districts across the State. The total community property value includes motor vehicles, personal property and State payments in lieu of taxes. These values are brought to full market value based on market experience and then adjusted by the median family income. The higher the EWAV share ratio, the less capacity the community has relative to the rest of the state for generating locally derived revenue to support schools and the more state aid the community will receive. While similar to the share ratio used in the school construction formula to determine the state's share of debt service obligations, the Education Adequacy Act adjusted the EWAV calculation to increase the State share of total education budget.

The distribution includes an update to the median family income (MFI) component of the EWAV based on the socio-economic data from the American Community Survey (ACS) provided by the United States Census Bureau. The index used to adjust for MFI is the ratio of the median family income of the municipality relative to the median family income statewide as reported in the American Community Survey (ACS) provided by the United States Census Bureau.

**Step 6 - State Share of Foundation Budget:** The State's share of the total foundation budget equals the state share ratio, discussed above, times the total foundation budget. Unlike many foundation formulas, the statute neither requires a minimum nor sets a maximum local spending level beyond the limits in the maintenance of effort requirements found in RIGL 16-7-23 and 16-7-23.1. Nonetheless,

a municipality is responsible, to some degree, for the difference between the state share and the total foundation amount.

**TABLE**

The table provides a step-by-step calculation of each district's recommended formula distribution for FY2022.

FY2022 Budget as Enacted Education Aid Calculator<sup>1</sup>

Districts	PK-12 RADM (based on highest of March 2020 or March 2021 Data adjusted for projected FY2022 PSOC growth)		Poverty RADM (based on highest percentage)	Core Instruction Funding (C - \$10,635)		Student Success Factor Funding (F = 0.4*\$10,635 = \$4,254)		Total Foundation	PK6	% Poverty	EWAV	State Share Ratio	State Share of Foundation Budget	FY2021 Enacted (excludes group home and categoricals)	Change in State Funding
	A	B		A*C=D	B*F=G	D+G=H	I								
Barrington	3,416	145	\$36,329,160	\$616,830	\$36,945,990	5.1%	29.9%	21.4%	\$7,924,118	\$5,871,029	\$2,053,089				
Burrillville	2,226	782	23,673,510	3,326,628	27,000,138	38.9%	60.8%	51.0%	13,780,456	14,142,025	(361,569)				
Charlestown	740	156	7,869,900	663,624	8,533,524	21.4%	0.0%	15.1%	1,291,300	1,310,336	(19,036)				
Coventry	4,502	1,207	47,878,770	5,134,578	53,013,348	30.3%	56.6%	45.4%	24,066,104	23,412,703	653,401				
Cranston	10,164	4,096	108,094,140	17,424,384	125,518,524	43.8%	63.5%	54.5%	68,466,242	68,450,816	15,426				
Cumberland	4,593	910	48,846,555	3,871,140	52,717,695	22.7%	49.8%	38.7%	20,401,578	20,695,039	(293,462)				
East Greenwich	2,572	173	27,353,220	735,942	28,089,162	8.6%	19.9%	15.3%	4,305,850	3,289,856	1,015,994				
East Providence	5,035	2,442	53,547,225	10,388,268	63,935,493	48.0%	63.8%	56.5%	36,095,083	35,396,348	698,734				
Foster	227	64	2,414,145	272,256	2,686,401	27.9%	48.2%	39.4%	1,057,919	1,030,628	27,291				
Glocester	553	73	5,881,155	310,542	6,191,697	13.7%	53.6%	39.1%	2,422,153	2,121,901	300,252				
Hopkinton	1,137	236	12,091,995	1,003,944	13,095,939	21.0%	56.6%	42.7%	5,590,417	5,488,552	101,864				
Jamestown	655	36	6,965,925	153,144	7,119,069	5.8%	0.0%	4.1%	291,969	370,888	(78,920)				
Johnston	3,286	1,370	34,946,610	5,827,980	40,774,590	42.7%	52.4%	47.8%	19,488,910	18,685,883	803,028				
Lincoln	3,179	830	33,808,665	3,529,568	37,338,233	27.6%	53.7%	42.7%	15,940,955	14,948,129	992,827				
Little Compton	344	49	3,658,440	208,446	3,866,886	15.8%	0.0%	11.2%	432,020	397,611	34,408				
Middletown	2,175	694	23,131,125	2,952,276	26,083,401	32.5%	29.8%	31.2%	8,132,606	7,845,644	286,962				
Narragansett	1,211	220	12,878,985	935,880	13,814,865	22.3%	0.0%	15.8%	2,178,394	2,206,524	(28,130)				
Newport	2,088	1,471	22,205,880	6,257,634	28,463,514	73.3%	0.0%	51.8%	14,752,903	13,794,759	958,145				
New Shoreham	148	29	1,573,980	122,160	1,696,140	17.6%	0.0%	12.4%	211,086	177,909	33,177				
North Kingstown	3,747	793	39,849,345	3,373,422	43,222,767	24.3%	27.5%	25.9%	11,216,037	11,791,198	(575,161)				
North Providence	3,536	1,667	37,605,360	7,091,418	44,696,778	49.5%	68.1%	59.5%	26,608,402	24,700,268	1,908,133				
North Smithfield	1,653	310	17,579,655	1,318,740	18,898,395	18.7%	42.5%	32.8%	6,204,807	6,028,551	176,255				
Pawtucket	8,583	6,269	91,280,205	26,666,265	117,946,470	73.0%	87.5%	80.6%	95,037,522	91,967,189	3,070,333				
Portsmouth	2,295	359	24,407,325	1,527,186	25,934,511	16.7%	0.0%	11.8%	3,062,524	3,219,593	(157,071)				
Providence	21,947	18,896	233,406,345	80,383,584	313,789,929	87.6%	85.9%	86.8%	272,225,830	268,225,023	4,000,807				
Richmond	1,135	172	12,070,725	731,688	12,802,413	16.3%	54.5%	40.2%	5,149,642	4,693,797	455,845				
Scituate	1,269	147	13,495,815	625,338	14,121,153	12.4%	20.1%	16.7%	2,358,211	2,647,517	(289,305)				
Smithfield	2,378	366	25,290,030	1,556,964	26,846,994	15.7%	32.3%	25.4%	6,817,709	5,776,314	1,041,395				
South Kingstown	2,918	514	31,032,930	2,186,556	33,219,486	19.4%	0.7%	13.7%	4,559,972	4,463,290	96,681				
Tiverton	1,758	407	18,696,330	1,731,378	20,427,708	26.2%	38.9%	33.2%	6,774,565	7,380,299	(605,734)				
Warwick	8,614	2,818	91,609,890	11,987,772	103,597,662	35.8%	39.8%	37.9%	39,214,692	37,747,785	1,466,906				
Westerly	2,683	875	28,533,705	3,722,250	32,255,955	34.8%	0.0%	24.6%	7,937,325	8,114,881	(177,556)				
West Warwick	3,607	1,933	39,360,445	8,222,982	47,583,427	56.4%	74.8%	66.2%	30,857,785	29,438,359	1,419,425				
Woonsocket	5,890	4,586	62,640,150	19,508,844	82,148,994	79.9%	90.2%	85.2%	69,995,691	68,596,553	1,399,138				
Bristol-Warren <sup>2</sup>	3,163	940	33,638,505	3,998,760	37,637,265	-	-	-	11,345,723	12,630,626	(1,284,903)				
Exeter-West Greenwich <sup>3</sup>	1,643	273	17,473,305	1,161,342	18,634,647	-	-	-	4,242,989	4,226,297	16,692				
Charlho	-	-	-	-	-	-	-	-	-	-	-				
Foster-Glocester <sup>2</sup>	1,149	188	12,219,615	799,752	13,019,367	-	-	-	5,104,253	4,636,715	467,538				
Central Falls	2,733	2,666	29,065,455	11,341,164	40,406,619	93.3%	97.5%	95.4%	38,557,253	38,101,208	456,045				
<b>District Total</b>	<b>128,952</b>	<b>59,161</b>	<b>\$1,371,404,520</b>	<b>\$251,670,629</b>	<b>\$1,623,075,149</b>				<b>\$894,100,995</b>	<b>\$874,022,047</b>	<b>\$20,078,948</b>				
Charter School Total	11,637	7,864	123,759,495	33,453,812	157,213,307	-	-	-	124,651,435	108,849,009	15,802,426				
Davies	893	386	9,497,055	1,642,044	11,139,099	-	-	-	8,589,670	8,764,580	(174,910)				
Met School	811	576	8,624,985	2,450,304	11,075,289	-	-	-	8,259,898	7,695,945	563,345				
Urban Collaborative	133	112	1,414,455	476,448	1,890,903	-	-	-	1,630,145	1,555,465	74,680				
<b>Total</b>	<b>142,426</b>	<b>68,099</b>	<b>\$1,514,700,510</b>	<b>\$289,693,237</b>	<b>\$1,804,393,747</b>				<b>\$1,037,232,143</b>	<b>\$1,000,887,046</b>	<b>\$36,345,097</b>				

<sup>1</sup> Calculated on highest of March 2020 or March 2021 enrollment updated for projected charter school growth. Student Success Factor based on the year with the greatest percentage of students enrolled in the district living in poverty.  
<sup>2</sup> Calculations based on component district data as required by the Superior Court decision in Town of Warren v. Bristol Warren Regional School District, et al.  
 Source: Rhode Island Department of Education

## CHARTER AND STATE SCHOOLS

The education funding formula calculation for charter and state schools funds students as if they were still in the sending district, with the same core instruction amount, high-need student weight, and state share ratio. The aid, however, is distributed directly to the charter or state school. In FY2022, the Budget provides \$124.7 million in funding formula aid to charter schools, an increase of \$15.8 million representing roughly 43.5 percent of the total statewide increase. This increase is primarily driven by enrollment. Charter school enrollment increases by 1,052 students, or 9.9 percent, relative to the FY2021 Budget as Enacted.

**Sending District Tuition:** Under the formula, the funding mechanism for charter and state schools changed significantly. Previously sending district tuition per-student was based on the per-pupil expenditure of the sending district, without deductions, the formula allowed sending districts to retain 5.0 percent of the per-pupil expenditure as indirect aid. The indirect aid was intended to cover residual costs from the transfer of the student from the district to the charter school. Today, the sending district tuition is calculated by dividing the local appropriation to education from property taxes, net debt service and capital projects, by the district resident average daily membership (RADM), or enrollment: there is no indirect aid retained by the sending district.

$$\text{Tuition} = (\text{local appropriation to education} - \text{debt service} - \text{capital projects} / \text{District RADM}) - \text{local tuition reduction}$$

**Local Charter and State School Tuition Reduction:** Article 11 of the FY2017 Budget changed the above calculation to subtract a district-specific amount from the tuition paid for each student attending a charter or state school. The amount of the reduction is calculated based on differences in expenses between each district and charter schools. The expenditure data used for the calculation is the prior previous fiscal year; consequently, the calculation of unique costs for FY2022 is based on FY2020 data from the Uniform Chart of Accounts (UCOA). The reduction will be the greater of 7.0 percent of the district's per-pupil funding or the per-pupil value of each district's costs in the delineated expenditure categories. The categories include each district's costs for non-public textbooks, transportation for non-public students, retiree health benefits, out-of-district special education tuition and transportation, services for students age eighteen to twenty-one, pre-school screening and intervention, career and technical education tuition and transportation costs, debt service, and rental costs minus the average charter school expenses for the same categories. For districts using the reduction for costs categories, there is an additional reduction for tuition payments to mayoral academies, where teachers do not participate in the state's teacher retirement system, equivalent to the per-pupil, unfunded liability cost. The following table provides the local tuition rate reductions pursuant to RIGL 16-7.2-5(c).

**Projected Reduction in Sending District Tuition to Public Charter Schools, Davies, and the Met  
(FY2022)**

LEA	Per Pupil	Adjusted	Additional		LEA	Per Pupil	Adjusted	Additional	
	Tuition	Local	Academy	Mayoral		Tuition	Local	Academy	Mayoral
	Reduction	Share	Reduction	Rate		Reduction	Local Share	Reduction	Rate
Barrington	(\$951)	\$12,633	\$0	\$0	North Providence	(610)	8,110	-	-
Burrillville	(612)	8,134	-	-	North Smithfield	(825)	10,965	-	-
Charlestown	-	-	-	-	Pawtucket	(213)	2,829	-	-
Coventry	(722)	9,589	-	-	Portsmouth	(1,017)	13,514	-	-
Cranston	(630)	8,374	-	-	Providence	(321)	4,268	-	-
Cumberland	(635)	8,423	-	-	Richmond	-	-	-	-
East Greenwich	(982)	13,050	-	-	Scituate	(1,124)	14,932	-	-
East Providence	(652)	8,657	-	-	Smithfield	(950)	12,624	-	-
Foster	(1,033)	13,725	-	-	South Kingstown	(1,273)	16,917	-	-
Glocester	(849)	11,284	-	-	Tiverton	(982)	13,044	-	-
Hopkinton	-	-	-	-	Warwick	(1,027)	13,642	-	-
Jamestown	(1,826)	16,804	(1,159)	15,645	Westerly	(1,238)	16,454	-	-
Johnston	(775)	10,302	-	-	West Warwick	(606)	8,047	-	-
Lincoln	(849)	11,274	-	-	Woonsocket	(179)	2,378	-	-
Little Compton	(1,442)	19,158	-	-	Bristol-Warren	(863)	11,469	-	-
Middletown	(848)	11,268	-	-	Exeter-West Greenwich	(1,105)	14,685	-	-
Narragansett	(1,502)	19,949	-	-	Chariho	(927)	12,310	-	-
Newport	(908)	11,880	(12,774)	10,606	Foster-Glocester	(2,444)	11,595	(1,079)	10,516
New Shoreham	(2,669)	35,459	-	-	Central Falls	(205)	2,729	-	-
North Kingstown	(973)	12,928	-	-					

*Source: Rhode Island Department of Elementary and Secondary Education.*

In FY2011, the State paid the total tuition costs of students attending the Davies and Met Schools, while the local districts provided transportation. Pursuant to the new funding formula, however, the State payment to these state schools is calculated by the same method used to calculate school district and charter school payments. The formula requires local districts to pay state school tuition, but allows the districts to charge the state and charter schools for transportation costs. Local payments are made to the charter or state school on a quarterly basis. Failure to make a payment could result in the withholding of state education aid to the district of residence.

In FY2011, prior to the implementation of the current funding formula, charter school funding was based on the per-pupil expenditure of the sending district; however, the State paid 5.0 percent of the per-pupil expenditure as indirect aid to the sending district, and a portion of the remaining 95.0 percent based on the share ratio of the sending district. The expenditure was based on the reference year as defined in RIGL 16-7-16(11) providing a two-year lag. Each quarter, the charter school billed the sending district for the portion of the per-pupil expenditure not paid by the State.

Please see the following examples for further clarification of the charter school formula used in FY2011.

Calculation	District A	District B
Per Pupil Expenditure:	\$8,000	\$8,000
Share Ratio:	70.0%	30.0%
Indirect Aid to Sending District:	\$400 (5.0% of \$8,000)	\$400 (5.0% of \$8,000)
State Share to Charter School:	\$5,320 (70.0% of (\$8,000 minus 5.0%))	\$2,280 (30.0% of (\$8,000 minus 5.0%))
District Share to Charter School:	\$2,280 (30.0% of (\$8,000 minus 5.0%))	\$5,320 (70.0% of (\$8,000 minus 5.0%))

## NON-FORMULA PROVISIONS

**Group Homes:** The Group Home aid category was created by the General Assembly in 2001 to provide state support to districts hosting group homes in exchange for relieving the resident sending district of financial responsibility for students placed in group homes. When enacted, the Act maintained the current funding for group homes as a categorical grant program; however, the FY2017 Budget as Enacted increased the per-bed funding amount. The Group Home aid category provides \$17,000 annually per bed, except for group home beds associated with Bradley Hospital Children's Residential and Family Treatment (CRAFT) Program, which received \$26,000 per bed. The FY2022 Budget includes \$2.9 million to fund group home

beds. This is \$100,049 less than the FY2021 Budget as Enacted. This adjustment represents the most recent update on the number of group home beds per district and the decrease required pursuant to RIGL 16-7-22(1)(ii) to reduce the average daily membership of a district by the number of group home beds used in the group home aid calculation.

Based on the final December 31, 2020, report from the Department of Children, Youth, and Families, the FY2021 Revised Budget includes an increase of \$102,000 for Portsmouth for an increase of six beds, and \$51,000 for Providence for an increase of three beds.

District	FY2021 Enacted		Group Home Aid				FY2022 Enacted Total Aid	
	Total Aid	Number of Beds	FY2022 Number of Beds	Number of Beds	Aid change due to bed count	Aid change due to RIGL 16-7-22(1)(ii)		Total Change
Burrillville	\$73,935	8	8	-	\$0	\$1,272	\$1,272	\$75,207
Coventry	83,396	8	8	-	-	(1,468)	(1,468)	81,928
East Providence	503,600	39	39	-	-	(6,421)	(6,421)	497,179
Lincoln	88,201	8	8	-	-	(3,054)	(3,054)	85,147
Newport	136,977	14	14	-	-	(7,016)	(7,016)	129,961
North Providence	141,292	16	16	-	-	(11,109)	(11,109)	130,183
North Smithfield	98,055	8	8	-	-	(1,162)	(1,162)	96,893
Pawtucket	118,734	22	22	-	-	(8,670)	(8,670)	110,064
Portsmouth	515,155	34	40	6	102,000	(7,483)	94,517	609,672
Providence	412,525	88	91	3	51,000	(91,956)	(40,956)	371,569
Smithfield	220,744	16	8	(8)	(136,000)	21,008	(114,992)	105,752
South Kingstown	119,996	8	8	-	-	(346)	(346)	119,650
Warwick	277,870	24	24	-	-	(5,132)	(5,132)	272,738
Woonsocket	37,221	8	8	-	-	(2,711)	(2,711)	34,510
Bristol-Warren <sup>1</sup>	98,476	10	10	-	-	7,595	7,595	106,071
Exeter-West Greenwich	123,805	9	9	-	-	(395)	(395)	123,410
<b>Total</b>	<b>\$3,049,982</b>	<b>320</b>	<b>321</b>	<b>1</b>	<b>\$17,000</b>	<b>(117,049)</b>	<b>(\$100,049)</b>	<b>\$2,949,933</b>

<sup>1</sup> Based on final 12/31/2020 report from the Department of Children, Youth and Families., the FY2021 Revised Budget includes an increase of \$102,000 for Portsmouth (6 beds) and \$51,000 for Providence (3 beds).

**Categorical Programs:** When the education funding formula was passed in 2010, five categorical funds were identified that would not be distributed according to the formula, but pursuant to other methodologies intended to address the priorities and funding needs of the districts. These categories include Transportation, High-Cost Special Education, Career & Technical Education, Early Childhood, and the Regionalization Bonus. Article 11 of the FY2017 Budget as Enacted added two new aid categories: English Learners and the Density Fund. The Density Fund support ended in FY2019. Article 9 of the FY2019 Budget as Enacted included a temporary aid category to support new Resource Officers at public middle and high schools, which expires after FY2021. Article 10 of the FY2022 Budget as Enacted reestablishes the Density Aid fund. (The Central Falls, Davies and Met School Stabilization Funds are addressed in the Department of Elementary and Secondary Education section of this analysis.)

Categorical	FY2022 Budget as Enacted Education Aid	
	Change from Enacted	Total Funding
Transportation	\$0.0	\$7.7
Early Childhood	-	14.9
High-Cost Special Education	-	4.5
Career & Tech. Schools	-	4.5
English Learners	-	5.0
Regionalization Bonus	-	-
School Resource Officer Support	(0.3)	-
Density Aid	1.0	1.0
<b>Total</b>	<b>\$0.7</b>	<b>\$37.5</b>

*\$ in millions*

The FY2022 Budget includes funding for all of these categories, except the Regionalization Bonus and the School Resource Officer Support.

- **Transportation:** This fund provides funding for transporting students to out-of-district, non-public schools and for 50.0 percent of the local costs associated with transporting students within regional school districts. The program provides for a pro-rata reduction in reimbursements to districts based on available funding. The Budget funds this category at \$7.7 million in FY2022, level with the FY2021 Budget as Enacted.

*Analyst Note: For Regional Transportation, only \$4.2 million of the \$4.6 million in the Budget is distributed to districts in the aid tables, since the distribution is based on the June 30, 2020, unaudited expenditure data from the Uniform Chart of Accounts (UCOA). However, the full \$4.6 million needed to level fund regional transportation relative to the FY2021 Budget as Enacted is included in the funding. The decrease in spending is likely due to virtual learning practices implemented in response to COVID-19.*

- **Early Childhood Education:** This fund is designed to increase access to voluntary, free, high-quality pre-kindergarten programs. The funds will be distributed through a request for proposals process targeting communities in three tiers, with the first tier having the highest concentration of children at risk for poor educational outcomes. The Budget funds this category at \$14.9 million in FY2022, level with the FY2021 Budget as Enacted.
- **High-Cost Special Education:** This fund reimburses districts for instructional and related services provided to a student pursuant to an Individual Education Plan (IEP). The State reimburses costs that exceed five times the combined core instruction and student success factor funding (currently \$74,445 for FY2022). The program provides for a pro-rata reduction in reimbursements to districts based on available funding. The Budget funds this category at \$4.5 million in FY2022, level with the FY2021 Budget as Enacted. An additional \$4.6 million would be needed to fully fund this category.
- **Career and Technical Schools:** This fund contributes toward the initial investment needed to transform existing programs or create new programs and the costs associate with facilities, equipment maintenance and repair, and supplies associated with higher-cost programs at career and technical schools. The Budget funds this category at \$4.5 million in FY2021, level with the previous year.
- **English Learners:** Article 11 of the FY2017 Budget as Enacted established a categorical fund for English Learners (EL). The fund provides additional aid of 10.0 percent of the per-pupil core instruction amount for each qualified EL student. In FY2022, the per-pupil weight is \$1,064, to reflect 10.0 percent of the \$10,635 core instruction amount. This amount is then multiplied by the state share ratio. The formula is provided below.

*(Per-pupil core instruction amount x number of EL students) x 10.0 percent x state share ratio = additional state support per EL student*

This support is then ratably reduced based on the total amount appropriated.

The Article restricted the funds to provide new services to EL students and required that the funds be managed in accordance with requirements enumerated by the Commissioner. The Article also required the Department to collect performance reports and approve the use of funds prior to expenditure to ensure the funded activities align to innovative and expansive activities. Distribution is subject to a pro-rata reduction based on the funds available. The Budget provides \$5.0 million in FY2022, level with the previous fiscal year; however, an additional \$5.8 million would be needed to fully fund this category.

- **Regionalization Bonus:** This fund provides a bonus to regionalized districts and those that regionalize in the future. In the first year, the bonus is 2.0 percent of the State's share of the total foundation aid. In the second year, the bonus is 1.0 percent of the State's share and in the third year the bonus phases out. The program provides for a pro-rata reduction in reimbursements to districts based on available



funding. This category has not been funded since FY2014, as no new regional districts have been formed.

- **School Resource Officer Support:** Article 9 of the FY2019 Budget as Enacted established an aid category to support new Resource Officers at public middle and high schools. The program provides support for districts to add Resource Officers but does not mandate their use. For FY2019 through FY2021, the State will reimburse one half the cost of salaries and benefits for qualifying positions created after July 1, 2018; however, for schools with fewer than 1,200 students, only one resource officer position is eligible for reimbursement. Schools with 1,200 or more students may receive reimbursement for up to 2 positions. Each resource officer can only be assigned to one school. The Budget does not fund this category since the program expired in FY2021.
- **Density Aid:** Article 10 of the FY2022 Budget as Enacted reestablishes density aid for districts where 5.0 percent or more of the average daily membership (ADM) are enrolled in a charter or state schools, and provides \$1.0 million in education aid for FY2022. The intent is to provide one \$500 payment for each new resident student enrolled in a charter or state school. For FY2022, the aid will be calculated based on the number of new students attending a public school of choice since FY2019. FY2019 is the last year density aid was provided. In subsequent fiscal years, the \$500 will be paid for each new charter or state school student relative to the previous year.
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The following table shows the education aid including the formula distribution, categorical aid, and group home aid.

FY2022 Budget as Enacted Education Aid<sup>1</sup>

District	FY2021 Enacted	FY2022		High-cost		Group Home Aid <sup>2</sup>	English Learners	Stabilization Funding	FY2022 Aid
	(excludes group home and categoricals)	Formula Change	Density Aid	Transportation <sup>4</sup>	Special Education (>\$74,445)				
Barrington	\$5,871,029	\$2,053,089	\$0	\$126,362	\$159,283	\$0	\$4,441	\$0	\$8,214,204
Burrillville	14,142,025	(361,569)	23,500	27,957	82,527	75,207	1,258	-	13,990,906
Charlestown	1,310,336	(19,036)	-	-	-	-	75	-	1,291,375
Coventry	23,412,703	653,401	-	12,526	24,830	81,928	4,028	-	24,189,417
Cranston	68,450,816	15,426	-	808,661	317,133	-	152,207	-	69,744,243
Cumberland	20,695,039	(293,462)	-	104,943	17,393	-	17,171	-	20,541,084
East Greenwich	3,289,856	1,015,994	-	78,286	145,133	-	1,511	-	4,530,780
East Providence	35,396,348	698,734	-	5,736	304,592	497,179	44,532	-	36,947,123
Foster	1,030,628	27,291	-	14,052	32,419	-	-	-	1,104,390
Glocester	2,121,901	300,252	-	10,229	47,354	-	-	-	2,479,735
Hopkinton	5,488,552	101,864	-	-	-	-	421	-	5,590,838
Jamestown	370,888	(78,920)	-	-	47,241	-	20	-	339,230
Johnston	18,685,883	803,028	-	206,685	198,886	-	39,587	-	19,934,069
Lincoln	14,948,129	992,827	-	-	196,769	85,147	9,051	-	16,231,922
Little Compton	397,611	34,408	-	-	-	-	-	-	432,020
Middletown	7,845,644	286,962	-	-	37,958	-	14,910	-	8,185,474
Narragansett	2,206,524	(28,130)	-	-	18,364	-	233	-	2,196,991
Newport	13,794,759	958,145	-	-	43,208	129,961	79,214	-	15,005,285
New Shoreham	177,909	33,177	-	-	25,178	-	736	-	237,000
North Kingstown	11,791,198	(575,161)	-	-	79,635	-	7,292	-	11,302,964
North Providence	24,700,268	1,908,133	39,500	182,510	256,548	130,183	54,883	-	27,272,024
North Smithfield	6,028,551	176,255	-	14,932	52,385	96,893	1,295	-	6,370,312
Pawtucket	91,967,189	3,070,333	102,000	162,839	101,187	110,064	452,861	-	95,966,474
Portsmouth	3,219,595	(157,071)	-	-	128,011	609,672	349	-	3,800,557
Providence	268,225,023	4,000,807	689,500	277,650	348,934	371,569	2,830,525	-	276,744,008
Richmond	4,693,797	455,845	-	-	-	-	397	-	5,150,039
Scituate	2,647,517	(289,305)	-	47,186	123,423	-	-	-	2,528,821
Smithfield	5,776,314	1,041,395	-	103,808	41,189	105,752	2,003	-	7,070,461
South Kingstown	4,463,290	96,681	-	168,489	94,436	119,650	2,369	-	4,944,915
Tiverton	7,380,299	(605,734)	-	-	120,762	-	981	-	6,896,308
Warwick	37,747,785	1,466,906	-	27,319	730,676	272,738	18,288	-	40,263,713
Westerly	8,114,881	(177,556)	-	-	141,179	-	5,217	-	8,083,720
West Warwick	29,438,359	1,419,425	-	40,076	20,533	-	21,554	-	30,939,948
Woonsocket	68,596,553	1,399,138	71,500	5,056	58,991	34,510	257,501	-	70,423,249
Bristol-Warren <sup>3</sup>	12,630,626	(1,284,903)	-	1,474,859	151,924	106,071	6,467	-	13,085,044
Exeter-West Greenwich <sup>3</sup>	4,226,297	16,692	-	933,583	167,989	123,410	672	-	5,468,643
Chariho	-	-	-	1,758,027	58,163	-	-	-	1,816,190
Foster-Glocester <sup>3</sup>	4,636,715	467,538	-	546,028	112,667	-	386	-	5,763,334
Central Falls	38,101,208	456,045	84,500	86,169	4,982	-	531,596	9,145,493	48,409,993
<b>District Total</b>	<b>\$874,022,047</b>	<b>\$20,078,948</b>	<b>\$1,010,500</b>	<b>\$7,223,967</b>	<b>\$4,491,882</b>	<b>\$2,949,933</b>	<b>\$4,564,031</b>	<b>\$9,145,493</b>	<b>\$923,486,802</b>
Charter School Total	108,849,009	15,802,426	-	-	8,118	-	409,505	-	125,069,058
Davies	8,764,580	(174,910)	-	-	-	-	3,073	5,848,234	14,440,978
Met School	7,695,945	563,953	-	-	-	-	16,548	1,082,109	9,358,555
Urban Collaborative	1,555,465	74,680	-	-	-	-	6,843	-	1,636,988
<b>Total</b>	<b>1,000,887,046</b>	<b>\$36,345,097</b>	<b>\$1,010,500</b>	<b>\$7,223,967</b>	<b>\$4,500,000</b>	<b>\$2,949,933</b>	<b>\$5,000,000</b>	<b>\$16,075,836</b>	<b>\$1,073,992,381</b>

<sup>1</sup> Based on higher of March 2020 or March 2021 enrollment, updated for projected charter school growth. Student Success Factor based on the year with the greatest percentage of students enrolled in the district living in poverty.

<sup>2</sup> Based on final 12/31/2020 report from the Department of Children, Youth and Families. The FY2021 Revised Budget includes an increase of \$102,000 for Portsmouth (6 beds) and \$51,000 for Providence (3 beds).

<sup>3</sup> Calculations based on component district data as required by the Superior Court decision in Town of Warren v. Bristol Warren Regional School District, et. al.

<sup>4</sup> This distribution reflects full funding of Regional Transpiration aid based on June 2020 UCOA data, and therefore does not reflect \$437,392 in residual funding provided in the Budget.

Source: Rhode Island Department of Education

The following table shows the difference in education aid relative to the FY2021 Budget as Enacted.

**FY2022 Budget as Enacted Education Aid - Change to FY2021 Budget as Enacted<sup>1</sup>**

Districts	FY2021 Enacted	FY2022 Formula Change	Density Aid	Transportation <sup>2</sup>	High-cost Special Education	Group Home <sup>3</sup>	English Learners	Stabilization Funding	Total Change	FY2022 Education Aid
Barrington	\$6,148,515	\$2,053,089	\$0	(\$13,207)	\$23,849	\$0	\$1,958	\$0	\$2,065,689	\$8,214,204
Burrillville	14,352,095	(361,569)	23,500	(29,717)	4,648	1,272	676	-	(361,190)	13,990,905
Charlestown	1,310,421	(19,036)	-	-	-	-	(11)	-	(19,047)	1,291,374
Coventry	23,564,535	653,401	-	511	(24,691)	(1,468)	(2,872)	-	624,882	24,189,417
Cranston	69,762,285	15,426	-	63,181	(110,446)	-	13,797	-	(18,042)	69,744,243
Cumberland	20,799,151	(293,462)	-	30,586	5,934	-	(1,125)	-	(258,067)	20,541,084
East Greenwich	3,490,910	1,015,994	-	3,584	19,630	-	661	-	1,039,869	4,530,780
East Providence	36,377,563	698,734	-	4,181	(119,580)	(6,421)	(7,356)	-	569,560	36,947,123
Foster	1,065,648	27,291	-	14,052	(2,601)	-	-	-	38,742	1,104,390
Glocester	2,218,174	300,252	-	10,229	(48,919)	-	-	-	261,562	2,479,735
Hopkinton	5,488,786	101,864	-	-	-	-	187	-	102,051	5,590,838
Jamestown	405,580	(78,920)	-	-	12,549	-	20	-	(66,351)	339,230
Johnston	19,127,285	803,028	-	26,097	(30,241)	-	7,901	-	806,785	19,934,070
Lincoln	15,198,685	992,827	-	-	39,787	(3,054)	3,677	-	1,033,237	16,231,922
Little Compton	397,669	34,408	-	-	-	-	(54)	-	34,354	432,023
Middletown	7,894,208	286,962	-	-	2,654	-	1,650	-	291,266	8,185,474
Narragansett	2,261,373	(28,130)	-	-	(36,039)	-	(213)	-	(64,382)	2,196,991
Newport	14,034,125	958,145	-	-	3,831	(7,016)	16,202	-	971,161	15,005,285
New Shoreham	178,491	33,177	-	-	25,178	-	154	-	58,509	237,000
North Kingstown	11,867,847	(575,161)	-	-	9,532	-	746	-	(564,883)	11,302,964
North Providence	25,275,683	1,908,133	39,500	62,169	(19,576)	(11,109)	17,225	-	1,996,342	27,272,025
North Smithfield	6,206,522	176,255	-	3,362	(14,894)	(1,162)	228	-	163,790	6,370,312
Pawtucket	92,823,636	3,070,333	102,000	9,725	(52,903)	(8,670)	22,352	-	3,142,837	95,966,473
Portsmouth	3,833,800	(157,071)	-	-	29,308	94,517	3	-	(33,243)	3,800,557
Providence	272,263,068	4,000,807	689,500	(40,281)	(34,535)	(40,956)	(93,598)	-	4,480,938	276,744,006
Richmond	4,694,206	455,845	-	-	-	-	(12)	-	455,833	5,150,039
Scituate	2,727,973	(289,305)	-	12,006	78,147	-	-	-	(199,152)	2,528,821
Smithfield	6,227,713	1,041,395	-	(32,318)	(51,539)	(114,992)	202	-	842,748	7,070,461
South Kingstown	4,853,437	96,681	-	43,426	(48,178)	(346)	(105)	-	91,478	4,944,915
Tiverton	7,475,572	(605,734)	-	-	26,295	-	175	-	(579,264)	6,896,308
Warwick	38,441,936	1,466,906	-	21,784	342,079	(5,132)	(3,862)	-	1,821,777	40,263,713
Westerly	8,255,191	(177,556)	-	-	6,180	-	(94)	-	(171,471)	8,083,720
West Warwick	29,535,239	1,419,425	-	(11,917)	(3,901)	-	1,101	-	1,404,708	30,939,947
Woonsocket	68,991,503	1,399,138	71,500	(4,760)	(35,335)	(2,711)	3,912	-	1,431,745	70,423,248
Bristol-Warren <sup>4</sup>	14,514,094	(1,284,903)	-	(159,702)	8,302	7,595	(342)	-	(1,429,050)	13,085,045
Exeter-West Greenwich <sup>4</sup>	5,696,332	16,692	-	(251,543)	7,895	(395)	(337)	-	(227,688)	5,468,644
Chariho	2,135,033	-	-	(281,999)	(36,845)	-	-	-	(318,844)	1,816,189
Foster-Glocester <sup>4</sup>	5,207,656	467,538	-	41,991	46,153	-	(4)	-	555,677	5,763,333
Central Falls	45,680,070	456,045	84,500	41,164	1,171	-	9,388	2,137,656	2,729,924	48,409,994
<b>District Total</b>	<b>\$900,782,012</b>	<b>\$20,078,948</b>	<b>\$1,010,500</b>	<b>(\$437,396)</b>	<b>\$22,899</b>	<b>(\$100,049)</b>	<b>(\$7,769)</b>	<b>\$2,137,656</b>	<b>\$22,704,790</b>	<b>\$923,486,802</b>
Charter School Total	109,288,557	15,802,426	-	-	(22,899)	-	973	-	15,780,500	125,069,057
Davies	13,728,646	(174,910)	-	-	-	-	1,409	885,832	712,331	14,440,977
Met School	9,356,426	563,953	-	-	-	-	2,128	(563,953)	2,128	9,358,555
Urban Collaborative	1,559,049	74,680	-	-	-	-	3,259	-	77,939	1,636,988
<b>Total</b>	<b>\$1,034,714,691</b>	<b>\$36,345,097</b>	<b>\$1,010,500</b>	<b>(\$437,396)</b>	<b>\$0</b>	<b>(\$100,049)</b>	<b>\$0</b>	<b>\$2,459,535</b>	<b>\$39,277,689</b>	<b>\$1,073,992,381</b>

<sup>1</sup> Based on highest of March 2020 or March 2021 enrollment, updated for charter school growth. Student Success Factor based on the year with the greatest percentage of students enrolled in the district living in poverty.

<sup>2</sup> Based on FY2020 unaudited UCOA data, actual costs for regional transportation decreased, likely to COVID; however, the Budget level funds regional transportation.

<sup>3</sup> Based on final 12/31/2020 report from the Department of Children, Youth and Families. The FY2021 Revised Budget includes an increase of \$102,000 for Portsmouth (6 beds) and \$51,000 for Providence (3 beds).

<sup>4</sup> Calculations based on component district data as required by the Superior Court decision in *Town of Warren v. Bristol Warren Regional School District, et. al.*

Source: Rhode Island Department of Education

The following table shows the change to the Governor's FY2022 Budget recommendation.

### Changes to the Governor's FY2022 Education Aid

#### Changes to the Formula Aid

LEA	Governor's Submission	Greater of March 2020 or March 2021 Enrollment		Difference	Stabilization Funding	Density Aid	Total Change
Barrington	\$2,053,089	\$2,053,089		\$0	\$0	\$0	\$0
Burrillville	(374,596)	(361,569)		13,027	-	23,500	36,527
Charlestown	(19,036)	(19,036)		-	-	-	-
Coventry	653,401	653,401		-	-	-	-
Cranston	36,310	15,426		(20,884)	-	-	(20,884)
Cumberland	(272,060)	(293,462)		(21,402)	-	-	(21,402)
East Greenwich	1,015,994	1,015,994		-	-	-	-
East Providence	707,140	698,734		(8,406)	-	-	(8,406)
Foster	27,291	27,291		-	-	-	-
Glocester	300,252	300,252		-	-	-	-
Hopkinton	101,864	101,864		-	-	-	-
Jamestown	(78,920)	(78,920)		-	-	-	-
Johnston	817,261	803,028		(14,233)	-	-	(14,233)
Lincoln	908,909	992,827		83,918	-	-	83,918
Little Compton	34,408	34,408		-	-	-	-
Middletown	286,962	286,962		-	-	-	-
Narragansett	(28,130)	(28,130)		-	-	-	-
Newport	958,145	958,145		-	-	-	-
New Shoreham	13,209	33,177		19,968	-	-	19,968
North Kingstown	(575,161)	(575,161)		-	-	-	-
North Providence	1,995,502	1,908,133		(87,369)	-	39,500	(47,869)
North Smithfield	138,545	176,255		37,711	-	-	37,711
Pawtucket	2,636,671	3,070,333		433,662	-	102,000	535,662
Portsmouth	(157,071)	(157,071)		-	-	-	-
Providence	10,055,109	4,000,807		(6,054,302)	-	689,500	(5,364,802)
Richmond	455,845	455,845		-	-	-	-
Scituate	(289,305)	(289,305)		-	-	-	-
Smithfield	1,041,395	1,041,395		-	-	-	-
South Kingstown	96,681	96,681		-	-	-	-
Tiverton	(605,734)	(605,734)		-	-	-	-
Warwick	1,473,347	1,466,906		(6,441)	-	-	(6,441)
Westerly	(177,556)	(177,556)		-	-	-	-
West Warwick	1,419,425	1,419,425		-	-	-	-
Woonsocket	1,391,889	1,399,138		7,249	-	71,500	78,749
Bristol-Warren <sup>2</sup>	(1,284,903)	(1,284,903)		-	-	-	-
Exeter-West Greenwich <sup>2</sup>	16,692	16,692		-	-	-	-
Chariho	0	0		-	-	-	-
Foster-Glocester <sup>2</sup>	467,538	467,538		-	-	-	-
Central Falls <sup>3</sup>	1,109,592	456,045		(653,547)	653,547	84,500	84,500
<b>Subtotal District Aid</b>	<b>\$26,349,997</b>	<b>\$20,078,948</b>		<b>(\$6,271,049)</b>	<b>\$653,547</b>	<b>\$1,010,500</b>	<b>(\$4,607,002)</b>
Charter School Total	9,535,605	15,802,426		6,266,821	-	-	6,266,821
Davies <sup>1</sup>	327,322	(174,910)		(502,232)	502,232	-	-
Met School <sup>1</sup>	320,126	563,953		243,827	(243,827)	-	-
Urban Collaborative	74,680	74,680		-	-	-	-
<b>Total</b>	<b>\$36,607,730</b>	<b>\$36,345,097</b>		<b>(\$262,633)</b>	<b>\$911,952</b>	<b>\$1,010,500</b>	<b>\$1,659,819</b>

Source: Rhode Island Department of Education

## SCHOOL CONSTRUCTION AID

In 1960, the school housing aid program was enacted by the General Assembly to guarantee adequate school facilities for all public school children in the state, and to prevent the cost of constructing and repairing facilities from interfering with the effective operation of the schools. Applications for aid to support the construction and renovation of school buildings are submitted to and evaluated by the Rhode Island Department of Elementary and Secondary Education (RIDE). State aid is provided for approved projects based on a percentage of cost. The percentage provided by the State to the school district is determined based on a share ratio designed to measure a community's need. For FY2022, as projected by the Department, the minimum state share is 35.0 percent and the maximum is 93.8 percent for Central Falls; the state share for charter schools is 30.0 percent.

The 2010 General Assembly passed legislation increasing the minimum share ratio from 30.0 percent in FY2011 to 35.0 percent in FY2012 and to 40.0 percent in FY2013. The 2012 General Assembly froze the reimbursement rate at 35.0 percent, but provided that projects completed after June 30, 2010, that received approval from the Board of Regents by June 30, 2012, receive the 40.0 percent minimum.

The 2011 General Assembly enacted legislation limiting the approval of new projects between FY2012 and FY2015, to those necessitated by immediate health and safety reasons. Any project requested during the moratorium was reported to the chairs of the House and Senate Finance Committees. Furthermore, any project approval granted prior to the adoption of the school construction regulations in 2007, which was currently inactive, had not receive voter approval, or had not been previously financed, was deemed no longer eligible for reimbursement. Article 22 of the FY2015 Budget extended the moratorium from June 30, 2014, to May 1, 2015, limiting the approval of new projects between FY2012 and FY2015 to those necessitated by immediate health and safety conditions.

As part of the 2011 legislation, RIDE was charged with developing recommendations for further cost containment strategies in the school housing aid program. The following recommendations were submitted on March 22, 2012:

- Establish capital reserve funds on the state and local level.
- Reduce the minimum share ratio.
- Limit costs associated with bonding by establishing a mechanism to allow districts with poor bond ratings to borrow at a lower interest rate, reduce the State's reimbursement rate on interest, and provide incentives for districts to refinance bonds.

Article 13 of the FY2014 Budget as Enacted provided an incentive to communities to refinance existing school housing bonds by allowing communities to receive 80.0 percent of the total savings, instead of distributing the savings based on the state share ratio. The increased savings to the communities would only apply to refinancing done between July 1, 2013, and December 31, 2015. The table shows the estimated savings realized through the incentive.

Article 9 of the FY2019 Budget as Enacted provided temporary incentives to encourage districts to improve the condition of public school buildings in Rhode Island, established a permanent incentive for school safety and security projects, and established school maintenance expenditure requirements.

<b>School Bond Refinancing Incentive Estimated Savings Summary</b>			
<b>Municipality</b>	<b>Local Savings</b>	<b>State Savings</b>	<b>Total Savings</b>
Burrillville	\$391,582	\$97,896	\$489,478
Central Falls	485,690	121,423	607,113
Cumberland	392,456	98,136	490,592
Johnston	41,684	10,421	52,105
Lincoln	1,590,165	397,541	1,987,706
New Shoreham	329,114	82,278	411,392
North Kingstown	419,141	104,785	523,926
North Providence	492,390	123,098	615,488
Pawtucket	44,094	11,023	55,117
Portsmouth	208,533	52,135	260,668
Providence	5,854,680	1,463,670	7,318,350
South Kingstown	232,603	58,151	290,754
Tiverton	753,270	188,317	941,587
West Warwick	525,572	131,393	656,965
Woonsocket	728,129	182,083	910,212
<b>Total Savings</b>	<b>\$12,489,103</b>	<b>\$3,122,350</b>	<b>\$15,611,453</b>

For FY2022, the Budget provides \$80.0 million, level funded with the FY2021 Budget as Enacted. For FY2022, the Department projects expenditures of \$79.4 million in school housing aid, an increase of \$278,993 from the FY2021 Budget as Enacted. The surplus will be deposited into the School Building Authority Capital Fund.

*Analyst Note: Beginning in FY2023, the school construction aid entitlements are projected to exceed the \$80.0 million, traditional included in the annual budget. For FY2023 the projection is \$93.4 million, in FY2024 it is \$100.6 million, and in FY2025 it is \$117.3 million.*

**School Building Authority Capital Fund:** Article 9 of the FY2016 Budget as Enacted designated the Department of Elementary and Secondary Education (Department) as the State’s School Building Authority (SBA) and charged the Department with implementing a system of state funding for school facilities, managing the school housing aid program, and developing a project priority system. The Authority oversees two distinct funding mechanisms for school facilities: the Foundation Program, as enumerated in RIGL 16-7-35 through 16-7-47, and the School Building Authority Capital Fund (Capital Fund), as created through the article. The FY2016 Budget added 1.0 FTE position to the Department for a new construction manager to assist in developing procedures for the proposed Capital Fund. In FY2016, the Department received a one-time, pass-through appropriation of \$20.0 million in new general revenue to capitalize the Capital Fund, which is held in trust and administered by the Rhode Island Health and Education Building Corporation (RIHEBC). For FY2021, the Budget provides \$869,807 in general revenue from the surplus construction aid to the Capital Fund.

Through Article 9, the FY2019 Budget as Enacted shifted the 3.0 FTE positions responsible for the administration of the school construction program from general revenue to a new school construction services restricted receipt account, and added 1.0 FTE Director of School Construction Services. The restricted receipt account, named the “School Construction Services”, is funded by the Rhode Island Health and Education Building Corporation (RIHEBC) from the School Building Authority Capital Fund, fees generated from the origination of municipal bonds and other financing vehicles used for school construction, and its own reserves. There is no limit on the amount or type of expenses that will be funded; however, Article 9 limited the fee that RIHEBC can impose on cities, towns and districts to one tenth of one percent (0.001) of the principal amount of the bond. In FY2021, RIHEBC expects to collect \$300,000 in school bond fees. In FY2022, this revenue is estimated at \$175,000.

In FY2018, RIHEBC was required to transfer \$6.0 million to the State Controller. In FY2019, RIHEBC supported \$737,735 in SBA personnel expenses. In FY2020 personnel expenses increased to \$770,946, and \$768,976 in FY2021. Personnel expenses are project to be \$793,596 in FY2022; however, the FY2022 Budget as enacted provides \$500,000 in general revenue for SBA administration.

## Federal COVID-19 Related Emergency Relief to LEAs

District	ESSER I (CARES Act) (available for obligation through September 30, 2021)	ESSER II (CRRSA) (available for obligation through September 30, 2022)	ESSER III (ARP) (available for obligation through September 30, 2023)	Total
Barrington	\$79,799	\$288,735	\$648,458	\$1,016,992
Burrillville	394,852	1,548,747	3,478,266	5,421,865
Charlestown	-	-	-	-
Coventry	623,392	2,419,802	5,434,532	8,477,726
Cranston	2,304,283	9,038,195	20,298,503	31,640,981
Cumberland	530,621	2,252,791	5,059,448	7,842,860
East Greenwich	69,858	241,108	541,494	852,460
East Providence	1,343,727	5,270,561	11,836,931	18,451,219
Foster	52,429	180,788	406,023	639,240
Glocester	149,926	581,253	1,305,412	2,036,591
Hopkinton	-	-	-	-
Jamestown	98,636	342,190	768,511	1,209,337
Johnston	660,667	2,591,365	5,819,839	9,071,871
Lincoln	476,313	1,931,628	4,338,162	6,746,103
Little Compton	33,278	64,348	144,517	242,143
Middletown	263,613	953,185	2,140,718	3,357,516
Narragansett	184,416	672,411	1,510,139	2,366,966
Newport	795,683	3,079,969	6,917,172	10,792,824
New Shoreham	12,538	-	-	12,538
North Kingstown	452,552	1,775,065	3,986,543	6,214,160
North Providence	720,309	2,825,301	6,345,224	9,890,834
North Smithfield	182,153	682,368	1,532,502	2,397,023
Pawtucket	3,618,740	14,193,947	31,877,588	49,690,275
Portsmouth	243,247	894,792	2,009,575	3,147,614
Providence	14,390,236	57,702,326	129,591,234	201,683,796
Richmond	-	-	-	-
Scituate	211,568	775,558	1,741,794	2,728,920
Smithfield	202,518	794,344	1,783,984	2,780,846
South Kingstown	352,990	1,344,338	3,019,191	4,716,519
Tiverton	194,599	763,284	1,714,228	2,672,111
Warwick	1,488,005	5,470,524	12,286,019	19,244,548
Westerly	552,501	2,020,394	4,537,517	7,110,412
West Warwick	961,349	3,705,668	8,322,405	12,989,422
Woonsocket	3,308,150	12,975,705	29,141,589	45,425,444
Bristol-Warren	485,476	1,904,207	4,276,577	6,666,260
Exeter-West Greenwich	142,555	521,496	1,171,205	1,835,256
Chariho	315,655	1,183,347	2,657,629	4,156,631
Foster-Glocester	90,511	535,272	1,202,144	1,827,927
Central Falls	1,575,794	6,790,598	15,250,718	23,617,110
<b>District Total</b>	<b>\$37,562,936</b>	<b>\$148,315,610</b>	<b>\$333,095,791</b>	<b>\$518,974,337</b>
Charter School Total	3,454,925	14,938,873	33,550,589	51,944,387
Davies	269,601	1,171,943	2,632,018	4,073,562
Met School	316,356	1,437,897	3,229,313	4,983,566
Urban Collaborative	85,140	333,948	749,999	1,169,087
School for the Deaf	26,441	114,139	256,339	396,919
<b>Total</b>	<b>\$41,715,400</b>	<b>\$166,312,410</b>	<b>\$373,514,049</b>	<b>\$581,541,859</b>

Source: Rhode Island Department of Education





## FY2021 Supplemental Budget

### DEPARTMENT OF ADMINISTRATION

#### **RICAP Repayment**

**\$120.0 million**

The FY2021 Revised Budget includes a general revenue appropriation of \$120.0 million to reimburse the State's Budget Stabilization and Cash Reserve Account (Rainy Day Fund). This reflects an increase of \$112.5 million from the Governor's FY2021 Supplemental Budget recommendation.

The FY2020 Budget as Enacted transferred \$120.0 million from the Budget Stabilization and Cash Reserve Account for use in balancing that budget. The Rhode Island General Law requires that the repayment be made to the Rhode Island Capital Plan fund in the following fiscal year.

The FY2021 Budget as Enacted included a \$90.0 million repayment and included legislation under Section 18 of Article 1 to delay the additional \$30.0 million, until FY2022. Article 1 of the Governor's FY2021 Supplemental Budget proposed to further delay the RICAP payback to FY2023 and reduced the payback appropriation to \$7.5 million in FY2021, reflecting an \$82.5 million reduction in general revenue in FY2021.

The Budget fully reimburses the RICAP fund in FY2021, thus following the requirements of the general law.

#### **COVID-19 Response**

**(\$13.9 million)**

The Budget includes a decrease of \$13.9 million in general revenues and an increase of \$85.5 million in federal funds for the Department of Administration's response to COVID-19.

<b>COVID-19 General Revenue</b>	<b>FY2021 Enacted</b>	<b>FY2021 Final</b>	<b>Change</b>
Capital Asset Management and Maintenance	\$0	\$2,005,750	\$2,005,750
Legal Services	-	300,000	300,000
Personnel and Operational Reforms	16,165,000	-	(16,165,000)
<b>Total</b>	<b>\$16,165,000</b>	<b>\$2,305,750</b>	<b>(\$13,859,250)</b>

<b>COVID-19 Federal</b>	<b>FY2021 Enacted</b>	<b>FY2021 Final</b>	<b>Change</b>
Personnel and Operational Reforms	\$202,300,000	\$0	(\$202,300,000)
Accounts and Control	347,447	55,520	(291,927)
Capital Asset Management and Maintenance	-	45,221,362	45,221,362
Office of Management and Budget	726,930	679,850	(47,080)
Information Technology	-	6,326,758	6,326,758
Central Management	-	236,553,820	236,553,820
<b>Total</b>	<b>\$203,374,377</b>	<b>\$288,837,310</b>	<b>\$85,462,933</b>

Major COVID-19 response activities include:

- **Surge Hospital Operations and Deconstruction:** The FY2021 Revised Budget decreases general revenues by \$11.4 million and includes \$30.2 million in federal funds for alternate hospital sites, deconstruction, lease costs, and other expenses.
- **Quarantine and Isolation:** The FY2021 Revised Budget decreases general revenue by \$2.6 million and does not include federal funds for quarantine and isolation related expenses, which includes temporary housing for those that cannot isolate in their homes and for individuals and facilities experiencing homelessness.
- **Government Readiness:** The FY2021 Revised Budget increases general revenue by \$141,750 and decreases federal funds by \$7.7 million for government readiness related to COVID-19 response services, screening and reconfiguration of lobby and cubicle areas in the state.

- **Legal Costs:** The FY2021 Revised FY2021 Budget as Enacted included \$300,000 in general revenue for miscellaneous legal costs and legal software as part of the State’s COVID-19 Response. The Budget does not include further funding for this item in FY2022.
- **Hospital Assistance Partnership Program:** The FY2021 Revised Budget included \$125.1 million in federal Coronavirus Relief Funds to reflect Phase II of the Hospital Assistance Partnership Program (HAPP) grants. Phase I of the grants totaled \$95.4 million and were paid in FY2020. These grants are used to offset the negative impact of the COVID-19 pandemic on hospital finances, including additional costs associated with the treatment of COVID patients and securing personal protective equipment as well as the losses sustained by the suspension of voluntary procedures.
- **Emergency Rental Assistance Program:** The FY2021 Revised Budget includes federal funding of \$80.0 million for the State’s COVID-19 emergency rental assistance program administered in partnership with RI Housing. On March 31, 2021, the State received \$200.0 million in federal funding and RI Housing began accepting applications for the RentRelief RI program to provide rental and utility relief to eligible renters to maintain housing stability. An additional \$120.0 million is appropriated in the FY2022 Budget as Enacted.
- **Grants Management System:** The FY2021 Revised Budget reduces federal funds by \$2.0 million that were designated for a grants management system within the Accounts and Control program. The Office of Management and Budget has identified an alternative method of financing this new system.

**LIUNA Settlement****\$4.7 million**

The FY2021 Revised Budget increases general revenues by \$4.7 million to fund the pension liability with state employee members in the Laborers International Union of North America (LIUNA) to account for the recalculation and compensation to affected LIUNA members for longevity and overtime payments back to January 1, 2012.

Over the past 21 years, in lieu of a portion of the pay LIUNA members received over the years, the State agreed to make payments to a LIUNA pension fund (LPF). The amount of the payments the State makes is a dollar amount per hour/up to a maximum of thirty-five (35) hours per week. In order to effectuate these employer contributions to the LPF, the State over the years annualized the dollar amount per hour and pay scales for participating LIUNA members were reduced by the annualized amount. The State proposed to change the payroll methodology prospectively to correct effects of the contributions on longevity and overtime calculations.

LIUNA has employees throughout a number of State Agencies, including Department of Business Regulation, employees in the Office of the Fire Marshal; Department of Public Safety, E911 operators; Department of Transportation, Maintenance, Supervisors and Operators; Division of Motor Vehicles, supervisors; BHDDH, CNAs at the Zambarano Hospital; Rhode Island Emergency Management Agency; Judiciary, Clerks at the Superior Court; Office of the Public Defender, office personnel; and at the Office of the Secretary of State.

**Tort Awards****\$500,000**

The FY2021 Revised Budget increases general revenue expenses by \$500,000 for tort awards. Funding in the tort account is used to pay for tort/court award judgments against the State of Rhode Island. The FY2021 Budget as Enacted included \$400,000 in general revenue tort judgments. As of June 4, 2020, tort award expenditures totaled \$454,990 and the Office of the Attorney General projected the tort award payments to be approximately \$900,000 in FY2021, thereby requiring the additional \$500,000 to cover the awards in the current fiscal year.

**Third Quarter Report****(\$306,000)**

The FY2021 Revised Budget decreases general revenue by \$306,000 based on anticipated savings as stated in the third quarter report.

**SNAP Fraud Framework Implementation Grant (federal funds)****\$224,755**

The FY2021 Revised Budget adds \$224,755 in federal funds reflecting new audit work by the Office of Internal Audit (OIA). OIA is conducting audit work related to the Supplemental Nutrition Assistance Program (SNAP) and is able to charge personnel and operating expenses to the federal grant. In addition, the Governor adds \$241,060 in federal funds in the FY2021 Supplemental Budget for the same purpose. This is not a traditional audit but instead falls under the OIA's responsibility for assisting Department of Human Services (DHS) in combating fraud, waste, and abuse.

In early 2020 OIA applied for a federal grant from the USDA to enhance the states implementation of the SNAP Fraud Framework. The State received the grant in September of 2020. The SNAP Fraud Framework is a documentation of the best practices that the United States Department of Agriculture would like to see in place at states for the prevention, identification, and investigation of fraud within the SNAP program. The State's grant application focused on two of the areas: Framework Training and Data Analytics.

- **Framework Training:** Training classes are being developed for OIA and DHS personnel on the identification and investigation of fraud. The goal of this training is to improve the fraud referrals received from the DHS customer contact workers and to improve the investigative skills of the OIA fraud staff.
- **Data Analytics:** OIA has established a computerized method for the identification of fraud. The second goal of this grant is to enhance the efficiency and effectiveness of this system by including additional data sources and refining the existing fraud lead generating system to improve the quality of the leads.

**Restricted Receipt Changes****(\$300,000)**

- **Health Insurance Market Integrity:** The FY2021 Revised Budget reduces restricted receipts by \$8.3 million reflecting the unused appropriation for sub-awards, which was included in the FY2021 Budget as Enacted as part of the projected increase from the Health Insurance Market Integrity Fund (HIMIF). The Health Insurance Market Integrity Fund (HIMIF) is funded by taxpayer penalty payments for not maintaining minimum essential health insurance coverage. The fund supports the State's reinsurance program.
- **Regional Greenhouse Gas Initiative:** The FY2021 Revised Budget includes \$8.1 million in restricted receipts for grant awards as part of the Regional Greenhouse Gas Initiative (RGGI). This reflects an increase of \$4.8 million from the FY2021 Budget as Enacted. The Regional Greenhouse Gas Initiative (RGGI) is a cooperative effort by Northeastern and Mid-Atlantic states that requires member states to reduce carbon dioxide (CO<sub>2</sub>) emissions from large fossil fuel-fired electric power plants to help address climate change. Central to this initiative is the implementation of a multi-state "cap-and-trade" program with a market-based, emissions trading system. The increase in funds were a result of the regional carbon market auctions. The annual RGGI proceeds fluctuate based upon the pricing from the quarterly competitive auctions with regulated energy users within New England and Mid-Atlantic States. The Office of Energy Resources received more revenues than in past RGGI auction program years.
- **Information Technology:** The FY2021 Revised Budget includes \$12.4 million in restricted receipts for information technology improvements, reflecting \$2.9 million more for the Information Technology Investment Fund (ITIF) to finance the maintenance and capital purchases state information technology projects.
- **Restoration and Replacement:** The FY2021 Revised Budget increases restricted receipts by \$300,000 for building maintenance and repair work under the restoration and replacement insurance coverage account.

**Rhode Island Capital Fund (RICAP) Changes****(\$270,000)**

The FY2021 Revised Budget decreases Rhode Island Capital Plan funds by \$270,000 based on current expenditures and projections on the following various projects:

- **Cannon Office Building:** The Budget removes \$170,000 to reflect actual estimated project expenses.
- **Washington County Government Center:** The Budget decreases funding by \$100,000 to reflect actual estimated project expenses.

## DEPARTMENT OF BUSINESS REGULATION

### **COVID-19 Response**

**(\$1.7 million)**

The Revised Budget includes \$3.7 million from federal funds for the Department's COVID-19 response programming. The FY2021 Enacted Budget included \$1.7 million in general revenues and \$2.7 million in federal funds for COVID-19 enforcement and inspections and other regulatory work. The Revised Budget shifts the funding entirely to federal funds, saving \$1.7 million in general revenues, and updates the expenses associated with the various programs. The net change is an all funds reduction of \$769,915.

### **Third Quarter Report**

**(\$750,000)**

The Revised Budget includes \$750,000 in general revenue savings (\$2.2 million all funds) based on the Department's third quarter projections, including a \$488,130 reduction in personnel spending and a \$261,870 reduction in operating costs.

## DEPARTMENT OF LABOR AND TRAINING

### **Federal Funds Changes**

**\$1,263.4 million**

The Budget includes an additional \$1,263.4 million in federal funds within the Department of Labor and Training including the following:

- **Unemployment Benefits/Administration:** The Budget includes \$2,225.7 million in federal funds and \$423.2 million in other funds for unemployment insurance benefits; an increase of \$1,254.7 million and \$8.1 million respectively from the FY2021 Enacted Budget. These additional funds were required in FY2021 due to the COVID-19 pandemic. The Department experienced an uptick in individuals applying for unemployment insurance requiring additional federal funds to meet the demand for the additional claims. The federal funds increase includes an additional \$13.3 million for related to additional administrative costs due to the increase in unemployment benefit cases.

The federal government also made a number of changes to unemployment insurance regulations as a result of the pandemic, including increasing the length of time a person may collect unemployment insurance up to 79 weeks and including an additional supplemental payment for eligible individuals. Beginning in April 2020 the Department of Labor and Training was authorized to provide supplemental payments to individuals collecting unemployment. This additional payment was \$600/week from April 4, 2020, through July 31, 2020. An additional payment of \$300/week began again on January 2, 2021, and has been extended through September 4, 2021, at a rate of \$300/week.

- **Back to Work RI Shift:** The Budget shifts \$9.5 million in federal funds for the Back to Work RI program from FY2021 to FY2022.
- **Skills RI Recruitment:** The Budget includes a reduction of \$787,685 in federal funds for the Governor's Workforce Board Skills RI Recruitment Program. These funds were inadvertently included in the FY2021 Budget.

## DEPARTMENT OF REVENUE

### **Personnel and Operational Savings**

**(\$850,000)**

The Budget includes a net \$850,000 savings in FY2021 related to personnel and operating expenditures. Based on recent historic personnel spending levels, the Department of Revenue (DOR) projects \$1.0 million in turnover savings across three of its Divisions. The Budget also includes \$150,000 in additional spending

related to the relocation and reopening of the Division of Motor Vehicle's Westerly operations. The DMV has been providing limited services to the public on Fridays on the second floor of the Westerly Town Hall since 2012. In March 2020, the DMV closed the satellite because customer volume had become too disruptive to other Town Hall operations. The additional funding will be used to cover the costs of moving to a new location and installing the information technology infrastructure required to operate.

**Tax Increment Financing (restricted receipts) \$355,561**

The Budget adds \$355,561 in restricted receipts in FY2021 related to cover the projected FY2021 expenditures for the first projects eligible for Tax Increment Financing reimbursements.

**Pandemic Relief (federal funds) Informational**

For FY2021, the Budget includes \$46.1 million of federal Coronavirus Relief Funds (CRF) funds, equivalent to the enacted level, to assist businesses impacted by the pandemic. In response to increased COVID-19 infections the Governor initiated a three-week "pause" in November 2020 that reclosed many restaurants, gyms, and other businesses. To mitigate the financial impact, the Governor used \$46.1 million in CRF funds to provide direct relief payments to these businesses. The program is administered by the Director of Revenue and uses the Division of Taxation's refund payment system to get money to businesses. The FY2022 Budget does not include funding for this program.

Initiative	FY2021 Enacted	FY2021 Revised	Total	Change		
				EOC	DOR	DOA
EOC - Restore RI Business Support Grants	\$65,500,000	\$4,000,000	(\$61,500,000)	(\$61,500,000)	-	-
EOC - Restore RI Business Interruption Grants	55,800,000	-	(55,800,000)	(55,800,000)	-	-
EOC - Restore RI H.Ar.T.	20,000,000	-	(20,000,000)	(20,000,000)	-	-
EOC - Governor's Small Business Relief Initiative	-	30,000,000	30,000,000	30,000,000	-	-
DOA - Restore RI Transfer	-	87,363,916	87,363,916	-	-	87,363,916
DOR - Restore RI H.Ar.T	-	19,936,084	19,936,084	-	19,936,084	-
DOR - Restore RI H.Ar.T additional funding	-	26,163,916	26,163,916	-	26,163,916	-
<b>Total</b>	<b>\$141,300,000</b>	<b>\$167,463,916</b>	<b>\$26,163,916</b>	<b>(\$107,300,000)</b>	<b>46,100,000</b>	<b>87,363,916</b>

**OFFICE OF THE LIEUTENANT GOVERNOR**

**Turnover (\$140,000)**

The Budget as Enacted includes a general revenue appropriation of \$907,306, a reduction of \$140,000 reflecting increased turnover savings resulting from the March 2021 appointment of a new Lieutenant Governor and the complete change in staff that created several vacancies within the Office.

**OFFICE OF THE SECRETARY OF STATE**

**Federal HAVA Grant (federal funds) \$1.4 million**

The Office of the Secretary of State received two federal Help America Vote Act (HAVA) awards to assist the state with the upcoming federal 2020 elections. The first award predates the COVID-19 pandemic in 2018 and was intended to modernize the election systems, the second award was authorized for the same purposes, to modernize and secure the 2020 federal election cycle. Total federal HAVA awards received is \$6.2 million. A total of \$2.7 million has been appropriated with another \$1.4 million included in the FY2021 Revised Budget.

The Budget includes \$1.8 million for FY2022, leaving the award balance of \$330,083 that must be expended on state election assistance items prior to September 2024.

<b>HAVA Award Revenue</b>	
2018 HAVA Award	\$3,000,000
2020 HAVA Award	3,216,181
<b>Total HAVA Award</b>	<b>\$6,216,181</b>

<b>Expenditures</b>	
FY2019 Actual	\$907,311
FY2020 Actual	1,358,787
FY2021 Appropriation	389,155
FY2021 Appropriation - GBA 4/19/21	1,420,845
FY2022 Appropriation	1,810,000
<b>Total</b>	<b>\$5,886,098</b>

HAVA Award Balance **\$330,083**

**Center for Election Innovation Research (restricted receipts) \$632,189**

The FY2021 Revised Budget increases restricted receipts by \$632,189 in FY2021, reflecting the receipt of a grant from the Center for Election Innovation Research for voter education, information, and outreach for the November 2020 elections. The Center for Election Innovation & Research (CEIR) initiated the Voter Education Grant Program In September 2020, to support states' efforts to provide nonpartisan, accurate, and official voting information to the public. The grant program was specifically targeted to help states provide voters information about voting options, polling places and hours, and how to successfully cast their ballot during the 2020 general election.

**OFFICE OF THE GENERAL TREASURER**

**Crime Victims Compensation Program \$435,000**

The FY2021 Revised Budget increases general revenue and decreases restricted receipts by \$435,000 to support the Crime Victims Compensation Program. The Office of the General Treasurer requested increased general revenue appropriations in the FY2021 Revised Budget for claim payments to compensate for the declining restricted receipts court revenue and federal funds. This increases the total general revenue appropriation to \$832,498 and reduces total restricted receipts to \$603,448.

**Unclaimed Property Expenses (restricted receipts) \$5.4 million**

Based on the Office of the General Treasurer's testimony received during Revenue Estimating Conference conducted in May 2021, the FY2021 Revised Budget increased the net restricted receipt expenditures in the Unclaimed Property program by \$5.4 million.

<b>Unclaimed Property Accounts</b>	<b>FY2021 Enacted</b>	<b>FY2021 Revised</b>	<b>Change to Enacted</b>
Rate Reimbursement Charge	\$10,300,000	\$15,600,000	\$5,300,000
Refunds/Bad Debt	12,900,000	13,000,000	100,000
Change in Liability	222,548	222,548	-
<b>Total</b>	<b>\$23,422,548</b>	<b>\$28,822,548</b>	<b>\$5,400,000</b>

The transfer to the General Fund increases by \$5.3 million, claim payouts increase by \$100,000, and the change in liability (the amount required by general accounting rules that the fund must carry forward to the next fiscal year for claim payouts) remains as enacted, resulting in an increase of \$5.4 million. [\$5,300,000 + \$100,000 + \$0 = \$5,400,000].

**Frontline Heroes Fund (other funds) \$100,000**

The FY2021 Revised Budget increases other funds by \$100,000 to support a new "Frontline Heroes Fund" scholarship initiative that was announced by the General Treasurer on March 3, 2021. The program will provide \$2,500 in a CollegeBound Saver account to any dependent child under the age of 25 of a frontline worker who has passed from COVID-19. The fee that is supporting the Frontline Heroes Fund is a flat fee

paid by Ascensus as one of the terms of their contract, paid from their profits as a company across all lines of businesses.

## BOARD OF ELECTIONS

### Third Quarter Report

**(\$500,000)**

The Budget decreases general revenue by \$500,000 based on anticipated personnel savings as stated in the third quarter report.

## EXECUTIVE OFFICE OF COMMERCE

### Rebuild RI

**\$15.0 million**

The FY2021 Supplemental Budget provides \$15.0 million more in one-time general revenue than the FY2021 Budget as Enacted funding level. The Rebuild Rhode Island program uses both tax credit and sales tax exemption to promote investment in real estate development for commercial and/or residential use. The Commerce Corporation has awarded \$206.7 million in combined tax credits and sales tax exemptions. Appropriated general revenue is set aside in the Rebuild RI Fund. On an annual basis, the Commerce Corporation works with the Executive Office of Commerce (EOC), the Department of Administration, and the Division of Taxation to determine the availability of funds to award new tax credits and sales tax exemptions. The Director of Revenue requests the amounts necessary to offset the revenue loss that occurs the credits and exemptions are exercised.

Rebuild RI Tax Credits and Exemptions		
Budget	Appropriation	Awarded
2016 Enacted (Final)	\$1,000,000	\$32,944,041
2017 Enacted (Final)	25,000,000	56,334,991
2018 Enacted (Final)	12,500,000	38,266,656
2019 Enacted (Final)	11,200,000	14,617,222
2020 Enacted (Final)	-	13,342,889
2021 Enacted	22,500,000	51,184,991
<i>Subtotal - Activity to Date</i>	<i>\$72,200,000</i>	<i>\$206,690,790</i>
2021 Revised	37,500,000	-
2022 Enacted	52,500,000	-
<b>Total</b>	<b>\$139,700,000</b>	<b>\$206,690,790</b>

The following table provides the estimated obligations and annual drawdowns by fiscal year. It also shows an appropriation scenario that sufficiently covers planned draw down activity. The combined FY2021 and FY2022 investment of \$95.0 million reduces the amount of out-year appropriations, originally planned to average \$25.0 million annually, necessary to cover the draw downs and leave a reasonable ending balance, for the following fiscal year.

Estimated Cash Flow Summary for Rebuild RI											
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Beginning Balance	\$48.2	\$38.7	\$53.9	\$72.3	\$56.4	\$35.6	\$23.4	\$19.8	\$22.9	\$20.9	\$14.2
Combined Draw Downs*	(9.5)	(22.3)	(39.1)	(30.9)	(35.8)	(22.2)	(13.6)	(6.9)	(2.0)	(6.7)	0.0
Estimated Appropriation^	<b>0.0</b>	<b>37.5</b>	<b>57.5</b>	<b>15.0</b>	<b>15.0</b>	<b>10.0</b>	<b>10.0</b>	<b>10.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Ending Balance	38.7	53.9	72.3	56.4	35.6	23.4	19.8	22.9	20.9	14.2	14.2

\*Includes tax credits and sales tax exemptions. Amounts take into consideration all projects as of May 10, 2021.

^ Appropriation levels for FY2023 through FY2030 have been chosen for demonstration purposes only. The appropriation amounts are Senate Fiscal Staff estimates chosen to demonstrate out-year impacts.

### Personnel Savings

**(\$123,979)**

The FY2021 Supplemental Budget includes \$123,979 in savings within the EOC based on recent historical personnel expense levels. The EOC averaged 2.3 vacancies through May 2021 and the savings is approximately equivalent to 1.0 FTE position.

### Pandemic Relief – Restore RI (federal funds)

**(\$107.3 million)**

The Budget includes a net reduction of \$107.3 million in FY2021. These reduction primarily reflects the shifting of Coronavirus Relief Funds (CRF) from the Executive Office of Commerce to the Department of Administration (DOA) and the Department of Revenue in FY2021.

Initiative	FY2021 Enacted	FY2021 Revised	Total	Change		
				EOC	DOR	DOA
EOC - Restore RI Business Support Grants	\$65,500,000	\$4,000,000	(\$61,500,000)	(\$61,500,000)	-	-
EOC - Restore RI Business Interruption Grants	55,800,000	-	(55,800,000)	(55,800,000)	-	-
EOC - Restore RI H.Ar.T.	20,000,000	-	(20,000,000)	(20,000,000)	-	-
EOC - Governor's Small Business Relief Initiative	-	30,000,000	30,000,000	30,000,000	-	-
DOA - Restore RI Transfer	-	87,363,916	87,363,916	-	-	87,363,916
DOR - Restore RI H.Ar.T	-	19,936,084	19,936,084	-	19,936,084	-
DOR - Restore RI H.Ar.T additional funding	-	26,163,916	26,163,916	-	26,163,916	-
<b>Total</b>	<b>\$141,300,000</b>	<b>\$167,463,916</b>	<b>\$26,163,916</b>	<b>(\$107,300,000)</b>	<b>46,100,000</b>	<b>87,363,916</b>

The Budget does not include funding for any of these programs in FY2022, representing a \$141.3 million reduction in CRF funds within the Economic Development Initiatives (EDI) program.

### **Federal Grants (federal funds)**

**(\$671,643)**

The Budget includes a net \$671,643 reduction in FY2021, and a net \$16.2 million federal funds reduction within the Housing and Community Development program in FY2022. Over half of the reduction is related to the expiration of federal pandemic housing relief that was required to be spent by the end of December 2020.

Program	FY2020	FY2021	FY2021	Change	FY2022	Change
	Actual	Enacted	Revised		Governor	
Pandemic Housing Relief	\$397,532	\$12,719,000	\$20,267,317	\$7,548,317	\$4,590,731	(\$8,128,269)
CDBG Program	3,207,011	10,177,587	3,966,781	(6,210,806)	4,096,238	(6,081,349)
Shelter Funding	1,780,723	2,130,556	1,935,591	(194,965)	1,935,981	(194,575)
Housing Opportunities for Persons with AIDS	646,882	1,924,086	757,480	(1,166,606)	757,524	(1,166,562)
Neighborhood Stabilization Program	158,823	1,122,240	474,657	(647,583)	480,339	(641,901)
<b>Total</b>	<b>\$6,190,971</b>	<b>\$28,073,469</b>	<b>\$27,401,826</b>	<b>(\$671,643)</b>	<b>\$11,860,813</b>	<b>(\$16,212,656)</b>

## **EXECUTIVE OFFICE OF HEALTH AND HUMAN SERVICES**

### **May 2021 Caseload Estimating Conference and DSH**

**(\$53.5 million)**

The Revised Budget includes \$53.5 million in general revenue savings (\$13.6 million all funds) to reflect the results of the May 2021 Caseload Estimating Conference (CEC) and other adjustments to the Medicaid program. The Revised Budget assumes total Medicaid spending of \$2,690.3 million in FY2021, including \$886.4 million from general revenues. The favorable variance compared to the Enacted Budget is due to lower projected long-term care expenses and the extension of an enhanced federal Medicaid match through the fourth quarter of FY2021. The Revised Budget also assumes the application of the enhanced match to the Disproportionate Share Hospital (DSH) payment, generating an additional \$9.3 million in general revenue savings.

Medical Assistance	FY2021 Enacted		FY2021 Final		Change to Enacted	
	GR	AF	GR	AF	GR	AF
Hospitals - Regular	\$22,478,338	\$55,937,481	\$21,142,704	\$54,200,000	(\$1,335,634)	(\$1,737,481)
Hospitals - DSH	66,290,193	142,301,035	57,004,543	142,301,035	(9,285,650)	-
Nursing/Hospice Care	150,808,350	363,000,000	131,007,240	327,600,000	(19,801,110)	(35,400,000)
Home/Community Care	35,313,250	85,000,000	35,591,100	89,000,000	277,850	4,000,000
Managed Care	311,503,420	795,200,000	303,368,499	802,800,000	(8,134,921)	7,600,000
Rhody Health Partners	119,564,936	285,600,000	116,287,620	288,800,000	(3,277,316)	3,200,000
Rhody Health Options	55,163,670	132,600,000	51,037,530	127,400,000	(4,126,140)	(5,200,000)
Medicaid Expansion	68,508,350	640,790,064	71,362,396	665,900,000	2,854,046	25,109,936
Pharmacy	(78,856)	(791,566)	(39,990)	(100,000)	38,866	691,566
Clawback	65,723,517	65,723,517	58,100,000	58,100,000	(7,623,517)	(7,623,517)
Other Medical Services	44,676,532	138,534,296	41,558,476	134,300,000	(3,118,056)	(4,234,296)
<b>Total</b>	<b>\$939,951,700</b>	<b>\$2,703,894,827</b>	<b>\$886,420,118</b>	<b>\$2,690,301,035</b>	<b>(\$53,531,582)</b>	<b>(\$13,593,792)</b>

### **United Health Infrastructure Project (UHIP)**

**\$1.1 million**

The Revised Budget adds \$1.1 million from general revenues to reflect the updated expenses and federally-approved cost allocation for the United Health Infrastructure Project (UHIP) in FY2021. This also includes



a \$1.5 million reduction in federal funds and an additional \$166,125 in restricted receipts for a net all funds reduction of \$216,927. The Budget accounts for other changes to the UHIP cost allocation within the Departments of Human Services and Administration and there is no net general revenue impact to the State.

**COVID-19 Personnel** **(\$430,000)**

The Revised Budget shifts \$430,000 from general revenues to federal funds to reflect personnel expenses which are allocable to federal stimulus funds in response to the COVID-19 pandemic.

**COVID-19 Response** **\$180,000**

The Revised Budget includes \$180,000 from general revenues (\$55.7 million all funds) for the Executive Office's COVID-19 response programming. The Enacted Budget included \$38.9 million from federal funds to support a number of COVID-19 relief programs for health and human services providers. The Revised Budget includes an additional \$180,000 from general revenues and \$16.6 million from federal funds to reflect updated expenses for existing programs and account for new programs that were announced after the FY2021 Budget was enacted.

**Consent Decree** **(\$129,000)**

The Revised Budget removes \$129,000 in general revenue funding (\$258,000 all funds) to reflect the Executive Office's third quarter projections for the Consent Decree Court Monitor and Coordinator contracts. This reduces the total general revenue cost for the two contracts from \$275,000 to \$146,000. The Coordinator position was vacant through March 2021 and the Court Monitor did not charge the full amount that was included in the Enacted Budget.

**DEPARTMENT OF CHILDREN, YOUTH, AND FAMILIES**

**COVID-19 Personnel** **(\$1.5 million)**

The Revised Budget shifts \$1.5 million from general revenues to federal funds to reflect the allocation of Juvenile Corrections personnel expenses to federal Coronavirus Relief Funds in response to the COVID-19 pandemic.

**Enhanced Federal Match** **(\$1.3 million)**

The Revised Budget includes \$1.3 million in general revenue savings to reflect the extension of the enhanced Federal Medical Assistance Percentage (FMAP) for the fourth quarter of FY2021. Pursuant to the Families First Coronavirus Response Act (FFCRA), the enhanced rate shifts an additional 6.2 percent of Medicaid and Title IV-E expenses from general revenues to federal funds during the COVID-19 public health emergency. The FY2021 Enacted Budget included three quarters of savings, based on current law at the time. The enhanced rate was extended for another quarter in January 2021.

**CAA Mandate** **\$450,000**

The Revised Budget includes \$450,000 from general revenues and \$1.8 million in federal Chafee funds to fund a mandate included in the federal Consolidated Appropriations Act (CAA) of 2021 to support young adults aging out of foster care during the COVID-19 pandemic. The Act requires that states provide services and case management to youth who turned 21 during the pandemic and would normally have lost the supports available through the Department.

**COVID-19 Response** **\$327,910**

The Revised Budget includes \$327,910 from general revenues (\$3.1 million all funds) for the Department's COVID-19 response programming. The Enacted Budget included \$2.9 million from federal funds to support a number of COVID-19 relief programs to support youth and families involved with the Department. The Budget updates the costs associated with these programs and shifts \$327,910 associated with an intake center for COVID-positive youth to general revenues.

**Third Quarter Report****\$205,000**

The Revised Budget adds \$205,000 from general revenues based on the Department's third quarter projections for operating, assistance and grants, and contracted services expenditures. This is the net of a \$1.9 million increase in expenses for rent, insurance, travel, and equipment; \$1.4 million in savings related to lower projected placement costs; and a \$379,445 reduction for contracted staff support.

**DEPARTMENT OF HEALTH****COVID-19 Response****(\$77.6 million)**

The Revised Budget reduces general revenues by \$77.6 million for expenditures related to the COVID-19 pandemic. COVID-19 related expenses are now fully funded by federal dollars and do not require any matching state funds. In February 2021, the Federal Emergency Management Agency (FEMA) announced that all work that is eligible under FEMA's existing COVID-19 policies are reimbursable with a 100.0 percent federal share, rather than the typical 75.0 percent reimbursement.

**DEPARTMENT OF HUMAN SERVICES****Veterans' Services****(\$2.3 million)**

The Budget includes a savings of \$2.3 million within Veterans' Services. Due to the COVID-19 pandemic, the Department was able to shift the cost of clinical contract staff from general revenue to federal FEMA funds.

**RI Bridges****(\$1.1 million)**

Pursuant to the Governor's Budget Amendment dated May 21, 2021, the Budget removes \$1.1 million from general revenues to reflect the updated expenses and federally-approved cost allocation for RI Bridges, formerly the Unified Health Infrastructure Project (UHIP), in FY2021. This also includes a \$3.5 million reduction in federal funds for a net all funds reduction of \$4.5 million. The Budget accounts for other changes to the UHIP cost allocation within the Executive Office of Health and Human Services and the Department of Administration and there is no net general revenue impact to the State.

**Third Quarter Report****\$838,051**

Pursuant to the Department's third quarter report, the Budget includes an additional \$838,051 for personnel and operating expenses. This increase is mainly related to additional personnel costs within the Department's Individual and Family Support program.

**May Caseload Estimating Conference****(\$774,563)**

The May 2021 Caseload Estimating Conference led to a general revenue decrease of \$774,563 and a federal funds decrease of \$12.5 million from the November 2020 Caseload Estimating Conference. The general revenue decrease is due to a \$613,163 decrease in Child Care Assistance, an \$88,016 decrease in General Public Assistance (GPA), and a \$73,384 decrease in the Supplemental Security Income (SSI) Program. The federal funds decrease is due to a \$9.4 million decrease in Child Care Assistance and a \$3.1 million decrease in RI Works. The decrease in Child Care Assistance is due to an estimated decrease of 1,175 subsidies, the decrease in RI Works is due to an estimated decrease of 1,200 subsidies, the decrease in SSI is due to an estimated decrease of 263 subsidies, and the decrease in GPA is due to an estimated decrease of 26 subsidies.

**Federal Funds Changes****(\$3.4 million)**

The Budget includes a net increase of \$4.6 million in federal funds for:

- **CAA Child Care Block Grant:** The Budget includes an increase of \$17.1 million in federal funds from the Consolidated Appropriations Act (CAA) for the Department's Child Care Block Grant. These funds are used to assist child care centers that were operating during the pandemic.

- **May Caseload Estimating Conference:** The Budget includes a \$12.5 million decrease relative to the November 2020 Caseload Estimating Conference. The federal funds decrease is due to a \$9.4 million decrease in Child Care Assistance and a \$3.1 million decrease in RI Works.
- **Relief Funding:** The Budget includes an additional \$4.4 million in Coronavirus Relief Funding to support child care and quarantine and isolation costs for child care centers.
- **RI Bridges Shift to EOHHS:** The Budget shifts \$3.5 million from the Department of Human Services to the Executive Office of Health and Human Services to accurately reflect spending for RI Bridges, formerly Unified Health Infrastructure Project (UHIP).
- **Veterans' Services Relief Funds:** The Budget includes \$2.8 million in Coronavirus Relief fund and FEMA funds within the Veterans' Services program. These funds support additional costs at the Veterans' Home related to the COVID-19 pandemic.
- **LIHEAP Funding Shift:** The Department anticipates spending \$2.6 million in Low Income Home Energy Assistance Program (LIHEAP) funds in FY2021. The Budget shifts the remaining \$3.3 million in unspent funding to FY2022.
- **Healthy Aging:** The Budget includes a decrease of \$471,454 for grants within the Office of Healthy Aging. This decrease is related to actual grant amounts that were available in FY2021.

***Paratransit Program (other funds)***

***(\$426,769)***

The Budget includes \$4.0 million in other funds, a decrease of \$426,769 from the FY2021 Budget as Enacted, to support the Department's Paratransit Program run by the Office of Healthy Aging. The FY2021 Budget as Enacted including funding for this Program that was consistent with the Department's FY2021 Revised Budget request. The FY2021 Supplemental Budget decreases this funding such that it is in line with the most recent gas tax estimate from the Office of Revenue Analysis (ORA). The Office of Healthy Aging receives one penny of the gas tax to support its Paratransit Program. As of May 2021, the ORA expects the motor fuel tax to generate a per penny yield of \$4.0 million in FY2021 consistent with what is include in the FY2021 Supplemental Budget.

**DEPARTMENT OF BEHAVIORAL HEALTHCARE, DEVELOPMENTAL DISABILITIES, AND HOSPITALS**

***Eleanor Slater Hospital***

***\$12.7 million***

The Revised Budget adds \$12.7 million from general revenues to account for the final projected FY2021 expenses at Eleanor Slater Hospital. The FY2021 Budget as Enacted included \$10.0 million in general revenue savings to reflect the anticipated approval of a Medicaid State Plan Amendment (SPA) requesting the reinstatement of federal financial participation for certain patients. The Governor's Revised Budget adjusted the estimate to \$6.7 million and restored \$3.3 million of the savings, accordingly. The General Assembly further revised the estimate to \$2.2 million, restoring an additional \$4.5 million of the savings. The General Assembly also corrected an error that incorrectly allocated some expenses to federal dollars. The Revised Budget shifts another \$4.9 million to general revenues, accordingly.

***Enhanced FMAP***

***(\$4.1 million)***

The Revised Budget includes \$4.1 million in general revenue savings to reflect the extension of the enhanced Federal Medical Assistance Percentage (FMAP) for the fourth quarter of FY2021. Pursuant to the Families First Coronavirus Response Act (FFCRA), the enhanced rate shifts an additional 6.2 percent of Medicaid expenses from general revenues to federal funds during the COVID-19 public health emergency. The FY2021 Enacted Budget included three quarters of savings, based on current law at the time. The enhanced rate was extended for another quarter in January 2021.

***Hospital License Fee*** ***(\$957,450)***

The Revised Budget includes a general revenue reduction of \$957,450 to reflect the assessment of the hospital license fee at Eleanor Slater Hospital. The FY2021 Enacted Budget accounted for a general revenue payment of \$6.8 million. The actual fee assessed in FY2021 was \$5.9 million.

***COVID-19 Response (federal funds)*** ***\$1.7 million***

The Revised Budget includes \$4.8 million in federal funds for the Department's COVID-19 response programming. The FY2021 Enacted Budget added \$3.1 million for mental health and substance use programs. The Revised Budget includes an additional \$1.7 million from federal funds to reflect updated expenses for existing programs and account for new programs that were announced after the FY2021 Budget was enacted.

***Suicide Prevention Grant (restricted receipts)*** ***\$100,000***

The Revised Budget increases restricted receipts by \$100,000 to reflect the receipt of a grant to launch a suicide prevention hotline. BHDDH has received funding from the Vibrant Emotional Health's National Suicide Prevention Lifeline to support the State's coordination, capacity, funding, and communication strategies for the launch of a national suicide prevention hotline.

**COMMISSION ON THE DEAF AND HARD OF HEARING*****Third Quarter Report*** ***\$60,000***

The Budget adds \$60,000 from general revenues to reflect an increased need for interpreter services due to the COVID-19 pandemic.

**ELEMENTARY AND SECONDARY EDUCATION*****Textbook Aid*** ***(\$216,685)***

The State reimburses districts for the cost of providing free English/language arts and history/social studies textbooks to students in kindergarten through 12<sup>th</sup> grade who reside in the community. The FY2021 Budget as Enacted provided \$240,000 in state funding for the reimbursement of costs for textbooks. The Budget reduces funding for this program by \$216,685 to reflect actual costs in FY2021.

***Group Home Aid*** ***\$153,000***

The Group Home aid category was created by the General Assembly in 2001 to provide state support to districts hosting group homes in exchange for relieving the resident sending district of financial responsibility for students placed in group homes. The Group Home aid category provides \$17,000 annually per bed, except for group home beds associated with Bradley Hospital Children's Residential and Family Treatment (CRAFT) Program, which received \$26,000 per bed. Based on the final December 31, 2020, report from the Department of Children, Youth, and Families, the FY2021 Revised Budget includes an increase of \$102,000 for Portsmouth for an increase of six beds, and \$51,000 for Providence for an increase of three beds.

***School for the Deaf*** ***\$100,000***

Based on the Department's third quarter report, the Budget includes an additional \$100,000 to fund ongoing personnel operating costs, including contract costs provided through the most recent labor contract that were never fully funded in the budget.

***COVID Grant Correction (federal funds)*** ***(\$9.9 million)***

The Department received \$10.9 million in Rethink K-12 Education Models grant funding from the US DOE as part of the CARES Act package for states that were hardest hit by COVID. The grant funds can be used over three years. The FY2021 Budget as Enacted included all the funds in one fiscal year, despite the

Department only expecting to spend \$1.0 million in FY2021; consequently, the Budget shifts funding into FY2022 and FY2023. The funding will be used for the following:

- **Advanced Course Network (ACN):** To triple the size of the ACN, expand the program to all grade levels, expand course offerings, offer virtual dual enrollment course, and expand the College Readiness Project courses in math and ELA for 8<sup>th</sup> and 12<sup>th</sup> graders.
- **High-Quality Instructional Materials:** To add materials in core subject areas and provide professional development for teachers to use the materials successfully.
- **Counselors:** To imbed more school counselors in high poverty communities.
- **Enrollment Platform:** To build a user-friendly online platform to serve as one-stop-shopping for RIDE's statewide course options.

***Mental Health Teacher Training Health and Achievement (restricted receipts) \$590,000***

The Budget restores \$590,000 in restricted receipts from the Opioid Stewardship Fund to support mental/behavioral health training, curricula, and materials to increase in-classroom training resources. The enhanced training is intended to help teachers intervene more effectively when students show signs of challenges and allow teachers to teach students behavioral health skills. Of the total funding, \$330,000 will be used to train one individual at each school across the State as a "trainer". The remaining \$260,000 will be used to purchase materials to support each trainer in training their fellow teachers.

***Davies HVAC (RICAP funds) (\$373,500)***

The Budget reduces RICAP funding for the HVAC project at Davies Career and Technical School (Davies) by \$373,500 (\$126,500 remaining) to reflect projected expenditures. Davies had originally requested \$150,000 for FY2021. It is unclear why \$500,000 was budgeted. The \$373,500 will be moved to FY2024. This project replaces and repairs the HVAC system at the Davies Career and Technical Center. The existing equipment is over 30 years old, is inefficient, and contributes to air quality issues in a number of areas in the building.

**PUBLIC HIGHER EDUCATION**

***Rhode Island Promise (\$133,864)***

The Budget reduces funding for the Rhode Island Promise program by \$133,864 in general revenue based on updated expenditure projections. This reduction leaves a total of \$7.1 million to fund two classes in FY2021. Article 3 of the FY2018 Budget as Enacted established the program to provide students with two years of tuition and mandatory fees at the Community College of Rhode Island, less federal and all other financial aid available to the recipient. In the first year of the program, CCRI realized a 43.0 percent increase (477 students) in first-time, full-time students.

***Rhode Island Capital Plan (RICAP) Fund Changes (\$2.9 million)***

The Budget includes a net decrease of \$2.9 million in Rhode Island Capital Plan (RICAP) funding, including the following:

- **OPC – Northern RI Education Center:** The Budget as Enacted provides \$4.0 million, split between FY2021 and FY2022, to expand the RI Education Center model to Northern RI; however, since the new Center is now scheduled to open in October 2021 in Woonsocket. The Budget shifts the \$2.0 million from FY2021 into FY2022.
- **CCRI – Knight Campus Renewal:** The Budget shifts \$890,000 in funding into FY2022 and FY2023 (\$665,817 remaining). The project includes the renovation of the Knight Campus Megastructure, which was completed in 1972, including painting, door replacements, and interior and exterior upgrades. Plans include elevator upgrades, hi-tech AV upgrades, the relocation of several offices, modifications to the

cafeteria, student dining commons, student lounge, and bookstore, as well as roadway and landscape improvements to the main entrance road and facility entrance.

#### STATE COUNCIL ON THE ARTS

***Third Quarter Report (restricted receipts)*** ***(\$10,000)***

The FY2021 Budget provides an additional \$10,000 in restricted receipts for the Rhode Island Arts and Health Network (RIAHN). RIAHN was developed through collaboration of the Rhode Island Department of Health (RIDOH) and the RISCA to create and support the Rhode Island State Arts and Health Plan (Plan). The Plan outlines a strategy for fully integrating arts and arts-based therapies into healthcare and community settings through innovative and sustainable policy, practice, and research recommendations. Based on the third quarter report, these funds will not be utilized in FY2021.

***Third Quarter Report (other funds)*** ***(\$340,000)***

Based on expenditures through the third quarter, the Budget reduces funding for the State's Percent for Public Art Program by \$340,000 (\$262,000 remaining). Percent for the Arts was established in 1987 to expand the public experience of art, foster the development of artists, and create a more humane environment. It also serves to stimulate the state's economy. In accordance with Rhode Island General Law, at least 1.0 percent of state government capital construction costs are allocated for the acquisition of works of art to be placed in public places. The 1.0 percent is generally spent on the project from which the funds were derived; any amounts not expended by RISCA are retained to provide for the maintenance and restoration of existing works.

#### RHODE ISLAND HISTORICAL PRESERVATION AND HERITAGE COMMISSION

***Personnel Adjustment*** ***(\$150,000)***

The Budget includes general revenue savings for \$150,000 due to projected actual spending for salary and benefits within the Commission. As of June 2021, the Commission anticipated spending a total of \$1.6 million for salary and benefit costs, \$193,957 less than what is included in the FY2021 Enacted Budget.

***National Maritime Grant (federal funds)*** ***(\$87,903)***

The Budget includes a correction of \$87,903 related to the National Maritime Grant. The Grant expired in FY2020 and was inadvertently included in the FY2021 Budget.

#### DEPARTMENT OF THE ATTORNEY GENERAL

***Third Quarter Report*** ***(\$175,000)***

The Budget includes general revenue savings of \$175,000 related to savings within the Department's third quarter report. The Department has experienced savings related to operating supplies and expenses due to the COVID-19 pandemic. This is mainly due to employees working from home and reduced travel costs due to travel restrictions. An additional \$755,154 in federal funds were also not needed in FY2021 and are removed.

***Fingerprint Checks (restricted receipts)*** ***\$1.2 million***

The FY2021 Supplemental Budget includes \$1.2 million in restricted receipts for fingerprint checks within the Bureau of Criminal Identification program. This funding was inadvertently excluded from the FY2021 Budget as Enacted and is in-line with historical funding. In FY2020 the Department spent \$1.5 million for fingerprint checks.

***RICAP- Asset Protection (other funds)*** ***(\$100,000)***

The Budget includes a \$100,000 reduction in Rhode Island Capital Plan (RICAP) Asset Protection funding for the Department. The FY2021 Budget as Enacted included \$177,791 in RICAP funding for building repairs, as of June 2021, the Department has spent \$27,000 leaving a balance of \$150,791.

**DEPARTMENT OF CORRECTIONS*****COVID-Related Personnel Cost Shift*** ***(\$51.9 million)***

The Budget shifts \$51.9 million in salary and benefit costs from general revenues to federal funds for COVID-19 related personnel costs. This is a shift of funding from general revenue to Coronavirus Relief Funds (CRF) to cover CRF eligible personnel expenses incurred within the Department. According to a memorandum from the Office of Management and Budget, dated November 12, 2020, \$123.8 million in CRF dollars have been allocated to cover CRF eligible personnel expenses incurred in FY2020 by public health and public safety personnel dedicated to Rhode Island's COVID-19 response. The Governor's Budget shifted \$44.7 million in personnel costs from general revenue to CRF; this additional shift brings the total CRF personnel costs to \$51.9 million in FY2021.

***Population Related Savings*** ***(\$698,339)***

The Budget includes a decrease of \$698,339 due to population and per-diem related expenses, which fluctuate depending on the number of inmates. The FY2021 Enacted Budget was based on a population of 2,267 inmates. The Department's third quarter report was based on a total inmate population of 2,155, a decrease of 112 inmates.

**JUDICIARY*****Defense of Indigent Persons*** ***(\$941,786)***

Based on the Department's third quarter report, the Budget includes a decrease of \$941,786 (\$4.1 million total general revenue remaining) for the Defense of Indigent Persons to reflect actual costs. The program is designed to provide private attorneys to indigent persons after the filing of written certification by the Office of the Public Defender verifying the person's inability to pay for counsel and the existence of a conflict of interest on the part of that office in accepting the individual as a client. The program was less active in FY2021 due to the pandemic; however, the Judiciary asked that \$392,438 of this surplus be shifted into FY2022 for an expected surge.

***Jurors Fees and Expenses*** ***(\$198,061)***

Based on the Department's third quarter report, the Budget decreases jurors fees and other costs by \$198,061 to reflect updated expense projections. These expenses are expected to return to normal in FY2022 when capacity and social distancing restrictions are lifted.

***Pay-Go Judges' Pensions*** ***(\$120,153)***

The Budget reduces general revenue funding for pay-go pensions by \$120,153 throughout the system to reflect the cost reduction projected by the Judiciary in the FY2021 third quarter report. Pay-go pensions support judges hired before 1990 who are not part of the state employees' retirement system.

***New State Court Improvement Program (CIP) Grant (federal funds)*** ***\$99,731***

The Budget includes \$99,731 for the new Court Improvement Program (CIP) grant from the federal Office of the Administration for Children & Families to allow the Department to address safety, permanence, and well-being needs of children stemming from the COVID-19 public health emergency in a timely manner. Uses may include technology investments to facilitate the transition to remote hearings for dependency courts when necessary as a direct result of the pandemic; training for judges, attorneys, and caseworkers on facilitating and participating in remote hearings such that the hearings comply with due process and all

applicable laws; programs to help families with case plans to avoid delays in the legal proceedings; and, other related activities.

## MILITARY STAFF

### **National Guard Activation (federal funds) (\$5.5 million)**

The FY2021 Budget as Enacted included \$5.5 million in COVID-19 Relief funds for 502 soldiers and for 2 soldiers that are under State Active Duty (SAD) that were federally-activated and funded 100.0 percent through the United States Department of Defense (USDOD). The Budget as Enacted assumed that the positions would be funded on a 25/75 percent basis with 75.0 percent funded from CARES Act funds and Federal Emergency Management Agency (FEMA) funds. The State was required to contribute 25.0 percent matching share and that funds from the CARES Act would be used to provide the required 25.0 percent state share/match.

However, while the National Guard is continuing to play an important role in the State's COVID response, federal funding for the National Guard's federal missions was increased from 75 percent to 100 percent as well as FEMA funding for State incurred eligible expenditures was increased from 75 percent to 100 percent. Therefore, the costs for activating the soldiers was fully paid by USDOD federal non-CARES Act funds and did not require the State to use CARES Act funds for this purpose.

## RHODE ISLAND EMERGENCY MANAGEMENT

### **COVID-19 Response (federal funds) \$7.2 million**

The FY2021 Revised Budget includes \$39.6 million in federal funds awarded through the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act for pandemic response and recovery activities. This reflects an increase of \$7.2 million from the FY2021 Budget as Enacted.

The Revised Budget increases personnel expenses \$827,809 and increases operating expenses by \$6.3 million resulting in a net federal fund increase of \$7.2 million to reflect expenses projected by RIEMA in response to the COVID-19 pandemic. On March 13, 2020, the President of the United States declared a nationwide emergency relating to the COVID-19 pandemic. Under such federal declaration, referred to as the Stafford Act, federal disaster activities are assumed by the Federal Emergency Management Agency (FEMA). Such activities and assistance allow the State to qualify for a 75.0 percent reimbursement of certain emergency-related expenses. The expenses incurred include personal protective equipment (PPE), ventilators, and the establishment of emergency field hospitals.

<b>Personnel - Federal COVID-19 Response</b>	<b>FY2021 Enacted</b>	<b>FY2021 Final</b>	<b>Change to Enacted</b>
FEMA: COVID-Related Expenses	\$175,643	\$1,200,002	\$1,024,359
Relief Fund: COVID-Related Expenses	312,059	115,509	(196,550)
Subtotal	\$487,702	\$1,315,511	\$827,809

<b>Operating - Federal COVID-19 Response</b>	<b>FY2021 Enacted</b>	<b>FY2021 Final</b>	<b>Change to Enacted</b>
FEMA: Supplies WKS: RIEMA	\$32,000,000	\$38,329,050	\$6,329,050
Subtotal			

<b>Total</b>	<b>\$32,487,702</b>	<b>\$39,644,561</b>	<b>\$7,156,859</b>
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### **Disaster and Emergency Preparedness Grants (federal funds) \$6.3 million**

The Budget includes \$9.4 million in federal funds for various federal grants and reimbursements received for storm and natural disaster events. This appropriation is \$6.3 million more than the appropriation in the FY2021 Budget as Enacted. These funds also reimburse preparedness efforts for terrorist threats, active shooters, hazardous material containment, and other emergency events. The preparedness efforts are intended to improve and enhance the State's ability to prevent, deter, respond to, and recover from threats



and incidents. Federal grant funds vary from year to year depending upon the number and severity of natural disasters and the availability of federal funds for non-disaster grants. The following table highlights the more significant changes in FY2021.

<b>RIEMA Federal Awards</b>	<b>FY2021 Enacted</b>	<b>FY2021 Revised</b>	<b>Change</b>
SHSP 2020- State Homeland Security Grant Program	\$0	\$1,327,401	\$1,327,401
Blizzard - Juno Disaster #4212	-	1,206,538	1,206,538
Nemo Blizzard 2012 Disaster Reimbursement	-	1,130,140	1,130,140
Hurricane Sandy October 2012	-	853,077	853,077
FEMA Flood Reimbursement - Fed Match - State	-	789,634	789,634
All Other Awards	3,050,255	4,081,621	1,031,366
<b>Total</b>	<b>\$3,050,255</b>	<b>\$9,388,411</b>	<b>\$6,338,156</b>

**Operating Expenses (federal funds)**

**\$1.2 million**

The Budget includes \$3.1 million in federal funds for various federally funded operating expenses. This appropriation is \$1.2 million more than the appropriation in the FY2021 Budget as Enacted.

<b>RIEMA Federal Operating</b>	<b>FY2021 Enacted</b>	<b>FY2021 Revised</b>	<b>Change to Enacted</b>
SHSP 2020- State Homeland Security Grant Program	\$0	\$737,377	\$737,377
Hazardous Materials Emergency Preparedness 2016	-	182,550	182,550
PSGP 2020- Port Security Grant Program	-	166,332	166,332
All Other Operating	1,893,366	2,030,706	137,340
<b>Total</b>	<b>\$1,893,366</b>	<b>\$3,116,965</b>	<b>\$1,223,599</b>

**DEPARTMENT OF PUBLIC SAFETY**

**COVID-19 Response (federal funds)**

**\$19.5 million**

Rhode Island received \$1.25 billion in emergency federal Coronavirus Relief Funds (CRF) to help the State respond to the COVID-19 pandemic. Guidance from the United States Treasury instructed that payroll expenses for public safety, public health, and other emergency staff that were concentrated on addressing the pandemic were presumptively considered eligible expenses under the CRF. Accordingly, the FY2021 Budget as Enacted shifted \$40.0 million in Departmental personnel expenditures to these federal funds. The Governor's FY2021 Revised Budget increases this by another \$19.5 million based on the identification of additional eligible costs after the enactment of the Budget in December 2020.

<b>Program</b>	<b>FY2020 Actual</b>	<b>FY2021 Enacted</b>	<b>FY2021 Revised</b>	<b>Change</b>	<b>FY2022 Governor</b>	<b>Change</b>
State Police	\$15.4	\$26.2	\$38.3	\$12.0	-	(\$26.2)
Sheriffs	5.8	8.4	15.1	6.7	-	(8.4)
Capitol	1.7	2.6	3.8	1.2	-	(2.6)
E-911	1.5	2.8	2.4	(0.4)	-	(2.8)
<b>Total</b>	<b>\$24.4</b>	<b>\$40.0</b>	<b>\$59.5</b>	<b>\$19.5</b>	<b>-</b>	<b>(\$40.0)</b>

*\$ in millions*

**OFFICE OF THE PUBLIC DEFENDER**

**Contracted Services**

**(\$83,000)**

The Supplemental Budget includes a general revenue appropriation of \$143,378 for contracted services. This is a decrease of \$83,000, reflecting lower contract service expenses resulting from reduced trial calendars caused by the COVID-19 Pandemic. The reduced expenses consist of \$40,000 for expert witnesses, \$36,000 for stenographic services, and \$7,000 for interpreters.

**DEPARTMENT OF ENVIRONMENTAL MANAGEMENT*****Coronavirus Relief Fund Payroll Expenses in Law Enforcement (federal funds)* **\$1.6 million****

The Budget provides an additional \$1.6 million in federal Coronavirus Relief Funds (CRF) to defray eligible payroll expenses in the Division of Law Enforcement for the first two quarters of FY2021. This allocation was omitted from the Governor's recommendation but is needed for the Department to achieve the equivalent amount of general revenue savings previously programmed into the FY2021 Budget.

***Galilee Piers (RICAP Funds)* **(\$4.0 million)****

The Budget shifts \$4.0 million in funding from FY2021 into FY2022 to adjust for the updated project schedule. The Port of Galilee is home to 170 commercial fishing vessels and provides affordable berthing spaces close to wholesale and retail seafood processing businesses. Since 2009, the Department has rebuilt numerous piers, as well as the southwest and northwest bulkhead. Current work is focused on the North Bulkhead and Docks AA-QQ. The North Bulkhead is more than 50 years old and includes 16 piers along its 1,500 foot length. The piers include berthing for vessels and businesses such as RI Engine, which provides regional vessel services, and Sea Freeze, a fish processing house with worldwide shipping.

**COASTAL RESOURCES MANAGEMENT COUNCIL*****Third Quarter Report* **(\$120,000)****

The Budget reduces general revenue by \$120,000 to reflect expenditure projections in the Department third quarter report. The savings includes about \$80,000 in turnover due to recent staff retirements and \$40,000 in legal costs.

**DEPARTMENT OF TRANSPORTATION*****COVID-19 Response (federal funds)* **\$36.0 million****

The Budget includes \$36.0 million in federal funds from the Consolidated Appropriations Act (CAA) of FY2021. The Act included additional federal funds for States as a result of the COVID-19 pandemic. The Department received \$36.0 million in CAA funding which will be used to offset \$36.0 million in Highway Maintenance Account (HMA) expenditures, and as a result, provides additional funds available for state matching.

***Turnover Savings (other funds)* **(\$5.0 million)****

The Budget increases turnover savings by \$5.0 million within the Department of Transportation. As of June 2021 the Department had 80 vacant positions. The average cost per FTE at the Department is about \$126,000. The turnover savings is equal to about 40 positions.

***Legal (other funds)* **\$3.8 million****

The Budget includes an additional \$3.8 million, \$5.1 million total, in gas tax other funds for legal services. This funding supports ongoing litigation related to the Department's RhodeWorks program tolling operations. The American Trucking Associations is suing the Department over the truck-only tolls that have been installed throughout the State.

***Other Funds Changes* **(\$1.8 million)****

The Budget includes a decrease of \$1.8 million in other funds, primarily to reflect a downward revision of the gas tax estimate from the Department of Revenue. In May 2021, the Office of Revenue Analysis estimated the gas tax per-penny yield will decrease by \$53,799 per penny in FY2021. The updated per-penny estimate yields a decrease of \$524,238 in gas tax funds that will be transferred to RIPTA, a decrease of \$188,298 that will be transferred to the RI Turnpike and Bridge Authority, and a decrease of \$1.1 million for DOT, including a decrease of \$107,598 that will be used by DOT to pay for debt service on GARVEE bonds.



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**ARTICLES**

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## **Article 1: Relating to Making Appropriations in Support of FY2022**

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Article 1 outlines the appropriation amounts from all fund sources for FY2022. In most cases, the appropriations are by fund source at the program level in each department or agency. The article includes the FTE position authorizations by department or agency. Other sections of the article outline the use of contingency funds; out-year appropriation changes in Rhode Island Capital Plan Fund projects; expenditure limits for internal service funds; and, disbursements of Lottery, Temporary Disability Insurance, and Employment Security.

This article also:

- Sets the airport impact aid formula at \$1.0 million.
- Authorizes debt payments for the I-195 Redevelopment District Commission loan.
- Authorizes 15,313.2 FTE positions, reflecting a net increase of 188.5 FTE positions as compared to the authorized level set in the FY2021 Budget as Enacted.
- Details Community Service Objective grant funding recipients and amounts.
- Prohibits the obligation or expenditure of indirect cost recoveries on federal stimulus funds in the Department of Health without the approval of the Director of the Office of Management and Budget.
- Requires that all unexpended or unencumbered balances relating to the University of Rhode Island, Rhode Island College, and the Community College of Rhode Island, be reappropriated to FY2023. In addition, the University of Rhode Island shall allocate \$700,000 to the Small Business Development Center, an increase of \$350,000 from the previous year. Also the Office of the Postsecondary Commissioner shall allocate \$7.7 million to the Rhode Island Promise Scholarship program, \$9.6 million to the Last Dollar Scholarship program, and shall allocate \$147,000 to be used for the State's membership in the New England Board of Higher Education.
- Caps the amount the Judiciary may charge five state agencies (Public Defender's Office, Office of the Attorney General, Department of Corrections, DCYF, and Department of Public Safety) for public courthouse occupancy costs at \$1.4 million. It requires the Judiciary to provide \$230,000 Rhode Island Coalition Against Domestic Violence for domestic abuse court advocacy and requires \$90,000 be provided to the Rhode Island Legal Services to provide housing and eviction defense to indigent individuals.
- Requires that Rhode Island Housing and Mortgage Finance Corporation continue to provide resources to support the Neighborhood Opportunities Program; an amount, however, is not designated. The Article requires a report be provided to the Director of Administration, chair of the Housing Resources Commission, State Budget Officer, and the chairs of the House and Senate Finance Committees on the number of housing units produced and funding.
- Includes the appropriation mechanism necessary for incremental tax revenues collected from State economic activity taxes generated in Pawtucket's Downtown Redevelopment district to be made available to the City. Legislation enacted in 2019 established several geographical districts within downtown Pawtucket that would constitute the City of Pawtucket's Downtown Redevelopment project. Any incremental tax revenues generated in these districts and are related to new economic development are to be made available to the City once an agreement is made between City and the State. This agreement was entered into in December 2020. Since the passage of the legislation CommerceRI has been certifying these revenues and the Division of Taxation has segregated them into their own account. The language makes the formal appropriation in the Budget to disburse the funds to the City of Pawtucket.

- Requires that \$50.0 million of the total amount available in the Information Technology Investment Fund (ITIF) as of July 1, 2021, be made available to for a new Enterprise Resource Planning System (ERPS) for human resources, information systems, payroll, and financial management; and requires that \$17.0 million of the total amount available in the Information Technology Investment Fund (ITIF) as of July 1, 2021, be made available to replace the Department of Children, Youth, and Families' case management information system.
- Provides \$600,000 in general revenue for the Real Jobs RI program be set aside for training for direct care and support services staff to improve resident quality care and changing health care needs. This enhanced training is intended to improve the quality of care of nursing facility residents as required in the Nursing Home Staffing and Quality Care Act, passed by the House and Senate in May 2021. The Act requires that each nursing facility have the necessary nursing service staff, both licensed and non-licensed, on a twenty-four hour basis.
- Requires \$2.0 million of the general revenue appropriation to hospitals within the Medicaid program be allocated for the Graduate Medical Education program. This includes \$1.0 million for hospitals designated as a Level I Trauma Center and \$1.0 million for hospitals providing Neonatal Intensive Care Unit level of care. These designations apply to Rhode Island Hospital and Women & Infants, respectively.
- Requires that the Director of DCYF provide status reports on its progress towards meeting the standards required for accreditation. These reports are required at least every 60 days beginning September 1, 2021, and shall be provided to the Speaker of the House and President of the Senate. The required information includes, at a minimum, data regarding recruitment and retention efforts and worker caseloads.
- Requires that \$16.8 million of the general revenue appropriation and \$23.0 million of the federal funds appropriation within the Division of Developmental Disabilities be used to provide wage increases for direct support professionals. Article 1 also requires that an additional \$1.0 million in general revenue and \$1.0 million in federal funds be expended on State infrastructure to implement and manage compliance with the Consent Decree, which shall be reappropriated to the following fiscal year if not fully expended.
- Provides \$684,000 in RIDE's administrative share of Individuals with Disabilities Education Act funds be allocated to the Paul V. Sherlock Center on Disabilities to support the Rhode Island Vision Education and Services Program.
- Provides \$750,000 in general revenue to expand access to behavioral healthcare for individuals with mental illness through the creation of a Transitional Care Unit. The Transitional Care Unit is intended be a step-down from the Department's current Residential Treatment Unit (RTU). This will help bridge the gap between individuals who need more in-depth care at the RTU due to severe and persistent mental illness, and those who would benefit from additional behavioral healthcare but do not rise to the level of the RTU.
- Includes \$15.0 million of one-time general revenue to support a new statewide body-worn camera program for law enforcement officers. On June 16, 2021, the State's political and law enforcement leadership announced support for a statewide program to put body-worn cameras on every frontline police officer and supervisor in Rhode Island. The statewide program is designed to equip approximately 1,700 of Rhode Island's uniformed patrol officers, across every municipal police department and the Rhode Island State Police, with body-worn cameras over by December 2022. All unexpended or unencumbered balances as of June 30, 2022, shall be reappropriated to FY2023.
- Clarifies that the federal funds do not include federal funds or assistance appropriated, authorized, allocated, or apportioned to the State from the State Fiscal Recovery Fund or the Coronavirus Capital Project Fund.

## APPROPRIATIONS

Article 1 makes appropriations from general revenues and authorizes expenditures of federal funds, restricted receipts, and other funds for the fiscal year ending June 30, 2022.

<u>Expenditures by Source</u>	<u>FY2020 Final</u>	<u>FY2021 Enacted</u>	<u>FY2022 Enacted</u>	<u>Change to Enacted</u>
General Revenue	\$3,937.4	\$4,153.3	\$4,550.8	\$397.5
Federal Funds	4,475.1	5,812.9	5,862.7	49.8
Other Funds	2,273.1	2,441.9	2,334.6	(107.3)
Restricted Receipts	332.1	322.3	372.7	50.4
<b>Total</b>	<b>\$11,017.7</b>	<b>\$12,730.4</b>	<b>\$13,120.8</b>	<b>\$390.4</b>

*\$ in millions. Totals may vary due to rounding.*

In addition, Article 1 provides for the annual appropriation of the Contingency Fund; Temporary Disability Insurance Funds (TDI); Employment Security (UI Trust Fund); CollegeBoundSaver Funds; and, Lottery Division funds for award winnings during FY2022.

## INTERNAL SERVICE FUNDS

Article 1 authorizes 15 specific, capped internal service accounts to permit reimbursement of costs for work or other services performed by certain departments or agencies for any other department or agency. The FY2018 Budget as Enacted established centralized accounts for each agency and allows the Department of Administration to draw upon these accounts for billable centralized services and deposit the funds into the rotary accounts under the Department of Administration. Reimbursements may only be made up to the expenditure cap for each account, as outlined below.

<u>Internal Service Account</u>	<u>FY2021 Enacted</u>	<u>FY2022 Enacted</u>	<u>Change</u>
State Assessed Fringe Benefits	\$37,505,032	\$37,626,944	\$121,912
Administration Central Utilities	27,426,989	27,345,573	(81,416)
State Central Mail	6,583,197	6,736,424	153,227
State Telecommunications	3,552,053	3,100,546	(451,507)
State Automotive Fleet	12,743,910	12,664,678	(79,232)
Surplus Property	3,000	3,000	-
Health Insurance	273,639,595	272,604,683	(1,034,912)
State Fleet Revolving Loan Fund	264,339	-	(264,339)
Other Post-Employment Benefits	63,858,483	63,858,483	-
Capital Police	1,429,798	1,731,553	301,755
Corrections Central Distribution Center	6,868,331	7,410,210	541,879
Correctional Industries	8,231,177	8,590,417	359,240
Secretary of State Records Center	1,086,670	1,060,059	(26,611)
Human Resources Internal Service Fund	14,237,328	13,962,865	(274,463)
DCAMM Facilities Internal Service Fund	42,849,110	43,562,371	713,261
Information Technology Internal Service Fund	49,488,621	48,951,700	(536,921)
<b>Total</b>	<b>\$549,767,633</b>	<b>\$549,209,506</b>	<b>(\$558,127)</b>

## FTE POSITIONS

Article 1 establishes the authorized number of full-time equivalent (FTE) positions for each State department and agency. Departments and agencies may not exceed in any pay period the number of authorized FTE positions shown. Statewide, the Budget has a net increase of 188.5 FTE positions from the FY2021 Budget as Enacted. The following table lists the FTE amounts by budget function:

<b>Employees by Function</b>	<b>FY2021 Enacted</b>	<b>FY2022 Enacted</b>	<b>Change to Enacted</b>
General Government	2,441.9	2,454.4	12.5
Human Services	3,571.6	3,682.6	111.0
Education	4,218.4	4,222.4	4.0
Public Safety	3,190.0	3,244.0	54.0
Natural Resources	424.0	431.0	7.0
Transportation	755.0	755.0	0.0
<b>Subtotal</b>	<b>14,600.9</b>	<b>14,789.4</b>	<b>188.5</b>
<i>Higher Ed. Sponsored Positions</i>	<i>523.8</i>	<i>523.8</i>	<i>0.0</i>
<b>Total FTE Positions</b>	<b>15,124.7</b>	<b>15,313.2</b>	<b>188.5</b>

## COMMUNITY SERVICE OBJECTIVES

The FY2017 Budget as Enacted changed the Community Service Objective (CSO) Grants program. Previously, CSO grants were funded in executive agency budgets, but were not specifically delineated in the appropriations act. The program now consists to two components: line-item grant awards, and pool grants. Line-item grants are identified in the appropriations act and include a brief description of the grant purpose. Pool grants will be allocated by executive branch agencies either by formula, or through a competitive process. State agencies will manage the application, award, and reconciliation processes for the awards. Consistent with previous practice, the awards may be subject to audits by the Bureau of Audits.

The FY2022 Budget as Enacted includes \$9.2 million in general revenue for CSO grant awards across 12 state agencies, an increase of \$525,000 from the previously enacted budget. The Budget increases the grant to the Rhode Island Community Food Bank by \$175,000 and increases the grant to the University of Rhode Island Small Business Development Center by \$350,000.

<b>Agency</b>	<b>Grant Recipient</b>	<b>FY2021 Enacted</b>	<b>FY2022 Enacted</b>	<b>Change</b>
Administration	City Year - Whole School Whole Child Program	\$130,000	\$130,000	\$0
Executive Office of Commerce	Polaris Manufacturing Technical Assistance Program	350,000	350,000	-
Executive Office of Commerce	International Trade And Export Programming	476,200	476,200	-
Executive Office of Commerce	Urban Ventures	140,000	140,000	-
Executive Office of Commerce	East Providence Waterfront Commission	50,000	50,000	-
Secretary of State	Rhode Island Historical Society	125,000	125,000	-
Secretary of State	Newport Historical Society	18,000	18,000	-
Human Services - Healthy Aging	Diocese of Providence - Elder Services	325,000	325,000	-
Human Services - Healthy Aging	Alliance for Long Term Care Ombudsman Services	40,000	40,000	-
Human Services - Healthy Aging	Elderly Housing Security	85,000	85,000	-
Human Services - Healthy Aging	Meals on Wheels	530,000	530,000	-
Human Services - Healthy Aging	Senior Center Support	800,000	800,000	-
Human Services - Healthy Aging	Elderly Nutrition	50,000	50,000	-
Human Services	Coalition Against Domestic Violence	300,000	300,000	-
Human Services	Project Reach - Boys and Girls Club	250,000	250,000	-
Human Services	Day One	217,000	217,000	-
Human Services	RI Community Food Bank	175,000	350,000	175,000
Human Services	Crossroads Rhode Island	500,000	500,000	-
Human Services	Institute for the Study and Practice of Nonviolence	200,000	200,000	-
Human Services	Veterans' Organizations	200,000	200,000	-
Human Services	Community Action Fund	600,000	600,000	-
Education	Hasbro Children's Hospital - Hospital School	90,000	90,000	-
Education	Child Opportunity Zones	395,000	395,000	-
Office of Postsecondary Commissioner	Rhode Island College Crusade	355,000	355,000	-
Office of Postsecondary Commissioner	Best Buddies Rhode Island	75,000	75,000	-
University of Rhode Island	Small Business Development Center	350,000	700,000	350,000
University of Rhode Island	Special Olympics Rhode Island	50,000	50,000	-
Arts Council	WaterFire Providence	375,000	375,000	-
Historical Preservation	Fort Adam's Trust	30,000	30,000	-
Corrections	Crossroads Rhode Island	1,050,000	1,050,000	-
Judicial	Rhode Island Coalition Against Domestic Violence	230,000	230,000	-
Judicial	Rhode Island Legal Services	90,000	90,000	-
Environmental Management	Conservation Districts	50,000	50,000	-
<b>Total</b>		<b>\$8,701,200</b>	<b>\$9,226,200</b>	<b>\$525,000</b>



**CAPITAL APPROPRIATIONS**

Article 1 authorizes amounts from the Rhode Island Capital Plan (RICAP) Fund, not otherwise appropriated, to be expended during the fiscal years ending June 30, 2023, June 30, 2024, June 30, 2025, and June 30, 2026. These amounts supersede appropriations provided for FY2022 within the FY2021 Budget as Enacted.

Subject to final General Assembly approval, any unexpended or unencumbered funds from the RICAP Fund project appropriations in excess of \$500 may be reappropriated to the next fiscal year and made available for the same purpose. Any remaining funding less than \$500 may be reappropriated at the discretion of the State Budget Officer.



## Article 2: Relating to State Funds

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This article adjusts or establishes new restricted receipt accounts as follows:

- Creates a restricted receipt account with the Department of Elementary and Secondary Education to receive and expend monies from public or private sources, limited to gifts, grants, and donations.
- Authorizes the Budget Officer to establish restricted receipt accounts within departments or agencies that receive funding from the Opioid Stewardship Fund.
- Creates the Grants Management System Administration restricted receipt account within the Department of Administration to centralize the administrative costs of managing federal grant applications.
- Removes language delaying the repayment of \$120.0 million in general revenue to fully pay back the Rhode Island Capital Plan (RICAP) fund account in FY2021. This initiative fully reimburses the fund from when the State used \$120.0 million from the Rainy Day Fund to balance the FY2020 Supplemental Budget.
- Clarifies that federal funds authorized, allocated, or apportioned to the State shall be subject to appropriation by the General assembly except where otherwise provided in general law.
- Exempts three restricted receipt accounts from the 10.0 percent indirect cost recovery charge provisions.
- Amends RIGL 39-18.1-5 regarding the annual transfer of \$5.0 million in Highway Maintenance Funds to the Rhode Island Public Transit Authority (RIPTA).
- Establishes the Governor's Portrait Donation Fund to receive any contributions received by the Rhode Island Council on the Arts to supplement the state appropriation for the purchase of a governor's portrait.

### FISCAL IMPACT

The article exempts \$27.0 million in restricted receipt revenues from the 10.0 percent indirect cost recovery charge provisions. Had these accounts not been exempt, the accounts would have transferred a total of \$2.7 million to the General Fund.

### ANALYSIS AND BACKGROUND

This article addresses various restricted receipts accounts.

#### ***Elementary and Secondary Education Restricted Receipts***

The article creates a restricted receipt account with the Department of Elementary and Secondary Education to receive and expend monies from public or private sources, limited to gifts, grants, and donations.

#### ***Opioid Stewardship Act***

Article 2 authorizes the Budget Officer to establish restricted receipt accounts within departments or agencies that receive monies from the Opioid Stewardship Fund and clarifies the reporting requirements for programs receiving funds.

The FY2020 Budget as Enacted established a restricted Opioid Stewardship Fund within the Department of Health (DOH). All licensed opioid manufacturers, distributors, and wholesalers are required to contribute to the Fund through a registration fee and must report the details of all opioids sold or distributed in the State in order to calculate their liability. The total contribution is \$5.0 million per year, paid by each entity based on their market share. Registration payments are due annually by December 31.

The Opioid Stewardship Fund may only be used for opioid addiction treatment, recovery, prevention, education, and other related programs. Fund allocations must be approved by both the Director of DOH and the Director of the Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals (BHDDH). Article 2 authorizes the Budget Officer to establish restricted receipt accounts within any agencies that receive an allocation from the Fund. The Budget stipulates that any agency with an Opioid Stewardship allocation must report annually to the Governor, the Speaker of the House, and the President of the Senate which programs were funded using Opioid Stewardship Funds.

The State may allocate up to \$4.5 million in Opioid Stewardship Funds annually. However, due to COVID-19, the FY2020 and FY2021 budgets did not allocate the entirety of the Fund, with \$4.0 million allocated in FY2020 and \$3.3 million in FY2021. The FY2022 Budget includes \$5.2 million across four State agencies to support opioid addiction-related activities.

**FY2022 Opioid Stewardship Fund Allocation**

<b>Agency</b>	<b>Restricted Receipts</b>
Department of BHDDH	\$2,330,000
Department of Corrections	2,274,537
Department of Health	454,700
Executive Office of Health and Human Services	135,000
<b>Total</b>	<b>\$5,194,237</b>

**Federal Grants Management**

The article adds language to RIGL 35-1.1-5 establishing the Grants Management System Administration restricted receipt account within the Department of Administration to centralize the administrative costs in managing federal grant applications, provide administrative assistance on reporting requirements, provide technical assistance, and approve agreements with federal agencies. The account will be exempt from the 10.0 percent indirect cost recovery charge on restricted receipt accounts under RIGL 35-4-27. All state agencies, excluding awards made directly to the University of Rhode Island, Rhode Island College, and the Community College of Rhode Island, receiving federal funds shall deposit into this fund an amount equal to a percentage determined annually by the State Controller multiplied by the federal funds received by the agency.

This section also authorizes the State Controller to apply an additional assessment on the recent federal awards in response to the COVID-19 pandemic, at a rate not to exceed 1.0 percent of the total awards. These funds will be used to finance the planning oversight, compliance and reporting and costs of planning, development, and implementation of a grants management information technology system. The additional assessment sunsets on December 31, 2026. The section requires the State Controller to provide an annual report to the Director of the Department of Administration and the chairpersons of the House and Senate Finance Committee on the proposed rate and calculation.

**RICAP Repayment**

The article removes language delaying the repayment of \$120.0 million in general revenue to reimburse the Rhode Island Capital Plan (RICAP) fund. The FY2020 final budget transferred \$120.0 million from the Budget Stabilization and Cash Reserve Account for use in balancing that budget. Rhode Island General Law requires that the repayment be made to the RICAP fund in the following fiscal year.

The FY2021 Budget as Enacted included a \$90.0 million repayment and included legislation under Section 18 of Article 1 to delay the full payback, \$30.0 million, until FY2022. Article 1 of the Governor's FY2021 Supplemental Budget proposed to further delay the RICAP payback to FY2023. This initiative fully reimburses the State's Budget Stabilization and Cash Reserve Account in FY2021, thus following the requirements of the general law.

The FY2022 Budget as Enacted includes \$120.0 million in general revenue to reimburse the State's Budget Stabilization and Cash Reserve Account (Rainy Day Fund).

### ***Legislative Appropriation Authority***

The article clarifies that federal funds authorized, allocated, or apportioned to the State shall be subject to appropriation by the General assembly except where otherwise provided in general law. This section also authorizes the State Budget Officer to establish restricted receipt accounts within any state agency under the following conditions:

- To account for donated funds, funds received from non-profit entities, proceeds from multi-state settlements or from a contract or memorandum understanding with another state for a specific or one-time purpose.
- To convert any escrow liability account whenever such move is deemed appropriate by both the State Controller and State Auditor General.

### ***Indirect Cost Recovery Exemptions***

State law permits the assessment of a 10.0 percent indirect cost recovery charge on most state restricted receipt accounts in order to support the administrative overhead costs associated with the collection of funds and administration of the accounts. RIGL 35-4-27 enumerates those restricted receipts exempted from this assessment. Section 5 of this article expands the list to include the following accounts:

- **Grants Management System Administration:** The article establishes the Grants Management System Administration restricted receipt account within the Department of Administration for the purpose of centralizing the administrative costs in managing federal grant applications, providing administrative assistance on reporting requirements, technical assistance, and approving agreements with federal agencies.
- **Housing Production Fund:** The Budget establishes a new restricted receipt account related to financing housing development programs in the State. The Housing Production Fund (HPF) is a new restricted receipt fund for the purposes of providing “financial assistance by loan, grant, or otherwise for the planning, production, or preservation of affordable housing in Rhode Island. The fund may also be used to support technical and financial assistance for municipalities to support increased local housing production, including the Housing Incentives for Municipalities program, described below. The fund is to be administered by RIHousing, subject to program and reporting guidelines adopted by the HRACC and HRC. The article directs RIHousing to give priority to households either exiting homelessness or earning not more than 30.0 percent of the area median income. Article 14 increases the real estate conveyance tax on the value of real estate above \$800,000. Revenue from the increase will be deposited into the HPF. This revenue is estimated to be \$1.9 million in FY2022 and grows to \$4.2 million in FY2023. Article 1 also transfers \$25.0 million in one-time general revenue to the HPF in FY2022, for a combined \$26.9 million. The forgone indirect cost recovery on this balance is \$2.7 million.
- **Governors’ Portrait Donation Fund:** Section 8 of the article amends RIGL 42-75-13, creating the Governor’s Portrait Donation Fund as a restricted receipt account to receive any revenue received by the Rhode Island Council on the Arts from contributions received to supplement the state appropriation for the purchase of a governor’s portrait pursuant to RIGL 37-8-9. The FY2022 Budget authorizes \$25,000 in expenditures from this fund.

### ***Department of Transportation***

The article amends RIGL 39-18.1-5 to provide that during the period of July 1, 2019, through June 30, 2022, a portion of the \$5.0 million that is annually allotted to the Rhode Island Public Transit Authority (RIPTA) from the Highway Maintenance Account (HMA) may come from federal coronavirus relief funds.

RIPTA is annually allotted 5.0 percent of the funds in the HMA plus an additional \$5.0 million to support debt service and the Free-Fare program which provides free bus rides to qualifying low-income seniors and

people with disabilities. In FY2022 RIPTA is anticipated to receive \$9.5 million, \$4.5 million from the HMA and \$5.0 million from federal coronavirus relief funds.

***BHDDH Restricted Receipt Account***

Article 2 establishes a restricted receipt account within the Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals (BHDDH) for the purpose of receiving and expending gifts, grants, or donations. The Department was recently awarded funding through the National Suicide Prevention Lifeline for a 9-8-8 planning grant available to state mental health, behavioral health, and public health agencies. The grant will assist with implementing a new, national, three-digit (9-8-8) number for mental health crisis and suicide response. The provision included in Article 2 allows BHDDH to receive and expend the funds.

***RI Bridge Replacement, Reconstruction, and Maintenance Fund***

This article amends RIGL 42-13.1-16 to require the Department of Transportation to report all current federal, discretionary, and other grants that the Department has applied within 30 days of the end of the fiscal year. The report will include the status of the application, as well as identifying any changes from previous reports. For any grants requiring a state match, the Department is required to identify the source that is available under current authorized spending.

In FY2022, the Department will receive \$26.9 million in federal domestic assistance grants, an increase of \$4.0 million from the FY2021 Budget as Enacted.

***Rhode Island Council on the Arts***

The article amends RIGL 42-75-13, creating the Governor's Portrait Donation Fund as a restricted receipt account to receive any revenue received by the Rhode Island Council on the Arts from contributions received to supplement the state appropriation for the purchase of a governor's portrait pursuant to RIGL 37-8-9. The FY2022 Budget authorizes \$25,000 in expenditures from this fund.

## Article 3: Relating to Government Reform and Reorganization

This article authorizes various reforms to multiple departments. Specifically the article:

- Authorizes the transfer of the Employer Tax Unit from the Department of Revenue (DOR) to the Department of Labor and Training (DLT).
- Amends the minimum score for the risk-based capital trend test, a formula that measures the minimum amount of assets needed to support an insurer's overall business operations, for life insurers from 2.5 to 3.0. The test and resulting score allow the Department of Business Regulation to measure an insurer's solvency and work with insurers to correct potential issues.
- Delays the statutorily-mandated license plate reissuance from June 1, 2020, to July 1, 2022.
- Transfers administration of commercial driver license (CDL) testing from the Community College of Rhode Island (CCRI) to the Division of Motor Vehicles (DMV), effective January 1, 2022.
- Clarifies that the power of the General Assembly shall not be limited or restricted in the appropriation of federal funds received by the State pursuant to RIGL 35-4-22.1 regarding Legislative appropriation authority.
- Specifies that powers conferred upon the Governor in response to a disaster emergency shall not exceed a period of 180 days from the date of the emergency order or proclamation and allows for the powers to continue only after the General Assembly extends the period for another 180 days by a concurrent resolution.
- Extends certain executive orders issued by the Governor which shall remain in effect and may be extended by executive order up to September 1, 2021.
- Requires the Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals (BHDDH) to submit monthly caseload data to the State Budget Officer, House Fiscal Advisor, and Senate Fiscal Advisor as part of the bi-yearly Caseload Estimating Conference beginning July 1, 2022.
- Transfers the authority to request additional caseload estimating meetings throughout the year from the Director of the Department of Human Services to the Secretary of the Executive Office of Health and Human Services.
- Requires the Department of Administration to prepare a report by December 15, 2021, of all current property owned by the State or leased by any state agency or quasi-public agency.
- Allows general treasurer to transfer \$750,000 in settlement proceeds in any fiscal year to the "attorney general multi-state initiative restricted-receipt account". Any balance in excess of \$750,000 remaining in the account at the end of the fiscal year will be transferred to the state general fund.
- Eliminates the June 30, 2021, sunset date for the Department of Revenue's (DOR) Collections Unit, originally established in July 2018 to assist state agencies in the collection of debts owed to the State, effective July 1, 2022.

### FISCAL IMPACT

DOR Revenue Changes	Revenue	Expenditure	Net Impact
License Plate Reissuance Delay	(\$3,440,000)	-	(\$3,440,000)
DOR 's Collection Unit	1,377,299	828,769	548,530
CDL Road Test Administration	100,000	104,465	(4,465)
<b>Total</b>	<b>(\$1,962,701)</b>	<b>\$933,234</b>	<b>(\$2,895,935)</b>

Article 3 includes a net general revenue savings of \$2.9 million. This includes a \$3.4 million revenue reduction from the license plate reissuance delay. This decrease is partially offset by an additional \$1.3 million for the Department of Revenues' Collections Unit and net additional costs to administer the commercial driver's license (CDL) road test.

## **ANALYSIS AND BACKGROUND**

### ***Employer Tax Unit***

Article 3 authorizes the transfer of the Employer Tax Unit from the Department of Revenue (DOR) to the Department of Labor and Training (DLT). The Employer Tax Unit administers the unemployment tax, the temporary disability tax, and the job development assessment tax. These taxes are used to fund Unemployment Insurance (UI) benefits and Temporary Disability Insurance (TDI) benefits. Although the Employer Tax Unit has been housed in DOR, the funding they collect is used for DLT benefit programs. The transfer is intended to centralize the unit's efforts related to UI and TDI benefits. The transfer includes 35.0 FTE positions. The Employer Tax Unit is already funded by DLT. The FY2022 Budget includes \$3.7 million in funding including \$1.5 million in federal funds, \$1.1 million in restricted receipts and \$1.1 million in other funds.

### ***Risk-Based Capital Trend Test***

Article 3 increases the minimum score for the risk-based capital trend test for life insurers in the State from 2.5 to 3.0, aligning Rhode Island with the rest of the country. The risk-based capital trend test assists the Department of Business Regulation (DBR) in evaluating the solvency of life insurers by measuring the ratio of insurers' assets to risks and acts as an early warning signal of potential financial issues. A higher score indicates better financial stability.

The Division of Insurance Regulation within DBR is responsible for conducting financial examinations of domestic insurance companies to ensure financial solvency. Since 1993, the Division has been re-accredited every five years by the National Association of Insurance Commissioners (NAIC). NAIC is the standard-setting and regulatory support organization for insurance regulators. Through the NAIC, state insurance regulators establish standards and best practices, conduct peer review, and coordinate regulatory oversight.

Although the Division recently received accreditation, the accreditation was contingent on the State increasing the risk-based capital trend test minimum score. Without this accreditation, the State risks losing its current domestic insurance industry of 28 insurers, including Amica, FM Global, and Metropolitan Property & Casualty, in addition to any potential new insurers. This would result in a significant loss of insurance, income, and other taxes.

Although the loss of NAIC accreditation would impact all insurers in the State, the score change only applies to companies providing life insurance. Amica is the only life insurer headquartered in Rhode Island. According to DBR, Amica has a score of above 3.0 and is therefore already in compliance with the change.

### ***Emergency Management***

Clarifies that the power of the General Assembly shall not be limited or restricted in the appropriation of federal funds received by the State pursuant to RIGL 35-4-22.1 regarding Legislative appropriation authority.

In addition, the article specifies that powers conferred upon the Governor in response to a disaster emergency shall not exceed a period of 180 days from the date of the emergency order or proclamation and allows for the powers to continue only after the General Assembly extends the period for another 180 days by a concurrent resolution. However, the article does exclude certain executive orders issued by the Governor which shall remain in effect and may be extended by executive order up to September 1, 2021. These executive orders are:



- [E.O. 20-06 \(Access to Telemedicine\)](#)
- [E.O. 20-19 \(Increasing Access to Unemployment Insurance\)](#)
- [E.O. 20-37 \(Increasing State COVID-19 Response Capacity\)](#)
- [E.O. 20-46 as amended by 21-60 \(Public Records\)](#)
- [E.O. 20-72 \(COVID-19 Emergency Regulations\)](#)
- [E.O. 21-26 \(Quarantine and Isolation Order\)](#)
- [E.O. 21-67 \(Hospital and Community-Based Health Care\)](#)
- [E.O. 21-68 limited to paragraph 8 \(Reopening Order #8 Restaurants and Bars - Indoor and Outdoor Dining\)](#)

### ***License Plate Reissuance Delay***

Under RIGL 31-3-33, the DMV is required to issue new reflective license plates for all registered vehicles every ten years in order to reduce fraud, improve public safety and law enforcement, and to generate revenue. The reissuance was first scheduled to take place in September 2011. It has been delayed 8 times since, with a myriad of different rationales (see table).

The most recent change to the reissuance date was made in Article 7 of the FY2020 Budget as Enacted, which set June 1, 2020, as the new implementation date. Article 7 of the FY2020 Budget as Enacted also changed the fee for the plates from \$6.00 per reissued set to \$8.00. In January 2020, just prior to the COVID-19 pandemic emergency, the Division had reported that the DMV and its vendor, 3M were still in the early stages of preparing to implement. According to the Department, the complications surrounding operations during the COVID-19 pandemic made the implementation of the reissuance impractical in the near term.

Article 3 extends the reissuance deadline from June 1, 2020, to July 1, 2022. The Budget does not include any implementation expenditures in FY2022. The Budget assumes a \$3.4 million reduction in registration fee revenue in FY2022, based on a July 1, 2021, effective date.

Session	Date	Delay Date	Reason
2011	9/2011	9/2013	\$3.3 million savings initiative
2013	9/2013	9/2015	Budget reduction target initiative
2015	9/2015	7/2016	Need to align plate design w/ state tourism campaign
2016	7/2016	4/2017	RIMS - Staff would have to be taken away from implementation
2017	4/2017	1/2019	Launch of RIMS System/Reprogramming legacy IT system
2018	1/2019	1/2020	Real ID - Staff would have to be taken away from implementation
2019	1/2020	6/2020	Governor had proposed eliminating the reissuance altogether. By the time Budget was enacted, it was too late to timely implement
2020	6/2020	No new date	Delay due to impact of the pandemic
2021	6/2020	7/2022	Delay due to impact of the pandemic

### ***Commercial Driver's License Testing***

Article 3 shifts the administration of the commercial driver's license (CDL) road test from the Community College of Rhode Island (CCRI) to the Division of Motor Vehicles (DMV), effective January 1, 2022. This transfer impacts expenditures and revenues at both the DMV and CCRI. CCRI currently collects and retains approximately \$200,000 in restricted receipt revenue from a \$100 CDL road test fee. Under Article 3, this revenue would instead be collected by the DMV and deposited into the general fund. Because the effective date of the article is January 1, 2022, the amount deposited as general revenues would be half of the annual revenue collected from the fee, or \$100,000, in FY2022. The Budget also includes \$132,961 for seven months of additional personnel expenditures at the DMV required to administer the road testing. These expenditures are for 3.0 FTE positions, including 2.0 Senior Motor Vehicle Examiners and 1.0 Customer Service Specialist III, and \$3,605 in operating expenses.

## FY2022 Net Fiscal Impact - Article 3 CDL Transfer

Budget Initiative	Expenditures	Revenues	Net Fiscal Impact
DMV - Personnel	\$132,961	-	(\$132,961)
DMV - Operating	3,605	-	(3,605)
Transfer of CDL Fee Restricted Receipt Revenue to General Fund	-	\$100,000	\$100,000
Elimination of School Bus Training Payments to CCRI	(32,101)	-	32,101
<b>Total</b>	<b>\$104,465</b>	<b>\$100,000</b>	<b>(\$4,465)</b>

A base commercial driver's license (CDL) permits the licensee to operate large, heavy, or hazardous materials vehicles for commercial purposes. In addition to the base CDL, licensees may obtain additional endorsements such as semi-trailer (T), school bus driver (S), or passenger vehicle (P). To obtain these endorsements, an individual must possess a valid CDL and typically pass both a written and driving test.

Testing and licensing standards for the base CDL and accompanying endorsements are developed by the Federal Motor Carrier Safety Administration (FMCSA) at the U.S. Department of Transportation (USDOT). States are required to ensure that their testing and licensing procedures conform to these standards and are subject to compliance reviews by FMCSA. States failing to administer written and road tests in accordance to these regulations risk losing up to 6.0 percent of their federal highway funding.

In addition to the base CDL and endorsement for school bus drivers, Rhode Island law requires an individual to attend and pass a 10-hour school bus driver certification course. Every five years, an individual must attend a 3-hour refresher course to renew the license.

Currently, training for the base CDL and accompanying endorsements are provided by private truck driving schools. CCRI also provides preparation classes for the base CDL, as well as the 10-hour and 3-hour school bus driver certification classes and tests. These classes are conducted at all three of its campuses. The written test for the CDL and its endorsements are administered by the DMV. CCRI currently administers the CDL road test on behalf of the DMV, which would shift to the DMV under Article 3.

According to the DMV and the State's Office of Management and Budget (OMB), this shift would improve oversight and customer service.

- **Oversight:** Road testing for the CDL is closely regulated and audited by USDOT. Ensuring compliance with FMCSA standards is the responsibility of the DMV. Currently, because DMV staff are not present when CDL road testing occurs, they cannot guarantee that standards are being met. In-housing the road testing function mitigates the risk of non-compliant testing.
- **Customer Service and Efficiencies:** According to the DMV, Article 3 changes would improve customer service and create efficiencies. FMCSA rules require that an individual taking the road test present proof of insurance, copies of relevant permits, and proof of registration. If that a customer does not bring these materials, CCRI cannot permit the test to be taken. The DMV would be able to provide the individual with these materials at the time of the test, allowing the test to go forward. Similarly, upon successful completion of the test, the DMV would be able to provide the license to the customer immediately.

### ***Caseload Estimating Conference***

Article 3 adds the Division of Developmental Disabilities within the Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals (BHDDH) to the biannual Caseload Estimating Conference (CEC). The Division will be included beginning with the next iteration of the CEC in November 2021. The article also transfers the authority to review estimates and determine the need for additional caseload estimating meetings from the Director of the Department of Human Services to the Secretary of the Executive Office of Health and Human Services (EOHHS).

The State has been under a Consent Decree with the United States Department of Justice since 2014, requiring BHDDH to foster more supportive and less isolated employment opportunities and day services for individuals with intellectual and developmental disabilities. The Consent Decree requires funding to support a reformed system of care within the Division of Developmental Disabilities until FY2024.

With three years left in the Consent Decree, the presiding judge has issued a court order with guidance on how the State should move forward to achieve the goals of the Consent Decree. The court order requires the State to establish a data collection and reporting method to improve its process for forecasting expenditures for developmental disability services. Article 3 imposes new reporting requirements to provide the necessary information to include the Division in the CEC process in order to satisfy the court order. Beginning July 1, 2021, the previous month's caseload and expenditure data must be submitted to the House Fiscal Advisor, Senate Fiscal Advisor, and State Budget Officer by the fifteenth of each month. The article requires EOHHS to assist with and oversee BHDDH's monthly reporting. The article also eliminates existing reporting requirements elsewhere in the General Laws to avoid duplication.

Article 3 also amends RIGL 35-17-3 to transfer the authority to request additional caseload estimating meetings throughout the year from the Director of the Department of Human Services to the Secretary of the Executive Office of Health and Human Services.

Under current law, if at any time during the fiscal year a participant of the caseload estimating conference feels that recommendations made during the conference are no longer valid that participant is allowed to notify the Director of the Department of Human Services. The Director will then review the participants concerns and determine if the concerns are sufficient to request an additional conference.

#### ***Department of Children, Youth, and Families (DCYF) Director***

Article 3 allows the Governor, for hire(s) occurring in 2021 only, to increase the annual salary for the Director of the Department of Children, Youth, and Families (DCYF). The article also allows the Governor to enter into an employment contract for the position for up to three years, regardless of the number of years left in the Governor's term. The article does not remove the Senate advice and consent requirement for the position.

These changes are intended to help the State attract a new DCYF Director. The State has consistently struggled to recruit and retain talent to lead the Department, with child welfare advocates citing compensation as a contributing factor. The position has been vacant since July 2019. The annual salary was recently increased from \$127,500 to \$135,000, but remains among the lowest-paid cabinet positions in the State. Annual compensation for comparable positions in Massachusetts and Connecticut are set at \$150,000 and \$172,000, respectively.

#### ***Attorney General Settlement Account***

Pursuant to RIGL 42-9-19, the Attorney General is authorized to accept any settlement resulting from a multi-state settlement initiative. The Attorney General is also allowed to recover any attorney fees and costs that are considered to be settlement proceeds.

Article 3 amends RIGL 42-9-19, Attorney General Settlement restricted account, such that the General Treasurer shall transfer \$750,000 in settlement proceeds in any fiscal year to the "attorney general multi-state initiative restricted-receipt account". Any balance in excess of \$750,000 remaining in the account at the end of the fiscal year will be transferred to the state general fund.

The Department of the Attorney General has participated in multiple multi-state litigation lawsuits. From 2016 – 2020, the Department has participated in five major cases generating a total of \$33.8 million in settlement payouts.

The Budget includes \$406,326 in restricted receipts to support 4.0 additional FTE positions: 2.0 Paralegals and 2.0 Attorneys, within the Civil Division. These positions will allow the Department to allocate more resources to multi-state litigation initiatives. Currently, the Attorney General decides if the State will participate in a multi-state initiative and how large of a role the State will take on. If the Department is able to pursue more multi-state initiatives and take on more responsibilities, such as working on the executive committee, the State would play a larger role in deciding how settlement funds are distributed and could lead to larger awards for the State.

### **State Lease Property Report**

The article amends RIGL 42-11-2 (28) requiring the Department of Administration to prepare a report by December 15, 2021, and each year thereafter, of all current property owned by the State or leased by any state agency or quasi-public agency. This new report is a continuation of a law that requires the Department of Administration to prepare a report every three months on all current leases and rentals by any state agency or quasi-public agency, to include location, lessor, lease costs, and lease terms.

The report should include information such as a description and location of the property, information on the expiration of leases, ratios of occupancy and vacancy within each property, a strategic plan for leases commencing or expiring by June 30, 2022, a map of all state buildings that provides the cost per square footage to maintain, and a benchmark report on the operating cost by full-time employee, and the operating costs by square footage divided by the number of full-time employees.

*Analyst Note: This section is a follow-up to similar legislation enacted under P.L. 2014, Chapter 145, Article 9, requiring the Department of Administration to prepare a report by October 31, 2014, of all current property owned by the State or leased by any state agency or quasi-public agency, to include information such as a description and location of the property, information on the expiration of leases, ratios of occupancy and vacancy within each property, a strategic plan for leases commencing or expiring by June 30, 2016, a map of all state buildings that provides the cost per square footage to maintain, and a benchmark report on the operating cost by full-time employee, and the operating costs by square footage divided by the number of full-time employees.*

### **Department of Revenue Collection Unit**

Article 3 reauthorizes the Department of Revenue (DOR) Central Collections Unit (CCU) by extending the statutory sunset date of June 30, 2021, to June 30, 2023.

- **Background:** The FY2019 Budget as Enacted established the CCU as a three-year demonstration pilot designed to improve the collection of delinquent debts owed to State agencies. The CCU relies on agencies to voluntarily engage with it and enter into Memorandums of Understanding (MOUs) for its services. Implementation of the program began on July 1, 2018, and is set to expire on June 30, 2021. The program required several months to fully operationalize and the first revenues collected occurred in January 2019. The unit began in 2018 with a budget of \$601,755 in general revenue and 7.0 FTE positions. In FY2021, it operated with 8.0 FTE positions and \$792,634. For FY2022, the Governor is recommending 8.0 FTE positions and a budget of \$828,769.
- **Article 3:** RIGL 42-142-8(q) sets the expiration date for the Collections Unit pilot at June 30, 2021. Article 3 extends this to June 30, 2023.

## Article 4: Relating to Debt Management Act Joint Resolutions

Pursuant to RIGL 35-18, the Public Corporation Debt Management Act, any financing leases or other guarantees entered into by an elected or appointed State official must have prior approval of the General Assembly. This article authorizes the issuance of \$86.6 million in revenue bonds through the Rhode Island Health and Educational Building Corporation (RIHEBC) for two projects at the University of Rhode Island (URI).

### FISCAL IMPACT

This article authorizes the issuance of \$86.6 million in revenue bonds through the Rhode Island Health and Educational Building Corporation (RIHEBC) for two projects at the University of Rhode Island (URI), including Memorial Union and the Combined Health & Counseling Center.

Revenue Bonds	Proposed Debt Authorizations						
	Department	Article Authorization				Annual Debt Service	Term of Loan (years)
		Previous Authorization	Principal	Interest	Total Debt		
Memorial Union	URI	\$51.5	\$57.6	\$68.0	\$125.6	\$4.2	30.0
Combined Health & Counseling Center	URI	26.9	29.0	34.3	63.3	2.1	30.0
<b>Total</b>			<b>\$86.6</b>	<b>\$102.3</b>	<b>\$188.9</b>		

*\$ in millions. Totals may vary due to rounding.*

### ANALYSIS AND BACKGROUND

#### **University of Rhode Island – Memorial Union – Auxiliary Enterprise**

The article amends the previous authorization approved through the FY2020 Budget as Enacted for the renovation and expansion of the Memorial Union. URI has completed an advanced planning study for this renovation. The article increases the financing for the renovation and expansion by \$6.1 million from \$51.5 million to \$57.6 million. The debt service payments continue to be funded from student fees and retail lease payments associated with auxiliary enterprise. Total debt service on Rhode Island Health and Educational Building Corporation (RIHEBC) revenue bonds increases by \$13.3 million over the thirty-year term, assuming an average interest rate of 6.0 percent. Annual debt service payments are estimated at \$4.2 million.

According to URI, the increased cost of the Memorial Union project is due to the two-year delay. The project was originally delayed by one year to avoid issuing the new bonds at the same time as the bonds for the Combined Health & Counseling Center in order to ease the burden of the increase in debt-service. An additional one-year delay was due to COVID and the impact on Auxiliary funding need to pay for the initial design of the project. Delaying the project will allow for the Auxiliary to recover sufficiently to support the increased debt service.

#### **University of Rhode Island – Combined Health & Counseling Center – Auxiliary Enterprise**

The article amends the previous authorization approved through the FY2020 Budget as Enacted for the design and construction of a new one-stop combined health and counseling center to address the physical, emotional, and mental health of students. The article increases the financing for the renovation and expansion by \$2.1 million, from \$26.9 million to \$29.0 million. The debt service payments continue to be funded from student fees associated with auxiliary enterprise fees. Total debt service on the RIHEBC revenue bonds increases by \$4.6 million over the thirty-year term to \$63.3 million, assuming an average interest rate of 6.0 percent. Annual debt service payments are estimated at \$2.1 million.

URI indicates that the Health & Counseling Center project was delayed by 19 months as a direct result of the impact of COVID. . The Health Services Staff, who need to be fully integrated into the design process,

have been focused on addressing the pandemic and have not been available to assist in the planning of the project. Also, the Health Services reserve funds, needed to support the design work, have been strained recently due to the pandemic. Delaying the project will allow for the Auxiliary to recover sufficiently to support the increased debt service.

## Article 5: Relating to Making Revised Appropriations in Support of FY2021

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Article 5 outlines the appropriation amounts from all fund sources for the FY2021 Supplemental Budget. In most cases, the appropriations are by fund source at the program level in each department or agency. The article includes the FTE position authorizations by department or agency. Other sections of the article outline the use of contingency funds; expenditure limits for internal service funds; and, disbursements of Lottery, Temporary Disability Insurance, Employment Security, and University and College Funds. This article makes appropriations for general revenues, federal, restricted, and other funds, and authorizes FTE levels for each agency and department. Article 5 also includes the following items:

- Sets the airport impact aid formula at \$1.0 million.
- Authorizes 15,124.7 FTE positions reflecting no net change as compared to the authorized level set in the FY2021 Budget as Enacted.
- Details Community Service Objective grant funding recipients and amounts.
- Appropriates \$120.0 million to fully pay back the Rhode Island Capital Plan (RICAP) fund account in FY2021. The FY2020 final budget transferred \$120.0 million from the Budget Stabilization and Cash Reserve Account for use in balancing that budget. Rhode Island General Law requires that the repayment be made to the RICAP fund in the following fiscal year. The FY2021 Budget as Enacted included a \$90.0 million repayment to the RICAP fund in FY2021 and delayed payment on the remainder until FY2022.
- Outlines the distribution of \$136.5 million in federal Coronavirus Relief Funds (CRF) based on an initiative to fully fund local aid programs and provide additional federal relief resources to municipalities according to various methodologies.
- Prohibits the obligation or expenditure of indirect cost recoveries on federal stimulus funds in the Department of Health without the approval of the Director of the Office of Management and Budget.
- Requires that all unexpended or unencumbered balances relating to the University of Rhode Island, Rhode Island College, and the Community College of Rhode Island, be reappropriated to FY2022. In addition, the Office of the Postsecondary Commissioner shall provide \$7.2 million to be allocated to the Rhode Island Promise Scholarship program, and \$147,000 to be used to support the State's membership in the New England Board of Higher Education.
- Caps the amount the Judiciary may charge five state agencies (Public Defender's Office, Office of the Attorney General, Department of Corrections, DCYF, and Department of Public Safety) for public courthouse occupancy costs at \$1.4 million. It requires Judiciary to provide \$230,000 to the Rhode Island Coalition Against Domestic Violence for domestic abuse court advocacy and requires \$90,000 be provided to the Rhode Island Legal Services to provide housing and eviction defense to indigent individuals.

**APPROPRIATIONS**

Article 5 makes appropriations from general revenues and authorizes expenditures of federal funds, restricted receipts, and other funds for the fiscal year ending June 30, 2021.

<b>Expenditures by Source</b>	<b>FY2020 Final</b>	<b>FY2021 Enacted</b>	<b>FY2021 Revised</b>	<b>Change to Enacted</b>
General Revenue	\$3,937.4	\$4,153.3	\$3,982.6	(\$170.7)
Federal Funds	4,475.1	5,812.9	7,538.6	1,725.7
Other Funds	2,273.1	2,442.0	2,455.0	13.1
Restricted Receipts	332.1	322.3	348.7	26.4
<b>Total</b>	<b>\$11,017.7</b>	<b>\$12,730.4</b>	<b>\$14,324.9</b>	<b>\$1,594.5</b>

*\$ in millions. Totals may vary due to rounding.*

Under the budget for the Office of Postsecondary Commissioner – Guaranty Agency Administration, Article 5 amends the limitations on the uses of guaranty agency funds to allow for the financing of the mid-year increase in assessed fringe benefits. It is unclear if the intent is to fund the fringe benefits for the 1.0 FTE administering scholarships and grants or for the entire agency; however, the guaranty agency funds are currently projected to be exhausted in FY2023 without the expansion of qualified expenditures. These funds are primarily used to fund need-based Promise I grants for students at public and private institutions in Rhode Island, and the dual/concurrent enrollment program which allows high school students to take courses for college and high school credit at the University of Rhode Island (URI), Rhode Island College (RIC), or the Community College of Rhode Island (CCRI) at no cost to the student.

**INTERNAL SERVICE FUNDS**

Article 5 authorizes 16 specific, capped internal service accounts to permit reimbursement of costs for work or other services performed by certain departments or agencies for any other department or agency. The FY2018 Budget as Enacted established centralized accounts for each agency and allows the Department of Administration to draw upon these accounts for billable centralized services and deposit the funds into the rotary accounts under the Department of Administration. Reimbursements may only be made up to the expenditure cap for each account, as outlined below.

<b>Internal Service Account</b>	<b>FY2021 Enacted</b>	<b>FY2021 Revised</b>	<b>Change</b>
State Assessed Fringe Benefits	\$37,505,032	\$48,322,277	\$10,817,245
Administration Central Utilities	27,426,989	27,427,555	566
State Central Mail	6,583,197	6,586,516	3,319
State Telecommunications	3,552,053	3,555,274	3,221
State Automotive Fleet	12,743,910	12,746,422	2,512
Surplus Property	3,000	3,000	-
Health Insurance	273,639,595	273,647,077	7,482
State Fleet Revolving Loan Fund	264,339	263,857	(482)
Other Post-Employment Benefits	63,858,483	63,858,483	-
Capital Police	1,429,798	1,429,798	-
Corrections Central Distribution Center	6,868,331	6,871,587	3,256
Correctional Industries	8,231,177	8,237,403	6,226
Secretary of State Records Center	1,086,670	1,088,490	1,820
Human Resources Internal Service Fund	14,237,328	14,278,614	41,286
DCAMM Facilities Internal Service Fund	42,849,110	42,890,862	41,752
Information Technology Internal Service Fund	49,488,621	44,654,275	(4,834,346)
<b>Total</b>	<b>\$549,767,633</b>	<b>\$555,861,490</b>	<b>\$6,093,857</b>

**FTE POSITIONS**

Article 5 establishes the authorized number of full-time equivalent (FTE) positions for each State department and agency. Departments and agencies may not exceed the number of authorized FTE positions shown in any pay period. Statewide, the Budget has no net change as compared to the authorized level set in the FY2021 Budget as Enacted. The following table illustrates the FTE levels by government function:



<b>Employees by Function</b>	<b>FY2021 Enacted</b>	<b>FY2021 Governor</b>	<b>FY2021 Revised</b>	<b>Change to Enacted</b>
General Government	2,441.9	2,441.9	2,441.9	-
Human Services	3,571.6	3,571.6	3,571.6	-
Education	4,218.4	4,218.4	4,218.4	-
Public Safety	3,190.0	3,190.0	3,190.0	-
Natural Resources	424.0	424.0	424.0	-
Transportation	755.0	755.0	755.0	-
<b>Subtotal</b>	<b>14,600.9</b>	<b>14,600.9</b>	<b>14,600.9</b>	<b>-</b>
<i>Higher Ed. Sponsored Positions</i>	<i>523.8</i>	<i>523.8</i>	<i>523.8</i>	<i>-</i>
<b>Total FTE Positions</b>	<b>15,124.7</b>	<b>15,124.7</b>	<b>15,124.7</b>	<b>-</b>

## **RICAP REPAYMENT**

The Budget includes \$120.0 million in general revenue to reimburse the State's Rhode Island Capital Plan (RICAP) fund. This reflects an increase of \$112.5 million from the Governor's FY2021 Revised Budget.

The FY2020 Budget as Enacted transferred \$120.0 million from the Budget Stabilization and Cash Reserve Account for use in balancing that budget. Rhode Island General Law requires that the repayment be made to the RICAP fund in the following fiscal year.

The FY2021 Budget as Enacted included a \$90.0 million repayment and included legislation under Section 18 of Article 1 to delay the full payback until FY2022. Article 1 of the Governor's FY2021 Supplemental Budget proposed to further delay the RICAP payback to FY2023 and reduced the payback appropriation to \$7.5 million in FY2021, reflecting an \$82.5 million reduction in general revenue in FY2021.

Article 5 fully reimburses the State's RICAP fund in FY2021, thus following the requirements of the general law.



## Article 6 – Relating to Taxes and Revenues

Article 6 modifies various departmental fees, exempts certain forgiven federal loans from taxation, and strengthens local revenue share commitments related to the State’s casinos. The initiatives include:

- Authorizes a hospital license fee of 5.0 percent in FY2021 and 5.725 percent in FY2022.
- Amends fees for stock broker sales representative licenses within the Department of Business Regulation (DBR).
- Authorizes the Department of Environmental Management to increase fees for the beaches, parks, and recreational areas in Westerly.
- Eliminates the \$10 fee charged for the annual permit for the right and obligation to collect and remit Rhode Island sales and use taxes.
- Increases the annual statutory fee that is paid to Lincoln and Tiverton for hosting sports wagering at the casinos in their community and clarifies aspects of the guaranteed minimum revenue share for the two municipalities.
- Increases the maximum penalties that the Coastal Resources Management Council (CRMC) Chair or Executive Director can assess for various violations.
- Partially decouples Rhode Island law from federal tax statutes governing how federal Paycheck Protection Program (PPP) loans are treated for purposes of personal and business income taxes.
- Amends fees for contractors licenses within the Department of Business Regulation.

### FISCAL IMPACT

The changes in Article 6, exclusive of Sections 1-2 and 10-12, are expected to generate \$173.0 million in new revenue collections relative to the November 2020 adopted revenue estimate for FY2022.

#### General Revenue Impacts

Initiative	FY2022
Hospital License Fee	\$170,246,831
Stock Broker Sales Representatives	2,715,925
Beach Parking Fees	595,372
Sales Tax Permit Fee	(331,585)
Lottery Changes	(200,000)
CRMC Administrative Penalties	15,000
<b>Total</b>	<b>\$173,041,543</b>

The partial decoupling of Rhode Island law from federal tax statutes related to the federal Paycheck Protection Program (Sections 10-12) mitigate revenue loss in FY2021 and FY2022 by a combined \$47.8 million.

PPP Tax Policy Revenue Changes	FY2021		FY2022		Total 2 Year Impact
	Personal Income Tax	Business Taxes	Personal Income Tax	Business Taxes	
Federal PPP Loan Forgiveness	(\$28,943,146)	(\$57,634,990)	(\$15,189,418)	(\$26,961,035)	(\$128,728,589)
Decoupling from Federal PPP Loan Forgiveness ≥ \$250,000	516,430	1,111,548	14,368,622	31,809,821	47,806,421
<b>Total</b>	<b>(\$28,426,716)</b>	<b>(\$56,523,442)</b>	<b>(\$820,796)</b>	<b>\$4,848,786</b>	<b>(\$80,922,168)</b>

The changes to the fees for contractor licenses do not have a fiscal impact until FY2023, when they are expected to generate an additional \$639,916 in restricted receipt funds.

## ANALYSIS AND BACKGROUND

### Hospital License Fee

The hospital license fee is a provider tax which the State levies on hospitals. This fee is federally capped at 6.0 percent and requires annual legislative action in order to continue. It is calculated as a percent of gross patient services revenue, which includes revenues from patient care activity but excludes other activities such as research or investment earnings. It is assessed against all community hospitals in Rhode Island, including the State-run Eleanor Slater Hospital. Bradley and Butler Hospitals and the Rehabilitation Hospital of Rhode Island are exempt because their primary services and patient beds are psychiatric in nature. Hospitals pay the fee each July but the revenues are booked as a receivable to the prior fiscal year.

Because the State's largest hospitals are non-profit and do not pay corporate income or property taxes, the hospital license fee is a considerable source of revenue for the State. In past fiscal years, the hospital license fee has been used as a mechanism to generate State funds, approximately one-third of which are then matched with federal Medicaid funds and returned to hospitals to offset uncompensated care costs through the Disproportionate Share Hospital (DSH) program. The hospital license fee and DSH are usually reauthorized at the same time; the Budget reauthorizes DSH payments in Article 12.

Fiscal Year	Fee	Revenue
FY2016	5.862%	\$169.0
FY2017	5.652%	168.8
FY2018	5.856%	182.0
FY2019	6.000%	180.8
FY2020	6.000%	193.8
FY2021	5.000%	162.5
FY2022	5.725%	170.2

*\$ in millions*

Article 6 authorizes the hospital license fee at 5.0 percent in FY2021, consistent with the FY2021 Enacted Budget, and increases the fee to 5.725 percent in FY2022. The rate is discounted by 37.0 percent in both years for hospitals located in Washington County (South County and Westerly Hospitals). The fee is assessed on hospital fiscal year 2019 revenues for FY2021 and hospital fiscal year 2020 revenues for FY2022. The Budget assumes revenues of \$162.5 million in FY2021 and \$170.2 million in FY2022.

Hospital	2019 Hospital Revenues	FY2021 Fee	FY2021 Revenue	2020 Hospital Revenues	FY2022 Fee	FY2022 Revenue
Eleanor Slater Hospital	\$117,421,027	5.000%	\$5,871,051	\$6,142,948	5.725%	\$351,684
Kent Hospital	350,904,597	5.000%	17,545,230	300,104,400	5.725%	17,180,977
Landmark Medical Center	125,601,905	5.000%	6,280,095	127,911,320	5.725%	7,322,923
Miriam Hospital	435,634,512	5.000%	21,781,726	388,439,509	5.725%	22,238,162
Newport Hospital	107,246,436	5.000%	5,362,322	109,880,896	5.725%	6,290,681
Rhode Island Hospital	1,240,137,937	5.000%	62,006,897	1,224,954,729	5.725%	70,128,658
Roger Williams	168,172,485	5.000%	8,408,624	154,875,510	5.725%	8,866,623
St. Joseph's	133,950,283	5.000%	6,697,514	114,525,578	5.725%	6,556,589
South County Hospital	172,667,621	3.150%	5,439,030	163,641,262	3.607%	5,902,131
Westerly Hospital	72,416,729	3.150%	2,281,127	81,392,254	3.607%	2,935,615
Women & Infants	415,909,648	5.000%	20,795,482	392,537,766	5.725%	22,472,787
<b>Total</b>	<b>\$3,340,063,180</b>		<b>\$162,469,099</b>	<b>\$3,064,406,172</b>		<b>\$170,246,831</b>

Of note, excluding Eleanor Slater Hospital, there was a 5.1 percent decline in patient services revenue at community hospitals between hospital fiscal years 2019 and 2020. This was due to the onset of the COVID-19 pandemic and the mandated suspension of elective procedures that followed. In addition, Eleanor Slater Hospital reported a 94.8 percent decline in patient care activity, from \$117.4 million in FY2019 to \$6.1 million in FY2020. Eleanor Slater faced significant Medicaid billing issues beginning in FY2020; however, care was still provided for a census of approximately 200 patients during the fiscal year. It is unclear at this time whether these revenues were properly reported.

### Stock Broker Sales Representatives

Article 6 increases the fee paid by individuals who are licensed to conduct business in Rhode Island as a broker dealer sales representative through the Division of Securities Regulation within the Department of Business Regulation. The article increases the fee by \$25, from \$75 to \$100. The Budget assumes \$2.7

million in new revenues from this change. Approximately 3.0 percent of licensed sales representatives are from Rhode Island, as most are individuals who choose to be licensed in all states. The fee was last increased in FY2012. Massachusetts charges an annual fee of \$75, and Connecticut charges \$125.

### **Beach Parking Fees**

Article 6 allows the Department of Environmental Management (DEM) to set the beach parking fees for facilities in Westerly at a “reasonably determined” amount.

Beach parking fees are generally determined by DEM through regulation; however, under current law, the beach parking fees are frozen at 2011 levels until October 1, 2021. Article 6 exempts facilities located in Westerly from this limitation.

Misquamicut is the State’s largest and most popular beach, with over 76.0 percent of the visitors coming from out of state. This beach also has excessive trash problems that require the addition of dumpsters and recycling containers at every exit and an increase in seasonal employees for trash pickup. According to DEM, Misquamicut’s current parking fees are substantially lower than municipal and other beaches in the area and there is strong support for local political and business leaders to increase the parking fee. The increase in revenue would support additional staffing and maintenance.

**Beach Parking Fees at Misquamicut**

	<b>Current</b>	<b>Article 6</b>	<b>Change</b>
resident weekday	\$6.00	\$10.00	\$4.00
resident weekend	7.00	15.00	8.00
nonresident weekday	12.00	20.00	8.00
nonresident weekend	14.00	30.00	16.00
resident senior weekday	3.00	5.00	2.00
resident senior weekend	3.50	7.00	3.50
nonresident senior weekday	6.00	10.00	4.00
nonresident senior weekend	7.00	15.00	8.00

### **Sales Tax Permit Fee**

Rhode Island requires all businesses that sell retail to obtain a sales tax permit and renew it annually. This is also required for lodging businesses that “rent living quarters in any hotel, rooming house, or tourist camp”. Permits are issued by the Division of Taxation upon receipt and approval of a sales tax permit application and payment of a \$10 fee. Permits must be renewed by February 1 of each year and are valid for the period of July 1 of that calendar year through June 30 of the subsequent calendar year, unless otherwise canceled, suspended, or revoked.

Article 6 eliminates the fee for the permit and the requirement to pay a reinstatement fee. It also allows the Division of Taxation to establish renewal periods. These changes are estimated to reduce general revenue by \$331,585 in FY2022 based on a July 1, 2021, effective date.

### **Coastal Resources Management Council (CRMC) Administrative Penalties**

The article increases the maximum penalties that can be assessed by the CRMC and changes the review of appeals to the Superior Court. According to CRMC, the penalties have not been changed since 2004, and are so low that violators absorb any fines issued as a cost of doing business. The increase is projected to increase revenue from fines and penalties by \$15,000 (\$22,500 total) in FY2022.

**CRMC Administrative Penalties**

	<b>Current</b>	<b>Article 6</b>	<b>Change</b>
Maximum Administrative Penalty	\$2,500	\$10,000	\$7,500
Maximum Penalty Per Day	500	1,000	500
Maximum Aggregate Penalty	10,000	50,000	40,000
Maximum Criminal Fine	500	1,000	500
Maximum Penalty for Posting or Blocking Rights-of-Way	500	1,000	500

### **Lottery Changes**

Article 6 makes several changes to the how Lincoln and Tiverton are treated with respect to casino gaming operations and shares of revenue.

- **Sports Betting:** Article 6 increases the annual statutory fee that is paid to Lincoln and Tiverton for hosting sports wagering at the casinos in their community. Current law sets the fee at \$100,000 for each town. Article 6 increases the fee to \$200,000 per year.
- **Minimum Local Revenue Share:** Under current law each Lincoln and Tiverton are guaranteed a minimum of \$3.0 million for its share of net video lottery terminal (VLT) and table games revenue. If for some reason activity at the casinos results in the local share less than \$3.0 million, the State must make up the difference between the \$3.0 million and the actual calculated share. Article 6 clarifies that Tiverton will receive the \$3.0 million minimum for FY2021, regardless of the fact that the casino was shut down for three weeks during FY2021 due to the pandemic. The article also provides that going forward, in the event of that a casino is closed for more than thirty days, the guaranteed minimum will be pro-rated per day of the closure for the fiscal year.

### ***Paycheck Protection Program***

In response to devastating impacts that the COVID-19 pandemic had on businesses, Congress enacted a series of supports and relief measures in 2020. The Coronavirus Aid, Relief, and Economic Security (CARES), enacted in March 2020, established the federal Paycheck Protection Program, which provides loans to help businesses keep their workforce employed during the pandemic. In December 2020, Congress enacted the Consolidated Appropriations Act (CAA), with the purpose of providing further pandemic relief, including for businesses. The CAA allowed businesses to deduct expenses paid for with PPP loans. These federal interventions combine to produce a significant loss in State revenue for FY2021 and FY2022.

- **Program Background:** Congress originally appropriated \$350.0 billion for the PPP program in order to provide small businesses with cash-flow assistance through 100.0 percent federally guaranteed loans, backed by the United States Small Business Administration (SBA). In April 2020, Congress provided the program an additional \$310.0 billion in funding, allowed more time to spend the funds, and made it easier to get loans forgiven. In December 2020, Congress enacted a second stimulus package, the CAA, which provided an additional \$285.0 billion in funding and updated the eligible expenses. Congress also authorized businesses to receive a second PPP loan if they had used up their first PPP loan and experienced a 25.0 percent or greater decrease in revenue.
  - **Loan Terms:** Under the PPP program, businesses with 500 employees or less (definition of “small business”) are eligible. Loans have a maturity rate of two years and an interest rate of 1.0 percent. Loans made after June 5, 2020, have a length of five years and cover expenses for 24 weeks starting from the loan disbursement date. Businesses are not required to make payments until either 10 months after the 24-week covered period ends or if the loan is forgiven. Collateral is not required and there are no fees.
  - **Eligible Expenses:** At least 60.0 percent of a PPP loan must be used to fund payroll and employee benefits costs. The maximum amount a business can receive is equal to the monthly average payroll cost in 2019, 2020, or the one-year period before the application, multiplied by 2.5, up to a maximum of \$2.0 million. Businesses in the food and accommodation industries are eligible for 3.5 times the average payroll costs, also with a maximum of \$2.0 million. The remaining 40.0 percent can be spent on mortgage interest payments, rent and lease payments, utilities, operations expenditures, property damage, costs due to public disturbances not covered by insurance, supplier costs such as cost of goods sold, and worker protection expenditures to be COVID compliant.
  - **Loan Forgiveness:** If a business uses its PPP loan for eligible expenses, it may apply to have its loan forgiven. The amount of loan forgiveness may be reduced in proportion to the reduction of retained employees and if any wages are reduced by more than 25.0 percent. If a laid off employee rejects a re-employment offer at the same wage and number of hours, the business may be allowed to exclude this employee when calculating forgiveness.

- PPP - Income and Deductions:** Under normal circumstances, when a business' debt is cancelled, the amount forgiven and not paid is considered income for federal tax purposes. The CARES Act explicitly excludes the amount of the forgiveness of PPP loans from federal gross income. The Act, however, does not address how expenses used to achieve forgiveness are to be treated. In August 2020, the Internal Revenue Service (IRS) clarified that, under existing law, expenses paid with PPP loan proceeds could not be deducted from any other taxable income. This clarification was consistent with previous IRS determinations regarding how tax-exempt income is treated. However, in December 2020, Congress enacted the CAA, which nullified the IRS position, and explicitly allowed for the deductibility of expenses paid for with forgiven PPP loan proceeds.

Rhode Island business and personal income tax statutes mirror federal tax statutes and regulations, particularly as it relates to what constitutes income, adjusted for deductions and other modifications. Any significant change in these modifications affects how income is determined for purposes of Rhode Island taxes. This includes the PPP expense deductions. If the entire amount of loans made in the State were to be forgiven and the expenses paid with these loans were also deducted against other taxable income, the impact on state revenues for FY2021 would be in a loss of \$86.6 million in revenue (\$57.65 million in business corporation tax revenues and \$28.9 million in personal income tax revenues). The combined estimated revenue loss in Rhode Island for the two-year period of FY2021-FY2022 would be \$128.7 million.

- Article 6 Changes Relative to PPP:** In an effort to preserve a portion of the federal pandemic tax relief for businesses relative to state taxes while ameliorating related revenue losses, Article 6 exempts the first \$250,000 of expenses paid with forgiven PPP loans from personal income and business corporations taxation. The article also directs the State Tax Administrator to waive interest and penalties on the taxable portion of each Paycheck Protection Program loan that is forgiven during tax year 2020 provided that the portion is paid in full on or before March 31, 2022. The Tax Administrator is also charged with facilitating these tax payments through forms and instructions.

According to the Office of Revenue Analysis, decoupling from the federal pandemic relief statutes is estimated to reduce the State revenue impact by \$46.2 million in FY2022.

PPP Tax Policy Revenue Changes	FY2021		FY2022		Total 2 Year Impact
	Personal Income Tax	Business Taxes	Personal Income Tax	Business Taxes	
Federal PPP Loan Forgiveness	(\$28,943,146)	(\$57,634,990)	(\$15,189,418)	(\$26,961,035)	(\$128,728,589)
Decoupling from Federal PPP Loan Forgiveness ≥ \$250,000	516,430	1,111,548	14,368,622	31,809,821	47,806,421
<b>Total</b>	<b>(\$28,426,716)</b>	<b>(\$56,523,442)</b>	<b>(\$820,796)</b>	<b>\$4,848,786</b>	<b>(\$80,922,168)</b>

### ***Contractors' Registration and Licensing Board***

Article 6 restructures the licensing fee paid to the Contractors' Registration and Licensing Board (CRLB). Previously, license renewals were required every other year with a \$200 fee. The article changes the license to annual renewal with a \$150 fee. This applies to all contractors licensed through the CRLB except roofing contractors, who will continue to be relicensed every other year with a \$200 fee. The change aligns Rhode Island with Massachusetts, which has an annual renewal and \$150 fee. Due to the timing of the change, new revenues will not be generated until FY2023, when restricted receipts will increase by \$639,916.





## Article 7: Relating to the Environment

This article changes fees related to recreational hunting and fishing, and registration fees for commercial fertilizer and pesticides. This article also modernizes the commercial fishing licensing system and establishes a dockside program for shellfish packing houses through the Department of Health (DOH).

### FISCAL IMPACT

The article is projected to increase general revenue generated from the collection of registration fees for pesticide products and commercial fertilizer by \$946,892. The new dockside program is projected to increase general revenue by \$366,300 in new licensing fees; however, the cost of the 3.0 new FTE positions needed to manage the program and the additional operating costs are estimated to completely offset the new revenue.

Article 7 Fee Increase Total Revenue		
Fee	Fund Type	FY2022 Projected Revenue
Pesticide Product	general revenue	\$842,900
Dockside Program	general revenue	366,300
Commercial Fertilizer	general revenue	103,992
Commercial Fishing	restricted receipts	-
Party and Charter Vessel	restricted receipts	81,025
Recreational Fishing and Hunting	restricted receipts	62,960
<b>Total Revenue</b>		<b>\$1,457,177</b>

Changes to recreational hunting and fishing license fees are projected to increase restricted receipts by \$62,960 in FY2022. The article proposes three hunting and fishing fee increases over an eight-year period. The increase in party and charter boat licenses is projected to generate an additional \$81,025 in restricted receipts in FY2022, with the commercial licensing fees estimated to generate an additional \$236,025 in restricted receipts beginning in FY2023. The additional resources will be reinvested into the Marine Fisheries program.

### ANALYSIS AND BACKGROUND

The increases in pesticide and fertilizer fees are projected to bring fees in line with neighboring states. The commercial fishing sections of the article are based on the Rhode Island Commercial Fishing License Modernization Initiative (Initiative), which was designed with input from the industry. The Initiative aims to improve the commercial fisheries licensing system in response to the evolution of fisheries management and fisheries accounting technologies, and to simplify the structure of the licensing system. The four main goals of the restructure include:

1. Maintain a healthy fishing community in the State of Rhode Island,
2. Maintain flexibility for fishermen and allow for diversification of their fishing portfolio,
3. Increase simplicity and understanding of the system for fishermen and seafood dealers, and
4. Increase and support resources for RI's contemporary marine fisheries needs.

The changes will also better align licensing fees with the cost of assessing and managing marine resources, while bringing Rhode Island's fee structure more in line with neighboring states.

### Fee Increases

The article increases fees paid by manufacturers or distributors to register pesticide and commercial fertilizer products. The fee are deposited as general revenue. According to DEM, the increased fees would align with neighboring states.

**Agriculture Fee Increases**

Fee	Current	Proposed	Change	Projected Revenue
Pesticide Product	\$200	\$300	\$100	\$842,900
Commercial Fertilizer	72	100	28	103,992
<b>Total Revenue</b>				<b>\$946,892</b>

**Regional Fertilizer and Pesticide Fees**

Fee	RI Proposed	MA	CT
Pesticide Product	\$300	\$300	\$188
Commercial Fertilizer	100	250	75

**Recreational Fishing and Hunting License Fees**

The article increases most recreational hunting and fishing fees; however, junior hunting license fees decrease, and license fees for the disabled and those over 65 years of age remain free. The article also establishes a new category of hunting license for resident and non-resident juniors, and provides for fee changes to various recreational fishing and hunting licenses, as provided in the following table.

**Fishing and Wildlife Fees Increased Restricted Receipts**

FY2022	\$62,960
FY2026	187,840
FY2029	314,433

**Article 7. Recreational Fishing and Hunting License Fees**

License/Permit	Rhode Island						
	Current Fee	FY2022 Fee	FY2026 Fee	FY2029 Fee	Massachusetts Fees	Connecticut Fees	Regional Average <sup>1</sup>
Hunting	\$18.00	\$21.00	\$24.00	\$27.00	\$27.50	\$19.00	\$26.49
Hunting Jr.	18.00	14.00	14.00	14.00	11.50	10.00	8.11
Hunting - non-resident	45.00	55.00	65.00	75.00	65.50/99.50 <sup>2</sup>	91.00	118.54
Hunting Jr. - non-resident	45.00	40.00	40.00	40.00	65.50/99.50 <sup>2</sup>	91.00	47.49
Hunting Landowner - non-resident	18.00	21.00	24.00	27.00	n/a <sup>3</sup>	n/a <sup>3</sup>	n/a
Hunting Tourist 3-day - non-resident	16.00	20.00	20.00	20.00	n/a	35.00	42.63
Hunting Tourist Jr. 3-day - non-resident	16.00	16.00	16.00	16.00	n/a	n/a	n/a
Hunting Active Military - non-resident	18.00	21.00	24.00	27.00	27.50	19.00	26.49
Freshwater Fishing	18.00	21.00	24.00	27.00	27.50	28.00	25.09
Freshwater Fishing - non-resident	35.00	38.00	41.00	44.00	37.50	55.00	45.89
Freshwater Fishing Tourist 3-day - non-resident	16.00	18.00	20.00	22.00	23.50	22.00	17.84
Freshwater Fishing Active Military - non-resident	18.00	21.00	24.00	27.00	27.50	28.00	25.09
Freshwater Fishing Disabled	0.00						
Freshwater Fishing Permanent over 65 yrs.	0.00						
Combination	33.00	38.00	43.00	48.00	n/a	40.00	50.65
Combination Disabled	0.00						
Combination Permanent over 65 years	0.00						
Trapping	10.00	15.00	20.00	25.00	35.50	34.00	25.29
Fur Buyer	10.00						
Trapping - non-resident	30.00	50.00	75.00	100.00	200.00	250.00	192.32
Fur Buyer non-resident	30.00						
Game Bird Permit	15.50	17.00	18.50	21.00	n/a	25.00	28.58
Deer Permit	12.50	13.00	14.00	15.00	5.00	19.00	15.61
Deer Permit All Outdoors Package	75.00	75.00	75.00	75.00	n/a	n/a	n/a
Deer Permit - non-resident	25.50	26.50	27.50	28.50	5.00	68.00	29.11
Turkey Permit Spring	7.50	8.00	9.00	10.50	5.00	28.00	18.11
Turkey Permit Spring - non-resident	20.00	21.50	23.00	24.50	5.00	28.00	25.61
Turkey Permit Fall Archery	7.50	8.00	9.00	10.50	5.00	28.00	18.11
Turkey Permit Fall Archery - non-resident	20.00	21.00	23.00	24.50	5.00	28.00	25.61
Trout Stamp	5.50	5.50	6.00	6.50	n/a	5.00	10.22
Waterfowl Stamp	7.50	8.00	9.00	10.00	5.00	17.00	8.99/9.88 <sup>4</sup>

<sup>1</sup>Regional Average includes MA, CT, ME, NH, VT, NY, NJ, DE, MD, and PA.

<sup>2</sup>MA charges \$65.50 for a nonresident small game hunting license (includes all game except deer, bear, and turkey), and \$99.50 for big game hunting (includes deer, bear, and turkey).

<sup>3</sup>Ma and CT do not offer this license - nonresident landowners must obtain a regular nonresident hunting license.

<sup>4</sup>Resident/non-resident

According to DEM, the changes bring Rhode Island Fishing and Wildlife fees more in line with neighboring states. In addition, the fee collections provide the state match for federal funds used to administer the State's fish and wildlife programs. The Division of Fish and Wildlife (DFW) relies primarily on fee collections

and federal funds to administer the State’s fish and wildlife programs; consequently, Rhode Island’s low fee structure has made it difficult for the DFW to unlock all the available federal funding.

Rhode Island receives federal funding through two separate laws – the Wildlife Restoration Act (aka “Pittman-Robertson) and the Sport Fish Restoration Act (aka Dingell-Johnson). Funds for the Wildlife Restoration Act are derived from a federal excise tax on the sale of firearms, ammunition, and archery equipment. Similarly, funds for the Sport Fish Restoration Act are derived from a federal excise tax on fishing equipment, certain motorboat fuels, and import duties.

These funds are collected by the federal government and then apportioned to each state on an annual basis using a formula set in federal law. The use of these funds is tightly restricted by both state and federal law to purposes that directly benefit fish and wildlife purposes. Notably, the federal government requires as a condition of providing the funding that the state dedicates this funding solely to the state fish and wildlife agency (in our case, DEM Fish and Wildlife and DEM Marine Fisheries) pursuant to statute. Consequently, Rhode Island is required by statute (Title 20, Chapter 20-9-3) to restrict revenues raised from fees on hunting, fishing, and related licenses to fish and wildlife purposes and these funds are used to provide the state match for the federal funding made available through the two programs.

In recent years, federal funding has increased rapidly as sales of firearms and ammunition have increased and revenue from license fees has not been sufficient to provide the full amount of state match needed. DEM has been able to utilize in-kind contributions and other sources of state match to access federal funding, but these methods are unlikely to prove sufficient in the future. The proposed fee increases occur in three steps over eight years to provide a predictable and measured increase that is need to ensure the state’s fees remain competitive with our neighbors, keep pace with the rising costs of programming, and provide an increased state match.

The proposal is estimate to increase restricted receipts by \$62,960 in FY2022, \$187,340 in FY2026, and \$314,433 in FY2029. The additional revenue is projected to leverage additional federal funds at a ratio of 1:3, resulting in a corresponding increase in federal funds of \$188,880 in FY2022, \$563,520 in FY2026, and \$943,299 in FY2029.

*Analyst Note: While the article does not provide a definition for “junior”, RIGL 20-13-5(1), Issuance of Licenses, provides that a junior hunting license may be obtained for persons 12 to 14 years of age upon completion of a basic hunter’s safety course, and provided they only hunt in the immediate company of a qualified, license adult 21 years of age or over. Otherwise, a person must be at least 15 years of age to obtain a hunting license.*

### **Party and Charter Vessel License**

The article increases the license fee for vessels carrying recreational passengers for marine fishing from a biannual fee of \$25 to an annual fee of \$100 for residents and \$300 for non-residents to better align fees with neighboring states. The change is estimated to generate an additional \$81,025 in restricted receipts annually.

**Multistate Commercial Fishing License Fee Analysis (2017)**

Type of License	Connecticut	New York	Massachusetts	Rhode Island	Rhode Island
				Current	Proposed
Party and Charter Vessel - Resident	\$315	\$250	\$65 - \$130	\$25/2 years	\$100
Party and Charter Vessel - Non-Resident	315	250	130 - 260	25/2 years	300

*Source: Rhode Island Department of Environmental Management*

### **Commercial Fishing License Fees:**

DEM estimates that the updated commercial fishing license fee structure will increase annual restricted receipts by \$236,025 beginning in FY2023, which will unlock additional federal funds by providing additional matching funds. There is no general revenue impact. The additional restricted receipts will replace expiring federal grants such as the one currently supporting the electronic seafood dealer program,

also known as the Standard Atlantic Fishery Information System (SAFIS). The program, including data auditing, customer service, and compliance management, is currently supported by the Atlantic Coastal Cooperative Statistics Program (ACCSP), which is in the first year of a three-year phase out.

**Multistate Commercial Fishing License Fee Analysis (2017)**

<b>Type of License</b>	<b>Connecticut</b>	<b>New York</b>	<b>Massachusetts</b>	<b>Current (average)</b>	<b>Proposed (average)</b>
Limited License (single sector focus) - Resident	\$790 - \$975	\$180 - \$450	\$160 - \$310	\$209	\$200
Limited License (single sector focus) - Non-Resident	855 - 2,100	275 - 1,250	320 - 570	460	700
Maximum Flexibility License - Resident	790 - 975	780	1,240	329	4450
Maximum Flexibility License - Non-Resident	885 - 2,100	1,975	2,330	n/a	n/a

*Source: Rhode Island Department of Environmental Management*

The main structure of the new licensing system will consist of licenses for Rhode Island’s three main fishing sectors: shellfish, finfish, and crustaceans. In each of the sectors there will be an open license, or “Limited”, category for species unconstrained by quotas. There will also be restricted, or “Unlimited”, license that allows for all species in the category including those regulated through quotas. Limited license categories will be available annually without restriction.

Under the new system, a fishing license owner with a multipurpose license will have an opportunity to convert the license to a vessel license. This change will allow owners with multiple vessels to have more flexibility in the captains they hire, allowing a vessel to be operated by any captain who can now land any species available under the vessel license.

The Rhode Island Commercial Fishing License Modernization Initiative (Initiative) seeks to protect and expand commercial-related fishing jobs by maintaining healthy resources, enhancing opportunities for fishermen to grow their businesses through diversified fishing portfolios, and improving customer service by simplifying the license system for fishermen and seafood dealers. The current license structure is outdated relative to changes in fisheries management and results in fee disparities among license holders who have the same access to the same resources.

Elements of the current system that will remain in place include a gear endorsement requirement for gillnets, and landing licenses, which were recently streamlined through regulation. Seafood dealer licenses will be simplified through the removal of a couple of categories that are no longer needed and the fees will be adjusted to equate to the license costs for fishermen. The following table provides the proposed fee changes as provided by DEM.

## Commercial Fishing License Modernization

License Type	Old/ New	Current Fee	Proposed Fee
Multipurpose Dealer License		\$300	\$450
Finfish Dealer License		200	300
Shellfish Dealer License		200	300
Crustacean Dealer License		200	300
Party and Charter Vessel License - Resident		13	100
Party and Charter Vessel License - Non Resident		13	300
Resident Landing Permit		200	300
Non Resident Landing Permit		300	600
Multipurpose License (resident only)		300	450
Standard Resident Commercial Fishing License with 1 Limited Endorsement	New		150
Standard Resident Commercial Fishing License with 2 Limited Endorsements	New		200
Standard Resident Commercial Fishing License with 3 Limited Endorsements	New		250
Standard Resident Commercial Fishing License with 1 Unlimited Endorsement	New		300
Standard Resident Commercial Fishing License with 1 Unlimited Endorsement and 1 Limited Endorsement	New		350
Standard Resident Commercial Fishing License with 2 Unlimited Endorsements and 1 Limited Endorsement	New		375
Standard Resident Commercial Fishing License with 1 Unlimited Endorsement and 2 Limited Endorsements	New		400
Standard Resident Commercial Fishing License with 2 Unlimited Endorsements and 1 Limited Endorsement	New		425
Standard Resident Commercial Fishing License with 3 Unlimited Endorsements	New		450
Standard Non Resident Commercial Fishing License with 1 Limited Endorsement	New		350
Standard Non Resident Commercial Fishing License with 2 Limited Endorsements	New		700
Standard Non Resident Commercial Fishing License with 3 Limited Endorsements	New		1,050
Standard Non Resident Commercial Fishing License with 1 Unlimited Endorsement	New		700
Standard Non Resident Commercial Fishing License with 1 Unlimited Endorsement and 1 Limited Endorsement	New		1,050
Standard Non Resident Commercial Fishing License with 2 Unlimited Endorsements and 1 Limited Endorsement	New		1,400
Standard Non Resident Commercial Fishing License with 1 Unlimited Endorsement and 2 Limited Endorsements	New		1,400
Standard Non Resident Commercial Fishing License with 2 Unlimited Endorsements and 1 Limited Endorsement	New		1,750
Commercial Fishing License with 1 Endorsement - Resident	Old	75	
Commercial Fishing License with 1 Endorsement - Non Resident	Old	200	
Commercial Fishing License with 2 Endorsements - Resident	Old	100	
Commercial Fishing License with 3 Endorsements - Resident	Old	125	
Commercial Fishing License with 4 Endorsements - Resident	Old	150	
Commercial Fishing License with 5 Endorsements - Resident	Old	175	
Commercial Fishing License with 6 Endorsements - Resident	Old	200	
Commercial Fishing License with 7 Endorsements - Resident	Old	225	
Principal Effort License with 1 Endorsement - Resident	Old	150	
Principal Effort License with 1 Endorsement - Non Resident	Old	400	
Principal Effort License with 2 Endorsements - Resident	Old	225	
Principal Effort License with 2 Endorsements - Non Resident	Old	500	
Principal Effort License with 3 Endorsements - Resident	Old	300	
Principal Effort License with 3 Endorsements - Non Resident	Old	600	
Principal Effort License with 4 Endorsements - Resident	Old	375	
Principal Effort License with 5 Endorsements - Resident	Old	450	
Principal Effort License with 5 Endorsements - Non Resident	Old	900	
Principal Effort License with 6 Endorsements - Resident	Old	525	
Principal Effort License with 7 Endorsements - Resident	Old	600	
Principal Effort License with 8 Endorsements - Resident	Old	675	

Source: Department of Environmental Management

The additional revenue will be used to replace declining federal funds but can also be used to support other commercial fishing industry priorities including dedicated staff to support commercial-only species such as squid, mackerel, and lobster; infrastructure improvements; and, increased enforcement capabilities to maintain a level playing field for fishermen. Other investments include upgrading Rhode Island's physical licensing system to use swipe cards, physical licenses with photographs, and an improved licensing database infrastructure.

If approved by the 2021 General Assembly, the Initiative will go through rulemaking in the fall of 2021 and be implemented in 2022. The proposal will address problems with an outdated, overly complicated, and unbalanced commercial fishing license structure, while also addressing a funding deficit in the Division of Marine Fisheries caused by discontinued federal resources and growing responsibilities.

***Shellfish Packing Houses:***

The article authorizes the Director of the Department of Health (DOH), with the assistance of DEM, to establish a dockside shellfish monitoring and testing program, including establishing rules and regulations. The article also provides DOH with the authority to set a shellfish-licensing fee through rules and regulations. In April 2019, the National Marine Fisheries Council closed a large portion of fishing grounds used for harvesting surf clams in order to protect certain marine species. Authorizing DOH to establish the program allows companies in the State to continue processing certain shellfish and ensure they are safe for human consumption. The program would not apply to aquaculture, the cultivation of fish in controlled conditions.

Massachusetts has a similar program, with a fee of \$35,000 per vessel, per year and is collected from vessels that harvest from specific waters not regularly monitored for biotoxins. The fee is deposited into the Dockside Testing Trust fund and is used for the regulation, monitoring, and testing of shellfish.

The new dockside program would require 2.0 FTE Lab Scientist positions and 1.0 FTE Food Specialist. The cost of the FTE positions, in addition to operating costs, would result in increased expenditures of \$366,300, funded by the proposed license fee.

## Article 8: Relating to Public Utilities and Carriers

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Article 8 requires all investor-owned gas and electric distribution companies to develop and file an emergency response plan with the Division of Public Utilities and Carriers (Division) on or before May 15, 2022, and annually thereafter. Plans must outline a utility's emergency preparations and response to restore service to customers after an emergency event. In addition, the article requires the Division to develop standards of acceptable performance for emergency preparations and response to restore service by investor-owned gas and electric distribution companies. The article:

- Authorizes a fine of up to \$500 per day to be issued to any company that fails to file the required emergency response plan.
- If the Division determines that an investor-owned distribution company violated the Division's standards of acceptable performance, the Division shall have the authority to levy a penalty up to \$100,000 for each violation per day, not to exceed \$7.5 million for any related series of violations.
- Fines levied on the investor-owned electric or gas distribution utilities shall be credited back to the utility's customers.

### FISCAL IMPACT

There is no projected fiscal impact as any fines would be credited to customers and not retained by the State.

### ANALYSIS AND BACKGROUND

This article adds RIGL 39-2, "Emergency Response Plans", requiring all investor-owned gas and electric distribution companies to file an annual emergency response plan with the Division of Public Utilities and Carriers (Division) on or before May 15, 2022. (Presently, there is only one investor-owned gas and electric distribution company in the state, National Grid [gas and electric].) A fine of \$500 per day may be issued to any company that fails to file the required emergency response plan. As part of the emergency plans, each company shall designate employee(s) to act as liaisons to the Rhode Island Emergency Management Agency's emergency operations center during an emergency event and shall designate a liaison to each municipality within the service area of the company.

The Article further requires the Division to establish standards of acceptable performance for emergency preparation and restoration of services for each investor-owned electric and gas distribution company doing business in the State. If the Division determines that a distribution company violated the Division's standards of acceptable performance for emergency preparation and restoration of service, the Division shall have the authority to levy a penalty up to \$100,000 for each violation per day not to exceed \$7.5 million. Municipalities are authorized to file a complaint with the Division, within 90 days of an occurrence, regarding a violation of the Division's standards by an investor-owned electric and gas distribution company.

The article adds language stating that all fines levied on an investor-owned electric or gas distribution company for failure to file the emergency response plans or are in violation of the Division's standards of acceptable performance shall be credited back to the utility's customers. The method of credit shall be determined by the Public Utilities Commission.





## Article 9 – Relating to Economic Development

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Article 9 introduces new or amends existing economic development incentives. The changes include:

- **Professional Engineer License:** Expands eligibility for professional engineer licenses to include individuals who have an engineering technology degree and meet experience requirements.
- **Municipal Infrastructure Grant Program (MIG):** Shifts the State’s Municipal Infrastructure Grant program (MIG) program from the Division of Statewide Planning (Division), within the Department of Administration (DOA), to the Rhode Island Infrastructure Bank (RIIB)
- **Reauthorization of Economic Development Incentive Programs:** Extends the sunset provisions on economic development incentive programs from June 30, 2021, to December 31, 2022.
- **Wavemaker Fellowship Program:** Clarifies elements of the Stay Invested in Rhode Island Wavemaker Fellowship program.
- **Motion Picture Tax Credit Program (MPTC):** Raises the annual cap on the State’s MPTC program from \$20.0 million to \$30.0 million for FY2022 only. It also, reauthorizes the program another year and a half by extending the program sunset date from June 30, 2021, to December 31, 2022.
- **Historical Preservation Tax Credit Program (HPTC):** Reauthorizes the State’s HPTC program (HPTC) another year by extending the program sunset date from June 30, 2021, to June 30, 2022.

### FISCAL IMPACT

The expansion of engineering license eligibility is estimated to generate an additional \$90,000 in general revenues in FY2022. The tax exemption changes related to the Wavemaker Fellowship program result in a \$2,707 revenue reduction in FY2022.

*Analyst Note: The Budget, through Article 5, also transfers \$20.0 million in one-time general revenue receipts to the HPTC Trust Fund in FY2021. This investment recapitalizes the program and enables it to fund additional projects that have applied and been waiting in the queue to receive credits. The Budget also, through Article 1, provides \$1.0 million for MIG grants in FY2022.*

### ANALYSIS AND BACKGROUND

#### **Professional Engineer License**

There are two types of degree programs in the engineering field: engineering and engineering technology. Currently, individuals with an undergraduate degree in engineering technology are not eligible for a professional engineer license unless they also hold a master’s degree from an accredited engineering program. Engineering degrees are more heavily focused on math and science, whereas engineering technology degrees are more practical rather than theoretical. An engineering technology degree has fewer advanced math and science requirements. Currently, 24 states allow engineering technology degree holders to obtain a professional engineer license with adequate experience.

The article provides a licensure path for individuals with degrees in engineering technology, without also holding a master’s degree, so long as they have a minimum of 8 years of experience working under a professional engineer licensee. Prospective licensees must also pass a Fundamentals in Engineering exam, and a Principles and Practice of Engineering Exam, both administered by the National Council of Examiners for Engineering and Surveying. Professional engineering license fees range from \$25 to \$300 (see table). The Department of Business Regulation anticipates eligibility changes will lead to an increase in license applications and fee collections, producing an estimated \$90,000 in additional revenue in FY2022.

Professional Engineer License Fees	
License	Fee
PE Certificate of Registration – Initial Registration Fee	\$300
Biennial PE Registration - Renewal Fee	300
Reinstatement of Expired PE Certificate of Registration - Fee	210
COA Initial Application Fee	150
Comity PE Application Fee	150
Initial PE Application fee	100
Biennial COA Renewal Fee	50
Engineer in Training (“EIT”) – Initial or Comity Application Fee	25
Retirement Status – Biennial Fee	20

### ***Municipal Infrastructure Grant Program***

Article 9 of the Budget shifts the State’s Municipal Infrastructure Grant program (MIG) program from the Division of Statewide Planning (Division), within the Department of Administration (DOA), to the Rhode Island Infrastructure Bank (RIIB), a quasi-public corporation that provides low-interest loans to municipalities for infrastructure projects. The article charges the Division to assist RIIB in evaluating applications and establishing criteria. RIIB is also authorized to establish rules and regulations that align with the State’s economic development plans.

The Budget provides \$1.0 million for grants to be made through the MIG. Through the program the State provides public infrastructure grants to municipalities for design, construction, building, land acquisition, rehabilitation, repair, and other improvements to publicly owned infrastructure including sewers, utility extensions, streets, roads, curb-cuts, parking, water treatment systems, telecommunications systems, transit improvements, and pedestrian ways. The program also assists municipalities with economic development projects, housing development and rehabilitation, and other community development projects.

### ***Reauthorization of Economic Development Incentive Programs***

Article 9 reauthorizes the following incentives for another year and a half:

- Rebuild RI
- Rhode Island Tax Increment Financing
- Tax Stabilization Incentive
- First Wave Closing Fund
- I-195 Redevelopment Project Fund
- Small Business Assistance Fund
- Stay Invested in RI Wavemaker Fellowship
- Main Street Rhode Island Streetscape Improvement Fund
- Innovation Initiative
- High School, College, and Employer Partnerships
- Air Service Development Fund
- Rhode Island Qualified Jobs Incentive

These programs are currently set to expire on June 30, 2021. The General Assembly originally established a two-year authorization for these incentives, calling for a sunset date of December 31, 2018. This

expiration has been extended three times, most recently by the FY2021 Budget as Enacted. Article 9 extends the date to December 31, 2022. The State's Industry Cluster Incentive program is not reauthorized.

### ***Wavemaker Fellowship Program***

Established in 2015, the Wavemaker Fellowship is a competitive student loan reimbursement program for college and university graduates who take employment in science, technology, engineering, and mathematics (STEM) fields in Rhode Island. The program provides Wavemaker Fellows with refundable personal income tax credits that can be used to offset their annual student loan payments for up to 4 years. The amount of the tax credit depends upon the degree earned by the taxpayer, i.e. \$1,000 for an associate's degree up to \$6,000 for a graduate or post-graduate degree.

Article 9 clarifies that all tax credit awards made to fellows under the program are exempt from all State taxes. For purposes of the Wavemaker Fellowship program, awards may be delivered as an up-front tax credit redemption or as a tax credit certificate when filing a tax return. State law exempts up-front redemptions from State taxation; however, tax credit certificates are still subject to tax. Article 9 exempts the latter from taxation. This policy change results in a general revenue reduction of \$2,707 in FY2022.

### ***Motion Picture Tax Credit Program***

Article 9 increases the State Motion Picture Tax Credit program's annual cap from \$20.0 million to \$30.0 million for FY2022 only. The article also reauthorizes the program another year and a half by extending the program sunset date from June 30, 2021, to December 31, 2022.

The State offers a tax credit for motion picture production companies equivalent to 25.0 percent of qualified production costs attributable to expenditures from to activity within the State. The credits are transferable, and unused portions may be carried forward for up to three years. The total credit issuance for a given production at \$7.0 million in a given year, and productions must meet a minimum \$100,000 production budget threshold to qualify. The Tax Administrator may waive the tax credit cap for any feature length film or television series to use up any unused amounts in the motion picture tax credit program up to the current \$20.0 million annual threshold. This cap also includes musical and theatrical production tax credits.

### ***Historical Preservation Tax Credit Program***

Article 9 reauthorizes the State Historic Preservation Tax Credit Program (HPTC) another year by extending the program sunset date from June 30, 2021, to June 30, 2022. Under the program, taxpayers that incur qualified rehabilitation expenditures (QREs) for the substantial rehabilitation of a certified historic structure are entitled to a credit is equal to 20.0 percent of the QREs for any certified historic structure or 25.0 percent of the QREs, provided that either 25.0 percent of the total rentable area of the certified historic structure or the entire rentable area on the first floor is available for trade or business. The maximum credit cannot exceed \$5.0 million for all phases of any certified rehabilitation project and the total credits authorized cannot exceed the sum of the estimated credits available in the historic preservation tax credit trust fund.

The Budget, through Article 5, also transfers \$20.0 million in one-time general revenue receipts to the HPTC Trust Fund in FY2021. This investment recapitalizes the program and enables it to fund additional projects that have applied and been waiting in the queue to receive credits. There are currently 38 projects awaiting credits, with total estimated QREs valued at \$415.1 million and an estimated tax credit total of \$83.0 million. The first 10 projects in the queue have requested a combined \$24.0 million in credits.



## Article 10: Relating to Fishing Industry Modernization

This article establishes a hold harmless clause for education aid in FY2022 based on the March update; reestablishes a density aid categorical aid program for districts where 5.0 percent or more of the average daily membership (ADM) attend charter or state schools; requires the Department of Education (Department) to analyze uniform chart of accounts (UCOA) data to map basic education plan (BEP) costs, ensures districts are complying with the BEP, and determine whether education aid is sufficient to fund the BEP; and, provides state support for AP test tests taken by low-income students.

### FISCAL IMPACT

Based on the March 2021 Data update, the funding formula aid would have totaled \$997.5 million; however, the hold harmless provision in the article increased the aid to \$1,037.2 million, a difference of \$39.7 million. Reestablishing the density aid category increased education aid by another \$1.0 million. The Budget also includes 2.0 new FTE positions (\$272,182 in salaries and benefits) to support the Department in implementing the new accountability standards provided in the article, and \$400,000 to provide AP tests to low-income students at no cost to the student.

Fiscal Impact of Article 10	
Hold Harmless Provision	\$39.7
Density Aid	1.0
Accountability (2.0 FTE positions)	0.3
AP Tests for Low-Income Students	0.4
<b>Total</b>	<b>\$41.4</b>

*\$ in millions*

### ANALYSIS AND BACKGROUND

The article hold districts harmless for a COVID-related enrollment reduction, reestablishes the density aid categorical, implements new cost accountability analysis standards at the Department, and provides free AP test to low-income students.

#### ***Education Aid Hold Harmless***

The funding formula statute requires the formula aid to a community be based on the previous year's enrollment. For this budget, statewide data reflected a decrease in enrollment of nearly 4,000 students in March 2021 relative to March 2020. In an effort to hold local education agencies (LEAs) harmless from enrollment declines due to the COVID-19 pandemic, the article provides that, in FY2022, the enrollment used to calculate education aid will be the greater of March 2020 or March 2021, adjusted for students attending new or expanding charter schools. The Student Success Factor (SSF), which provides a 40.0 percent weight for each student living in poverty, will be calculated based on the year with the greatest percentage of students enrolled in the district living in poverty. For districts where the March 2020 enrollment is greater, the March 2020 enrollment will be used but it will be reduced by the number of students attending new or expanding charter schools in FY2022.

If the General Assembly had enacted the funding formula aid based on the March 2021 data, the total aid would have been \$997.5 million. Instead, the hold harmless provision resulted in funding formula aid totaling \$1,037.2 million, an increase of \$39.7 million.

#### ***Density Aid***

The article reestablishes density aid for districts where 5.0 percent or more of the ADM are enrolled in a charter or state school. The intent is to provide a \$500 payment once for each new resident student enrolled in a charter or state school. For FY2022, the aid will be calculated based on the number of new students attending a public school of choice since FY2019. FY2019 is the last year density aid was provided. In subsequent fiscal years, the \$500 will be paid for each new charter or state school student relative to the previous year. The FY2022 Budget includes \$1.0 million for this category.

***Accountability***

The article requires the Department to use UCOA data to develop benchmarks, specific to each LEA, to improve cost controls, efficiencies, and program effectiveness. The Department is further required to provide a report to each LEA and a summary of all the LEA reports to the Governor and General Assembly.

Beginning August 2, 2022, the Department is required to annually review the BEP compliance of each LEA and determine the sufficiency of state and local education aid to meet the BEP. If a deficiency exists in local support, the Department and the Department of Revenue will issue a joint report to the General Assembly on the feasibility of the municipality to raise sufficient funds to meet the BEP standards. The Budget provides 2.0 new FTE positions (\$272,182 in salaries and benefits) to support the Department in implementing the new accountability standards provided in the article

***Advanced Placement (AP) Test for Low-Income Students***

The article requires that funding be provided for the advanced placement program. This program is defined as furtherance of AP classes in the public schools and includes teacher training and, as provided by the article, increased student participation. The article amends the requirements of the program report to be filed by the Department to include:

- The number of students taking AP courses who do not take the test,
- The number of students below the poverty level, defined as “at or below 185.0 percent of federal poverty guidelines”, who take AP courses, and
- The number of student below poverty who take AP courses but no the examination,

The article also requires the Department to ensure that the greatest amount of students practicable have the opportunity to participate in the advanced placement program and to gain college credit. The Budget includes \$400,000 to provide AP tests to low-income students at no cost to the student.

## Article 11: Relating to Lease Agreements

This article reports new lease or rental provisions as required by RIGL 37-6-2(d), which requires legislative approval of State lease or rental agreements that meet certain conditions. All of the proposed agreements are lease renewals.

### FISCAL IMPACT

State Agency	New Location	Sq. Ft.	Lease Term	Aggregate Rent	Max. Annualized	Expired Lease	Previous Annualized Rent	Change
Revenue	238 East Main Road, Middletown	4,200	5-years	\$317,606	\$63,522	October 31, 2021	\$57,978	\$5,544
Corrections	49 Pavilion Avenue, Pawtucket	5,086	1.5-years	\$163,035	108,690	July 31, 2021	108,690	-
Human Rights	180 Westminster Street, Providence	9,912	5-years	\$929,250	185,850	August 31, 2021	181,410	4,440
Ethics*	38-40 Fountain Street, Providence	4,535	10-years	\$1,110,595	111,060	November 30, 2021	104,075	6,985
Human Services - ORS*	40 Fountain Street, Providence	27,680	10-years	\$7,242,840	724,284	November 30, 2021	681,293	42,991
Human Services - ODDS*	40 Fountain Street, Providence	16,024	10-years	\$4,124,560	412,456	November 30, 2021	387,779	24,677
Human Services*	249 Roosevelt Avenue, Pawtucket	24,400	10-years	\$4,503,021	450,302	July 31, 2021	453,598	(3,296)
Human Services	77 Dorrance Street, Providence	25,812	5-years	\$2,064,960	412,992	August 31, 2021	395,791	
<b>Total</b>					<b>\$1,605,862</b>		<b>\$1,521,225</b>	<b>\$84,637</b>

\* rent includes office and parking

### ANALYSIS AND BACKGROUND

This article authorizes the following lease agreements pursuant to RIGL 37-6-2(d), which requires “for any lease, rental agreement, or extension of an existing rental agreement for leased office and operating space that carries a term of five (5) years or longer, including any options or extensions that bring the total term to five (5) years or longer, where the state is the tenant and the aggregate rent of the terms exceeds five hundred thousand dollars (\$500,000), the state properties committee shall request approval of the general assembly prior to entering into any new agreements or signing any extensions with existing landlords.”

Rhode Island General Law further specifies that, “the state properties committee, in the form of a resolution, shall provide information relating to the purpose of the lease or rental agreement, the agency's current lease or rental costs, the expiration date of any present lease or rental agreement, the range of costs of a new lease or rental agreement, the proposed term of a new agreement, and the location and owner of the desired property.”

The article authorizes the following lease agreements that are explained in detail below. However, two of the lease agreements do not appear to require inclusion for approval by the General Assembly pursuant to RIGL 37-6-2(d) as either the term of the lease or the aggregate lease amount are below the thresholds set forth in general law. These are the Department of Revenue lease of 328 East Main Road in Middletown and the Department of Corrections lease of 49 Pavilion Avenue in Pawtucket.

#### **Department of Revenue – 238 East Main Road, Middletown**

The Article authorizes the Department of Revenue (DOR) to renew a lease agreement with Kenneth J. Alves, for a five-year period. The DOR currently holds a lease agreement with Mr. Alves, for a 4,200 square foot space located at 238 East Main Road in Middletown. The DOR’s Division of Motor Vehicles (DMV) uses this space to provide services to the Aquidneck Island region. Annual base rent for the property in FY2022 is \$63,522. The article provides that the aggregate base rent for a five-year lease term in the lease agreement will not exceed \$317,606.

#### **Department of Corrections – 49 Pavilion Avenue, Pawtucket**

The Article authorizes the Department of Corrections (DOC) to renew a lease agreement with WRR Associates, LLC. for a one and one-half year period. The DOC currently holds a lease agreement with WRR Associates LLC. for a 5,086 square foot space located at 49 Pavilion Avenue in Providence. The DOC uses this space as a regional center to serve the needs of Providence and the surrounding communities.

Annual all-inclusive rent for the property in FY2021 is \$108,690. The article provides that the aggregate all-inclusive rent in each of the next one and one-half year lease terms in the lease agreement will not exceed \$163,035.

***Commission for Human Rights – 180 Westminster Street, Providence***

The Article authorizes the Commission for Human Rights (Commission) to renew a lease agreement with Dorwest Associates, LLC, for a five-year period, for 9,912 square feet of office space at 180 Westminster Street in Providence. The State currently holds a lease agreement with Dorwest Associates, LLC. The current annual lease cost is \$181,410 and the lease expires on August 31, 2021. The article provides that the aggregate rent for a five-year lease term in the lease agreement will be \$929,250.

***Rhode Island Ethics Commission – 38-40 Fountain Street, Providence***

The Article authorizes the Rhode Island Ethics Commission (Commission) to renew a lease agreement with Gardner Building, LLC, for a ten-year period, for 4,535 square feet of office space at 38-40 Fountain Street in Providence. The current annual lease cost is \$104,075 and the lease expires on November 30, 2021. The article provides that the aggregate rent for a ten-year lease term in the lease agreement will be \$1.1 million.

***Department of Human Services – Various Properties***

The article authorizes the Department of Human Services (DHS) to renew various leases. These include:

- The Article authorizes the Department of Human Services (DHS) Office of Rehabilitative Services to renew the lease with Gardner Building, LLC, for a ten-year period. DHS currently holds a lease agreement with Gardner Building, LLC for a 27,680 square foot space located at 40 Fountain Street in Providence. DHS uses this space as a regional location to provide services to the surrounding communities.

Annual rent for FY2021 is \$483,293. The article provides that the aggregate rent for a ten-year lease term to be \$5.3 million, with annual rent to be \$512,808 for years one through five, and \$539,760 for years six through ten. The article also includes an additional annual payment of \$198,000 for parking.

- The Article authorizes the DHS Office of Disability Determination Services to renew the lease with Gardner Building LLC for a ten-year period. DHS currently holds a lease agreement with Gardner Building LLC for a 16,024 square foot space located at 40 Fountain Street in Providence.

Annual rent for FY2021 is \$279,779. The article provides that the aggregate rent for a ten-year lease term to be \$3.0 million, with annual rent to be \$296,444 for years one through five, and \$312,468 for years six through ten. The article also includes an additional annual payment of \$108,000 for parking.

- The Article authorizes the DHS to renew the lease with PUI O, Inc. for a ten-year period. DHS currently holds a lease agreement with PUI O, Inc. for a 24,400 square foot space located at 249 Roosevelt Avenue in Pawtucket. DHS uses this space as a regional location to provide services to Pawtucket and the surrounding communities.

Annual rent, inclusive of systems furniture throughout the leased premises and access to 190 parking spots, for FY2021 is \$453,598. The article provides that the aggregate rent for a ten-year lease term to be \$4.5 million, with annual rent to be \$453,598 for the first three years, \$441,169 for the next three years and six months, and \$456,610 for the final three years and six months.

- The Article authorizes DHS to renew the lease with 77 Dorrance Street in Providence for a five-year period. DHS currently holds a lease agreement with 77 Dorrance for 25,812 square feet of space located at 77 Dorrance St in Providence.



Annual rent for FY2021 is \$395,791. The article provides for the aggregate rent for a five-year lease term, inclusive of janitorial services, to be \$2.1 million with annual rent payments of \$412,992.



## Article 12: Relating to Medical Assistance

This article modifies the financing and delivery of the medical assistance (Medicaid) program. The article also includes a joint resolution authorizing the Executive Office of Health and Human Services (EOHHS) to undertake various reforms within the Medicaid program that require amendments to the State's 1115 waiver, Medicaid State Plan, rules and regulations, or managed care contracts. Specifically, the article:

- Restores the supplemental inpatient Upper Payment Limit payment to hospitals, reauthorizes the Disproportionate Share Hospital payment, and restructures the Graduate Medical Education program.
- Modifies existing Long Term Services and Supports programs to shift the State's long-term care options away from institutional settings and towards home- and community-based services.
- Includes provisions to increase rates for long-term care facilities that care for complex patients.
- Expands the Office of Healthy Aging's Home and Community Care Co-Pay program by increasing income eligibility and expanding eligibility to individuals with early-onset Alzheimer's.
- Adds Medicaid coverage and reimbursement for community health workers.
- Adds Medicaid coverage for the Department of Health's First Connections and Parents as Teachers programs.
- Adds Medicaid coverage for perinatal doula services, which provide individual supports for expectant mothers before, during, and after birth.
- Changes the deadline for the annual Medicaid expenditure report from March 15 to September 15.
- Expands child dental benefits to include an additional type of cavity treatment.
- Adds new reporting requirements for the RiTe Share program in order to maximize enrollment.
- Preserves the ambulance rate increases for non-emergency medical transportation services that have been authorized on a temporary basis since FY2020.
- Clarifies the methodology for determining the annual rate increase for hospice and home care providers.
- Makes a number of technical corrections to Medicaid enabling statutes to reflect current practice.
- Allows the Executive Office to pursue any changes in the Medicaid program which may offset State costs or improve access, quality, or effectiveness.

### FISCAL IMPACT

The changes result in a net general revenue expenditure increase of \$15.0 million (\$41.0 million all funds) in FY2022 relative to the May 2021 Caseload Estimating Conference (CEC) estimates.

<b>Article 12 Expenditure Impact</b>		
<b>Initiative</b>	<b>General Revenue</b>	<b>All Funds</b>
Hospital Payments	\$4,952,097	\$16,042,637
LTSS Resiliency and Rebalancing	3,951,100	10,440,303
Reimbursement Rates - Complex Patients	2,934,805	6,951,220
Office of Healthy Aging	1,288,329	3,051,464
Community Health Workers	1,162,407	2,659,687
RIDOH Programs	701,293	1,661,045
Perinatal Doula Services	189,840	478,022
Medicaid Expenditure Report	(138,000)	(276,000)
<b>Total</b>	<b>\$15,041,871</b>	<b>\$41,008,378</b>

Several initiatives also impact revenue collections from the 2.0 percent insurance premium tax on health insurers and 5.5 percent nursing home provider tax. The Budget accounts for a net \$36,395 revenue loss, accordingly.

## ANALYSIS AND BACKGROUND

Article 12 includes two primary components. First, Article 12 amends current law to make the statutory changes necessary to implement Medicaid budget initiatives where required. However, many aspects of the Medicaid program are not codified in statute; they are instead governed by separate documents submitted to the federal government, such as the State Plan and Section 1115 waiver, and by State rules and regulations and certain contractual agreements. State law requires that the Executive Office of Health and Human Services (EOHHS) seek authority from the General Assembly in order to pursue any significant changes to the Medicaid program by submitting a joint resolution. Accordingly, Article 12 includes the joint resolution authorizing EOHHS to amend the State Plan, the special terms and conditions of the Section 1115 waiver, rules and regulations, and/or the terms of managed care contracts. The combined authority from the statutory changes and joint resolution included in Article 12 enables EOHHS to undertake all actions required to realize the funding levels included in Article 1.

### Hospital Payments

Article 12 increases general revenue payments to hospitals by \$5.0 million (\$16.0 million all funds) relative to the May 2021 caseload estimate.

- Upper Payment Limit:** Upper Payment Limit (UPL) payments compensate hospitals for the difference between what hospitals receive for Medicaid services and what they are paid under Medicare reimbursement principles. A portion of the payments are eligible for the favorable Expansion federal match rate; the State pays approximately one-third of the total cost. For FY2020 and FY2021, the State only made UPL payments for outpatient services; the inpatient portion was eliminated in the FY2020 Enacted Budget. Article 12 restores the inpatient UPL.

The May 2021 CEC estimate included a total of \$7.9 million for outpatient UPL payments in FY2022, of which \$2.6 million was from general revenues. The Budget adds \$6.0 million from general revenues (\$18.3 million all funds) to adjust the outpatient UPL based on updated information provided after the conference and to restore the inpatient portion of the payment.

Hospital	FY2022 Upper Payment Limit	
	Outpatient	Inpatient
Butler	-	-
Kent	674,658	1,117,841
Women and Infants	920,912	6,427,323
<b>Care New England</b>	<b>\$1,595,570</b>	<b>\$7,545,164</b>
Bradley	-	-
Miriam	1,134,158	1,419,325
Newport	249,004	320,042
Rhode Island Hospital	3,143,538	5,709,559
<b>Lifespan</b>	<b>\$4,526,700</b>	<b>\$7,448,926</b>
Roger Williams	599,628	1,003,120
St. Joseph's	238,231	1,738,088
<b>Prospect - CharterCARE</b>	<b>\$837,859</b>	<b>\$2,741,208</b>
Landmark	392,111	634,468
South County	165,952	99,240
Westerly	120,720	70,208
Rehabilitation	1,605	-
<b>Other</b>	<b>\$680,388</b>	<b>\$803,916</b>
<b>Total</b>	<b>\$7,640,517</b>	<b>\$18,539,214</b>
<i>General Revenue</i>	<i>2,504,548</i>	<i>6,077,122</i>

- Graduate Medical Education:** Article 12 repeals the public law reference that provided a Graduate Medical Education (GME) payment to academic Level I trauma center hospitals that have a minimum of 25,000 inpatient discharges and provide training for at least 250 interns and residents per year. Only Rhode Island Hospital qualified for this payment. The change included in Article 12 results in a general revenue savings of \$1.0 million (\$2.2 million all funds).

However, Article 1 also adds \$2.0 million from general revenues and includes proviso language to dedicate the funds for GME. This language restructures the program to expand the payment to also include hospitals providing Neonatal Intensive Care Unit (NICU) level of care. The changes included

in Article 1 provide GME funding to Women and Infants in addition to Rhode Island Hospital, with \$1.0 million paid to each.

- **Disproportionate Share Hospitals:** Article 12 authorizes the disbursement of Medicaid Disproportionate Share Hospital (DSH) payments to qualifying community hospitals in federal fiscal years (FFY) 2021 and 2022. These payments will be made in State FY2022 and FY2023, respectively. The article limits the aggregate amount of the payments to \$142.5 million all funds in FY2022 and \$143.8 million all funds in FY2023.

Federal law requires that state Medicaid programs make DSH payments to qualifying community hospitals which serve a large number of Medicaid and uninsured patients. The DSH program subsidizes hospitals with high uncompensated care costs, which include certain expenses that are not covered by Medicaid or other sources. DSH payments are lump-sum disbursements issued each July and are subject to the applicable Federal Medical Assistance Percentage (FMAP) at the time of issuance. Funds are distributed in proportion to each hospital's share of statewide uncompensated care. The State share is funded through revenues generated by the hospital licensing fee authorized in Article 6. The May 2021 CEC estimate already includes \$65.4 million from general revenues and \$77.1 million from federal funds in FY2022 to fund the maximum \$142.5 million payment authorized by the article.

DSH Payments			
State	Federal	Limit	State Share
FY2018	FY2017	139.7	48.98%
FY2019	FY2018	138.6	45.85%
FY2020	FY2019	142.4	47.43%
FY2021	FY2020	142.4	47.05%
FY2022	FY2021	142.5	45.91%
FY2023	FY2022	143.8	45.12%

*\$ in millions*

#### **Long-Term Services and Supports (LTSS) Resiliency and Rebalancing**

Article 12 contains a number of initiatives designed to work in tandem to rebalance the State's array of long-term care programs by shifting away from institutional settings and towards home- and community-based services (HCBS). This includes reforming program eligibility, modifying rates, and establishing a wage pass-through program for direct care workers, among other targeted investments. The Budget assumes that, over time, these investments will result in fewer nursing home admissions, which are significantly more expensive than HCBS. This initiative will result in estimated general revenue nursing home savings of \$341,990 (\$778,803 all funds) in FY2022, offset by \$4.3 million in new general revenue expenditures (\$11.2 million all funds), discussed in detail below.

LTSS Resiliency and Rebalancing	General Revenue	Federal Funds	All Funds
Maintenance of Need	\$2,182,153	\$3,184,988	\$5,367,141
Assisted Living Rates	1,700,154	2,248,795	3,948,949
Home Care Wages	733,000	931,655	1,664,655
Supplemental Security Income	(624,125)	-	(624,125)
Nursing Home Reductions	(341,990)	(436,813)	(778,803)
Implementation - Contract and Staff	180,633	326,883	507,516
Shared Living Rates	121,275	233,695	354,970
<b>Total</b>	<b>\$3,951,100</b>	<b>\$6,489,203</b>	<b>\$10,440,303</b>

- **Maintenance of Need:** The article raises the HCBS Maintenance of Need allowance from 100.0 percent of the federal poverty level plus \$20 per month (\$1,093 per month) to 300.0 percent of the federal standard for supplemental security income (\$2,382 per month) to enable individuals to retain more of their income while receiving services in their homes.

Medicaid does not cover room and board expenses when individuals receive services in home- or community-based arrangements. To ensure that beneficiaries opting for care in these settings have adequate resources to meet these and other personal needs, the State allows individuals in HCBS programs to retain part of their income, known as the Maintenance of Need. By increasing the allowance, individuals can retain more of their income to cover more expenses at home. This will reduce the likelihood that individuals need to move into institutional settings because staying home is

cost prohibitive. The increase in the Maintenance of Need allowance means that individuals will contribute less towards their cost of care. The Budget adds \$2.2 million from general revenues (\$5.4 million all funds) to recognize the corresponding increase in the cost to the State for these services, with the additional costs shared between the Medicaid program and the Division of Developmental Disabilities.

- **Assisted Living Rates:** The article increases assisted living rates in both fee-for-service and managed care. Currently, assisted living facilities are reimbursed at \$69.00 per day for all beneficiaries. The rate does not compensate facilities for the difference in costs to provide care for higher-need patients; this creates a disincentive for assisted living providers to care for patients with higher acuity. The Budget establishes a tiered rate structure to reimburse assisted living based on residents' acuity as follows:

Tier	Description	Population	Rate	Increase
A	Basic	57.1%	\$78.00	13.0%
B	Enhanced care and transition services Serious cognitive decline and co-morbidities that may	40.5%	\$98.00	42.0%
C	require skilled care or stabilization services	2.4%	\$121.00	75.4%

The Budget adds \$1.7 million from general revenues (\$3.9 million all funds) to fund the rate increases, representing a composite rate increase of 24.2 percent based on the share of assisted living residents expected to be assigned to each tier. The tiered structure is effective October 1, 2021.

- **Home Care Wages:** The article establishes a targeted wage pass-through program for home care workers to bolster the State's ability to provide services to individuals in their homes.
  - **Shift Differential:** Article 12 increases the shift differential rate modifier for Personal Care and Combined Personal Care/Homemaker services delivered by Certified Nursing Assistants (CNAs). The modifier provides extra pay to CNAs that deliver direct care services during non-standard hours (nights, weekends, and holidays). The Budget increases the existing modifier from \$0.38 per 15 minutes (\$1.50 per hour) to \$0.56 per 15 minutes (\$2.25 per hour) effective July 1, 2021. The intent is to increase the number of staff that can care for individuals in their homes during off-hours, thereby reducing the need for 24-hour residential care. The rate modifier is paid to HCBS providers (employers) through the Medicaid reimbursement rate, but the article requires that 100.0 percent of the modifier be passed directly to CNAs and imposes reporting requirements on employers to confirm that the wage is passed through. The Budget includes \$263,411 from general revenues (\$623,900 all funds) to fund the shift modifier.
  - **Behavioral Health Enhancement:** Article 12 also adds a new behavioral healthcare rate enhancement of \$0.39 per 15 minutes (\$1.55 per hour) for Personal Care, Combined Personal Care/Homemaker, and Homemaker Only services for providers with at least 30.0 percent of staff with behavioral healthcare training. The enhancement applies to CNAs who have completed a required behavioral health certificate training program, effective January 1, 2022. Similar to the shift differential noted above, the rate enhancement provides extra pay for CNAs that specialize in behavioral healthcare. The article requires that 100.0 percent of the enhancement be passed directly to CNAs and imposes reporting requirements on employers to confirm that the wage is passed through. The Budget includes \$469,589 from general revenues (\$1.0 million all funds) to fund the behavioral health enhancement.
- **Supplemental Security Income:** The article eliminates the Supplemental Security Income (SSI) Category F payment and part of the Category D payment and includes \$624,125 in general revenue savings within the Department of Human Services, accordingly.
  - **Category F:** Category F is an enhanced SSI payment for certain individuals in assisted living facilities. The payment assists with room and board expenses, but is State-only because the federal

government does not provide matching funds for room and board outside of institutional settings. Article 12 eliminates the Category F payment. Individuals are not allowed to retain the payment for personal use and therefore will not be impacted by its elimination. Assisted living facilities, which benefit from the payment, will instead receive rate increases as noted above. This effectively builds the Category F payment into the federally-matched rates.

- **Category D:** Category D is a subset of assisted living residents who receive SSI but reside in an assisted living facility that is not eligible to receive Medicaid. The State makes supplemental \$206 payments per month to assisted living facilities for these beneficiaries. RIGL 40-6-27.2 previously included a provision for the \$206 payment for Category D individuals living in assisted living facilities financed by the Rhode Island Housing and Mortgage Financing Corporation (RI Housing). Article 12 strikes the language as it relates to \$206 payments to RI Housing facilities.
- **Implementation:** The Budget adds 2.0 Implementation Director of Policy and Program FTE positions within the Executive Office of Health and Human Services to administer and oversee the various programmatic changes associated with the LTSS Resiliency and Rebalancing initiative. These positions are funded 50/50 between general revenues and federal funds. The Budget includes \$107,508 from general revenues and \$107,508 from federal funds, assuming an October 1, 2021, start date. The Budget also includes \$73,125 from general revenues and \$219,375 from federal funds for contracted IT support to provide the necessary system upgrades to implement the home care rate modifiers and tiered reimbursement rates for assisted living facilities.
- **Shared Living:** The article authorizes a 10.0 percent rate increase for shared living caregiver stipends beginning July 1, 2021. Previously, shared living providers were paid rates ranging from \$24.23 per day to \$48.11 per day. Approximately 200 individuals utilize shared living arrangements. EOHHS anticipates that increasing shared living rates will provide an incentive for willing caregivers to utilize shared living as an alternative to more intensive options. The Budget includes \$121,275 from general revenues (\$354,970 all funds) to fund the rate increase.
- **Nursing Home Rates:** The article allows the Executive Office of Health and Human Services to revise the methodology used to determine nursing home rates by re-weighting rates towards behavioral healthcare effective October 1, 2021. The resolution increases the acuity-based rates for beneficiaries with behavioral health symptoms and cognitive performance diagnoses by 10.0 percent to recognize the additional staff time needed for behavioral health patients and adds \$344,071 from general revenues (\$799,175 all funds) to fund the increase. The Budget simultaneously reduces rates for all other diagnoses categories by approximately 1.0 percent, reducing general revenues by \$344,071 (\$799,175 all funds). Therefore, this item is budget neutral.

#### ***Reimbursement Rates – Complex Patients***

The resolution includes two provisions in an effort to achieve parity in reimbursement rates for providers that care for complex patients.

- **Mental Health Psychiatric Rehabilitative Residential (MHPRR) Program:** A Mental Health Psychiatric Rehabilitative Residence (MHPRR) is a congregate licensed residential program with 24-hour staffing. MHPRRs serve individuals with developmental disabilities, addiction, and mental health issues and other individuals who cannot be treated in the community through outpatient supports. MHPRRs provide discharge planning, medical and/or psychiatric treatment, and reduce barriers to transition to less restrictive settings. MHPRR services are currently reimbursed by Medicaid at a per diem rate of either \$125 or \$175. Article 12 authorizes a \$350 rate increase effective August 1, 2021. The Budget adds \$1.5 million from general revenues and \$2.0 million from federal funds to fund the rate increase.
- **Ventilators and Behavioral Health in Nursing Homes:** The resolution authorizes EOHHS to revise nursing home rates by providing a rate increase for patients on ventilators and establishing a behavioral health add-on. Article 12 increases the base nursing home rate to \$700 per diem for patients on

ventilators effective November 1, 2021, representing a rate increase of \$190 to \$293 depending on the facility. The article also provides for a \$175 per diem add-on for patients who have been hospitalized for six months or more, are clinically appropriate for discharge to a nursing facility, and where the nursing facility is Medicaid certified to provide or facilitate enhanced levels of behavioral healthcare. The behavioral health add-on is effective August 1, 2021. The Budget adds \$1.5 million from general revenues and \$2.0 million from federal funds to fund these components.

### ***Office of Healthy Aging***

The resolution expands the Office of Healthy Aging's Home and Community Care Co-Pay program, which supports individuals ages 65 and over who do not qualify for Medicaid long-term services and supports. The program pays for a portion of the costs of personal care and adult day services for individuals who are unable to leave home without considerable assistance but require help with personal care.

The article increases the income limit for participation in the co-pay program from 200.0 percent of the federal poverty level (FPL) to 250.0 percent FPL in FY2022. In addition, the article expands the program to individuals between the ages of 19 and 64 with an Alzheimer's or related dementia diagnosis. The Budget includes \$1.3 million from general revenues (\$3.1 million all funds) to fund the expansion. This is the net of \$842,137 from general revenues (\$2.0 million all funds) to increase the income eligibility for an estimated 436 individuals over 65 and \$446,192 from general revenues (\$1.1 million all funds) to expand the program to an estimated 231 individuals with early-onset Alzheimer's.

### ***Community Health Workers***

The resolution adds Medicaid coverage for care management services provided by community health workers. Care management encompasses a comprehensive set of services that support patients in managing their health conditions or risks by coordinating healthcare and connecting with other resources outside of the healthcare system. There is a growing evidence base which shows that addressing patients' holistic needs has significant potential to yield cost savings in Medicaid and the healthcare system generally.

Based on prior year care management data, an estimated 2,000 high-risk Medicaid members will utilize community health workers each year under the new coverage group. Assuming that each community health worker can provide care management services for 55 members, this initiative requires 36 full-time community health workers per year. At an hourly rate of \$48.50, this requires an annual all funds investment of \$3.6 million. The Budget assumes a three-quarter impact from this initiative in FY2022, with the coverage and reimbursement effective October 1, 2021. The Budget adds \$2.7 million, accordingly, including \$1.2 million from general revenues.

### ***RIDOH Programs***

The resolution authorizes the State to modify two programs at the Department of Health (RIDOH).

- **Family Home Visiting:** The Family Home Visiting program provides pregnant women and families with services to improve maternal and child health, prevent child abuse and neglect, encourage positive parenting, promote child development, and improve school readiness. The program is funded by the Department of Health; coordinated along with the Departments of Children, Youth, and Families (DCYF) and Human Services (DHS); and administered by local, community-based agencies.

Family Home Visiting encompasses three sub-programs: Healthy Families America, Nurse-Family Partnership, and Parents as Teachers. These programs are supported by a federal Maternal, Infant, and Early Childhood Home Visiting (MIECHV) formula grant. Federal grant funding will be reduced in FY2022 and RIDOH will need to reduce capacity from 1,400 to 1,150 families. The Budget establishes a costs not otherwise matchable (CNOM) program in order to maintain Family Home Visiting services at the current capacity. CNOMs are programs that cover populations that are not mandatory under federal Medicaid rules, but for which the federal government authorizes Medicaid reimbursement. Rhode Island establishes its CNOM programs in the Section 1115 waiver. Two of the home visiting



sub-programs—Healthy Families America and Nurse-Family Partnership—are already included in the waiver as a CNOM program, although they are not funded as such. The Medicaid resolution in Article 12 authorizes the State to amend the 1115 waiver to add Parents as Teachers to the CNOM in the 1115 waiver so that the full array of home visiting services are reflected. The Budget adds \$605,538 from general revenues (\$1.4 million all funds) to fund the CNOM.

*Analyst Note: The additional funding is not limited to Parents as Teachers and encompasses all three programs, as they are not funded as discrete items in the Budget. Note that the Budget could fund the CNOM for the other two programs without the authority in Article 12 since they are already in the waiver.*

- **First Connections:** The First Connections program is a referral-based home visiting program that works to connect families with services such as food assistance, behavioral healthcare services, child care, long-term family home visiting, Early Intervention (EI), and other community-based services and supports. Services are delivered through a multidisciplinary team that includes a maternal child health nurse, a social worker, and a community health worker. The goal of the program is to ensure that at-risk families are engaged and connected to appropriate services in order to reduce poor outcomes for children. Currently, families are referred to the First Connections program after a screening at birth. Children up to age three may also be referred by a primary care provider, DCYF, or another source. Article 12 authorizes an expansion of the program to pregnant women who meet the income requirements for Medicaid eligibility in order to identify and address risk factors earlier on. The resolution authorizes this new coverage as a CNOM program. The Budget includes a general revenue increase of \$95,755 (\$226,800 all funds) to fund the expansion for an estimated 60 women in FY2022. The funding would provide for 30 visits per person per year at a cost of \$126 per visit.

### ***Perinatal Doula Services***

The resolution allows EOHHS to submit a State Plan Amendment in order to add Medicaid coverage for perinatal doula services. Doulas are non-medical professionals trained in childbirth who provide women with continuous physical, emotional, and informational support before, during, and after birth. During childbirth, doulas provide breathing techniques, massages, advice, and advocacy. Studies show that one-on-one support during labor and delivery is associated with improved outcomes, particularly in marginalized communities, including: shorter labor periods, reduced risk for costly C-section procedures and premature births, and a reduction in the use of pain medication. EOHHS anticipates that doula coverage will reduce the likelihood of higher-cost interventions in labor and delivery within Medicaid populations. The Budget includes \$189,840 from general revenues (\$478,022 all funds) to cover \$850 per birth for these services for approximately 10.0 percent of Medicaid births. The rate includes \$51.52 per visit for up to three prenatal visits, \$502.27 for labor and delivery, and \$64.39 for up to three postpartum visits.

### ***Medicaid Expenditure Report***

RIGL 42-7.2-5 requires that the Executive Office of Health and Human Services submit an annual, comprehensive overview of all Medicaid expenditures, outcomes, administrative costs, and utilization rates for each fiscal year. The Medicaid report includes spending and trends by population and major service area, including populations served by other departments within the Secretariat.

Previously, the report was due by March 15 of each year. According to EOHHS, because of the timing and requirements of the report, State staff did not compile the report in-house. It was completed by a contractor, Milliman, which already provides other claims data analysis and rate setting support for the Medicaid program. The report was generated at an annual expense of \$138,000 from general revenues and \$138,000 from federal funds.

Article 12 shifts the deadline for the annual Medicaid report from March 15 to September 15 of each year. This shifts the next deadline from March 15, 2022, to September 15, 2022. As a result, a report would not be completed during FY2022 and the next report would be submitted during FY2023. According to

EOHHS, the report could be completed in-house with the change in the deadline. The Budget removes funding for the report, accordingly.

### ***Dental Benefits for Children***

The resolution authorizes Medicaid coverage for dental caries (cavity) arresting treatments using Silver Diamine Fluoride (SDF) within the RItE Smiles program, which provides dental benefits for children up to age 21. The Budget does not include funding associated with this proposal. EOHHS' budget request noted that the gross cost of the benefit for the population is approximately \$30,000 from all funds, but that a variety of research indicates that the addition of the benefit results in a net reduction in dental costs. The Executive Office only requested the authority to provide the benefit, without associated funding.

Cavities are typically treated by drilling into tooth surfaces and filling the defects with restorative materials (amalgam, ceramic, etc.) and usually requires the use of local anesthesia. Unlike traditional restorative treatment, SDF application takes about one minute and does not require the removal of carious tissue. SDF is applied topically by brushing, which eliminates the need for needles and anesthesia. Additionally, unlike traditional fillings, SDF application remineralizes the tooth and kills bacteria, helping to prevent future cavities. The treatment costs about \$1 per patient, compared to several hundred for a filling. This cost differential is the basis for the assumption that this new benefit will be at least cost neutral.

### ***RItE Share***

Article 12 amends RIGL 40-8.4-12 to add new reporting requirements for the RItE Share program administered by the Executive Office of Health and Human Services (EOHHS). Specifically, the article requires EOHHS to provide, as part of its monthly reports, information regarding which employer-sponsored health insurance plans meet the criteria for the RItE Share program.

The RItE Share premium assistance program subsidizes the costs of enrolling working Medicaid beneficiaries in employer-sponsored health insurance (ESI) plans. Instead of enrolling individuals in Medicaid coverage plans, the RItE Share program pays all or a portion of an individual or family's premium on an approved ESI plan, which is significantly more cost-effective. RItE Share participants also receive any services and benefits that would be available through Medicaid that are not available through the employer's plan. Thus, the same overall coverage is provided. On average, the cost avoided by enrolling one individual in RItE Share instead of Medicaid is approximately \$1,600 per year.

In order to enroll in the program, EOHHS must first approve the ESI plan to ensure that it meets specific criteria. EOHHS must determine that the benefits offered by the ESI plan are substantially similar to the benefits offered by the Medicaid program. EOHHS must also determine that an ESI plan is cost-effective, meaning that the portion of the ESI subsidized by the State costs less than enrolling the same individual or family in Medicaid. Once EOHHS determines that an ESI plan conforms to RItE Share requirements, any Medicaid-eligible employee working for the same employer is required to participate.

Average RItE Share enrollment has steadily declined over the last decade, although overall participation in Medicaid has increased. The new reporting requirements are intended to improve EOHHS' ability to track eligible ESI plans and improve RItE Share participation. Pursuant to the article, by October 1, 2021, EOHHS' monthly reports shall include a list any employers with 300 or more employees with ESI plans that meet the cost-effectiveness criteria. By January 1, 2022, the report shall include employers with 100 or more employees.

### ***Ambulance Rates***

The Medicaid resolution included in Article 12 maintains non-emergency ambulance rates, which were increased in FY2020. These rates cover non-emergency ambulance trips for individuals who require transportation by stretcher and need medical attention during transport to medical appointments. Emergency ambulance rates are covered separately and are not affected by this proposal.

In August 2019, the State amended its transportation brokerage contract to increase non-emergency ambulance rates to match Massachusetts' rates, effective from July 1, 2019, through June 30, 2020. The rates have been maintained through successive one-year contract amendments since then.

Before FY2020, non-emergency ambulance rates had not been increased in Rhode Island in over 25 years. The State's reimbursement rates for both basic life support (BLS) and advanced life support (ALS) had remained at \$71.50 per one-way trip. The contract amendment increased rates to \$147.67 for BLS ambulance services (a 111.1 percent increase) and \$177.20 for ALS ambulance services (a 153.3 percent increase). The resolution included in Article 12 requires EOHHS to pay no less than \$147.67 for BLS and \$177.20 for ALS ambulance services. This language makes the rate increases permanent. The May 2021 CEC estimates already account for the higher rates; therefore, there is no fiscal impact from this change.

### ***Hospice and Home Care Inflatons***

The resolution allows EOHHS to amend the Medicaid State Plan to clarify the methodology for determining the annual increases for hospice and home care rates. These inflators are determined at the May iteration of the Caseload Estimating Conference based on testimony provided by EOHHS. The resolution clarifies that the inflator will be based on the New England Consumer Price Index card as determined by the United States Department of Labor for medical care data that is released in March, containing February data. This will allow the conferees to adopt final inflators based on the most recent data available.

### ***Technical Corrections***

Section 2 amends current law to make two technical corrections that do not have a budget impact.

- **Medicaid Co-Pays:** RIGL 40-8-4 previously authorized the State to charge nominal co-pays for certain hospital services and prescription drugs by promulgating regulations to impose cost sharing. However, Rhode Island does not actually require cost sharing from Medicaid beneficiaries. Article 12 strikes the language to clarify that the Medicaid program does not charge co-pays and to remove the potential that the existing language could be used to impose co-pays in the future.
- **Federally Qualified Health Centers (FQHCs):** The federal government imposes special payment rules for FQHCs, which are safety net organizations that provide comprehensive and affordable care to vulnerable populations in underserved areas. State Medicaid programs must reimburse FQHCs at a minimum rate per encounter, known as a prospective payment system (PPS). States also have the option to establish higher rates under an alternative payment methodology (APM). Rhode Island opted to establish APM rates through a document known as the FQHC Principles of Reimbursement. FQHCs may opt into the APM if they agree to certain additional obligations; if they opt out, they are reimbursed under the PPS. Current law only recognizes PPS reimbursement. Article 12 amends RIGL 40-8-26 to recognize the APM and clarify that it is established by the Principles of Reimbursement.

### ***Federal Financing Opportunities***

The resolution allows EOHHS to pursue any changes to the Medicaid program which improve quality, access, and cost-effective delivery, so long as the changes do not have an adverse impact on beneficiaries or increase expenditures beyond appropriations for FY2022.



## Article 13: Relating to Human Services

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This article makes a number of changes to the Department of Human Services and the Department of Corrections. Specifically the article:

- Changes the RI Works program to include children who are over 18 and still in high school.
- Amends the Income section of the RI Works program, such that the first six months of earned income received by a RI Works member shall be excluded from the family's income as it pertains to receiving cash assistance.
- Expands child care supports to include families at or below 180.0 percent of the Federal Poverty Level, with parents enrolled at a Rhode Island institution of higher education or in a qualified training program.
- Amends RI Works to include a clothing allowance payment of no less than \$100 made once a year to any child living with a family that receives cash assistance.
- Amends the child care reimbursement rates for licensed child care centers providing care for infants/toddlers and preschool-aged children.
- Implements a cap on child care co-pays at 7.0 percent of a family's income for eligible families receiving child care assistance.
- Allows the Family Court to retain jurisdiction over foster youth up to age 22 or until September 30, 2021, whichever occurs first.
- Amends RIGL to limit probation revocation as a response to probation technical violations when the violation does not constitute a new alleged crime.
- Amends the Department of Corrections Parole Board's guidelines to include special considerations for incarcerated inmates who committed crimes as juveniles younger than 18 years old.
- Updates the thresholds for which inmates will be eligible for home confinement after having served specific portions of their term of incarceration.
- Changes the work release program at the Department of Corrections such that 30.0 percent of an inmate's **net** salary shall be withheld from their income earned through work release. Under current law, 30.0 percent of an inmate's gross salary is withheld.
- Expands medical parole within the Department of Corrections to include geriatric parole. Geriatric parole would be available to inmates whose advanced age reduces the risk they pose to the public's safety.
- Makes amendments to parole modifications including:
  - Allows eligible people to earn five days of compliance credits towards the completion of their sentences for each month served without a violation.
  - Expands the Parole Board's discretion for responding to technical violations of parole without requiring the re-arrest of the parolee.
  - Allows those who are serving a probation sentence of one year or longer to be eligible to receive a compliance credit of 10 days for each month that the person remains in compliance with the terms and conditions of their probation.

**FISCAL IMPACT**

<b>Article 13:</b>		<b>Expenditures</b>	<b>Fund:</b>
RI Works	Earned Income Disregard	\$175,461	Federal Funds
RI Works	RI Works Clothing Increase	116,300	Federal Funds
RI Works	RI Works Age Expansion	40,000	Federal Funds
RI Works	RI Works Benefit Increase	4,323,368	Federal Funds
RI Works	Postsecondary Child Care Assistance	200,000	Federal Funds
RI Works	Child Care Co-Pay Cap	485,679	Federal Funds
RI Works	Child Care Rates- Infants/Toddler, Preschool	9,795,243	Federal Funds
Sentencing Reforms	Work Release Withholding	18,880	General Revenue
Sentencing Reforms	Probation Reforms	(46,046)	General Revenue
Sentencing Reforms	Juvenile Parole	(17,268)	General Revenue
Sentencing Reforms	Compliance Credits	(49,886)	General Revenue
Sentencing Reforms	Medical & Geriatric Parole	(149,997)	General Revenue
<b>Total</b>		<b>\$14,891,734</b>	

Article 13 includes an additional \$14.9 million in net all funds expenditures. Of this total, \$4.9 million is an increase in federal funds related to changes in the Department of Human Services including modifications to the RI Works program such as expanding the earned income disregard, a child clothing increase, expanding the age at which children are no longer eligible for RI works, and expanding child care assistance to include parents participating in secondary education. The Budget also includes an additional \$10.3 million in federal funds for changes to child care. These increases are partially offset by \$244,317 in general revenue savings related to changes in the Department of Corrections including probation and parole reforms, changes to work release withholding, and changes to medical parole.

**ANALYSIS AND BACKGROUND*****RI Works***

Rhode Island Works provides cash assistance and employment support services, including child care assistance, to enable working parents with children to support their families. Applicants may have up to \$1,000 in resources (excluding a home) and one vehicle per adult. Each month a typical family of three would receive about \$554 in assistance. Rhode Island Works (RIGL 40-5.2-5) replaced the Family Independence Program in 2008. This program is funded through the federal Temporary Assistance to Needy Families (TANF) program.

**RI Works Dependent Children Age Increase:** Section 6 of this article amends the definition of a “dependent child” within the RI Works program to allow children who turn 18 while in high school to continue receiving cash assistance regardless of their graduation date. Under current law, children may receive cash assistance if they are under 18, but when they turn 18 they are only be eligible for cash assistance if they are anticipated to graduate high school before turning 19. The Office of Management and Budget anticipates an additional 10 students will remain on RI Works in FY2022, costing an additional \$40,000 in federal Temporary and Needy Family (TANF) funds.

**RI Works Earned Income Disregard:** Section 5 amends RIGL 40-5.2-10, the income section of the RI Works program, such that the first six months of earned income received by a RI Works member be excluded from the family’s income as it pertains to receiving cash assistance. This income may be excluded for six months, until the family’s total gross income exceeds 185.0 percent of the Federal Poverty Level, or the family reaches the 48-month time limit, whichever is first. The Budget includes \$175,461 in TANF funds to support this initiative for the second half of FY2022, a full year of this initiative would cost \$347,225. The

Office of Management and Budget anticipates anywhere from 26 to 59 additional beneficiaries receiving RI Works benefits.

**RI Works Veteran Disability:** The article also amends the income section of the RI Works program, such that a veteran’s disability pension benefits received as a result of disability sustained while in the military service shall not count as part of the family’s income as it pertains to receiving cash assistance.

**RI Works Clothing Allowance:** This article amends the clothing allowance for children living with a family receiving cash assistance to include a child of any age. Current law provides the clothing allowance to school-aged children only. The article also increases the amount of the clothing allowance to \$100 per child per year, up from \$30. Current law states the clothing allowance is subject to General Assembly appropriation. In past years, the Caseload Estimating Conference has included a clothing allowance of \$30 per child. The Budget includes an additional \$116,300 in federal TANF funds to support this expansion.

*Analyst Note: The increase in clothing allowance has already been implemented through a regulatory change by the Department of Human Services as of the first quarter of FY2021. The increase was also included in the November 2020 Caseload Estimating Conference estimates.*

**RI Works Cash Assistance:** The article amends the payment standard for families receiving cash assistance through the RI Works program. The following table illustrates the new cash assistance amounts, these increases bring the monthly benefit to about 40.0 percent of the federal poverty guideline. The Budget includes an additional \$4.3 million in federal funds to support this change.

<b>RI Works Cash Assistance</b>		
	<b>Previous</b>	<b>New</b>
	<b>Amount</b>	<b>Amount</b>
1st Person	\$327	\$425
2nd Person	\$122	\$159
3rd Person	\$105	\$137
Additional Persons	\$80	\$104

#### ***Postsecondary Child Care Assistance***

The article expands child care assistance eligibility to include families who require child care in order to pursue an educational degree or professional certificate. The Budget includes a \$200,000 federal TANF funds for this expansion. The Department of Human Services (DHS) administers the child care assistance program, which provides child care to families with incomes at or below 180.0 percent of the federal poverty level, so that parents are able to continue working at a paid employment position or participate in a short-term training apprenticeship or job readiness program. The beneficiary must attend a Rhode Island-based accredited post-secondary educational institute on a full-time basis, or on a part-time basis in conjunction with employment as approved by DHS. This expansion is effective from January 1, 2021, through June 30, 2022.

#### ***Child Care Co-Pay Cap***

The article includes \$485,679 in federal funds to cap child care co-pays at 7.0 percent of a family’s gross income, as defined in RIGL 40-5.2-20 (h). Families who receive child care assistance with incomes greater than 100.0 percent but less than 185.0 percent of the Federal Poverty Level (FPL) will be required to pay a portion of their gross income for child care not to exceed 7.0 percent. Families who become eligible for child care as a result of their incomes exceeding 185.0 percent of the FPL shall remain eligible until their income exceeds 225.0 percent of the FPL as long as they pay a portion of their gross income, not to exceed 7.0 percent, toward child care costs.

**Child Care Rates**

The article amends child care reimbursement rates for licensed, child care centers to include a base rate. The base rate will be set at the 25th percentile of the 2018 weekly market rate for both infant/toddler care and preschool aged children. The maximum reimbursement rates for infant/toddler and preschool care that will be paid to licensed child care centers will be implemented in a tiered rate based on the quality rating the provider has achieved within the State's Quality Rating system.

The article also states that the base reimbursement rates for licensed family child care providers caring for infants/toddlers and preschool aged children will be determined through a collective bargaining agreement. Like licensed child care centers, the maximum reimbursement rates for infant/toddler and preschool care that will be paid to licensed family child care providers will be implemented in a tiered rate based on the quality rating the provider has achieved within the State's Quality Rating system.

Laws impacting child care reimbursement rates for licensed child care centers, providing care for infants and toddlers and pre-school aged children, were last altered in Article 15 of the FY2019 Budget as Enacted. Laws impacting reimbursement rates for school aged children have not been altered since FY2015. On May 27, 2020, Governor Raimondo issued Executive Order 20-39 which allowed child care centers that reopened during the pandemic to be reimbursed at a higher rate. Child care providers that were below the 5<sup>th</sup> tier, as determined by the State's Quality Rating system, are now reimbursed at the 5<sup>th</sup> tier level. Providers who were at the 5<sup>th</sup> tier are now reimbursed at the 90<sup>th</sup> percentile. This executive order has been extended such that child care centers will be reimbursed at the enhanced rates through December 2021. The Budget includes \$14.8 million for child care costs, an increase of \$9.8 million above the FY2021 Budget as Enacted.

The following table shows the enhanced rates for both licensed child care centers and licensed family child care providers.

<b>Enhanced Rates- Child Care Centers</b>					
	Tier 1	Tier 2	Tier 3	Tier 4	Tier 5
Infant/Toddler	\$257.54	\$257.54	\$257.54	\$257.54	\$273.00
Pre-School	195.67	195.67	195.67	195.67	260.00
School Age	200.00	200.00	200.00	200.00	245.00

<b>Enhanced Rates- Family Providers</b>					
	Tier 1	Tier 2	Tier 3	Tier 4	Tier 5
Infant/Toddler	\$224.43	\$224.43	\$224.43	\$224.43	\$224.43
Pre-School	171.45	171.45	171.45	171.45	171.45
School Age	162.30	162.30	162.30	162.30	162.30

The following tables illustrate the changes in reimbursement rates for infants/toddlers, preschool-aged, and school age children. These new rates will take effect January 1, 2022.



Licensed Child Care Centers Infant/Toddler Rates	FY2019 Infant/Toddler Rates	Art. 13 Infant/Toddler Rates	Change from FY2019	
Tier 1	\$198.48	\$236.36	\$37.88	19.1%
Tier 2	\$203.32	\$244.88	\$41.56	20.4%
Tier 3	\$218.81	\$257.15	\$38.34	17.5%
Tier 4	\$232.37	\$268.74	\$36.37	15.7%
Tier 5	\$257.54	\$284.39	\$26.85	10.4%

Licensed Child Care Centers Preschool Rates	FY2019 Preschool Rates	Art. 13 Preschool Rates	Change from FY2019	
Tier 1	\$165.75	\$207.51	\$41.76	25.2%
Tier 2	\$169.80	\$212.27	\$42.47	25.0%
Tier 3	\$177.88	\$218.45	\$40.57	22.8%
Tier 4	\$182.73	\$223.50	\$40.77	22.3%
Tier 5	\$195.67	\$231.39	\$35.72	18.3%

Licensed Child Care Centers School Age Rates	FY2019 School Age Rates	Art. 13 School Age Rates	Change from FY2019	
Tier 1	\$146.26	\$180.38	\$34.12	23.3%
Tier 2	\$146.26	\$182.77	\$36.51	25.0%
Tier 3	\$146.26	\$185.17	\$38.91	26.6%
Tier 4	\$146.26	\$187.57	\$41.31	28.2%
Tier 5	\$146.26	\$189.97	\$43.71	29.9%

### **Family Court Jurisdiction**

Article 13 amends RIGL 14-1-6 to allow the Family Court to retain jurisdiction over foster youth up to age 22 or until September 30, 2021, whichever occurs first. This allows the Department of Children, Youth, and Families (DCYF) to continue providing supports to youth who turned 21 during the COVID-19 pandemic and would have otherwise lost services. It also allows youth who exited care during the pandemic to voluntarily re-enter. The language brings current law in line with the federal Consolidated Appropriations Act of 2021, passed in December 2020, which allows the State to secure federal Chafee funds to provide the extended benefits. The FY2021 Supplemental Budget includes \$1.8 million in federal funds in DCYF for this purpose.

### **Parole**

The Budget makes a number of changes to probation and parole guidelines within the Department of Corrections. Changes include:

- **Probation Violation:** The article amends RIGL 12-19, Sentence and Execution, to limit probation revocation as a response to technical violations when the violation does not constitute a new alleged crime. The Department of Corrections' Division of Rehabilitative Services will be able to use their discretion when deciding to revoke parole and requiring a defendant to appear in court. This will not apply in cases where a defendant poses a public safety risk. If the Division of Rehabilitative Services does revoke probation for a technical violation, a finding must be made on the record to describe the public safety risk posed by the defendant.
- **Technical Violation:** The article expands the Parole Board's discretion to respond to technical violations of parole without requiring the re-arrest of the parolee when there is no new criminal charge. The Parole Board may, at their discretion, issue an arrest warrant for the parolee in response to a technical violation. The amendment will help prevent parole revocation and re-incarceration for low-risk parolees. The

article also allows the alleged violator to waive their right to a final parole revocation hearing, if there is no dispute as to the alleged violation and the parolee admits to the violation and accepts the sanction imposed by the Parole Board.

This expansion of the Parole Board's discretion, as well as changes to probation violations detailed above, are anticipated to save \$46,046 in general revenue per-diem savings.

- **Juvenile Parole:** Section 2 of this article amends RIGL 13-8-14.2 to match the Department of Corrections Parole Board's existing guidelines which include special considerations for incarcerated inmates who committed crimes as juveniles younger than 18 years old. The Parole Board adopted the special consideration guidelines in 2018. The guidelines require the consideration of circumstances such as diminished culpability of juveniles, growth and maturation during incarceration, participation in rehabilitation and educational programs while incarcerated, age and immaturity at the time of offense, and evidence of remorse.

The article also amends RIGL 13-8-13 to allow inmates who are given longer sentences for crimes committed before the age of 22 to be considered for earlier parole after ten years of incarceration. This will be retroactive for offenses occurring on or after January 1, 1991. This will not apply to inmates serving a sentence of life without parole.

The Department estimates that 22 juveniles are potentially eligible for parole due to these changes and anticipates \$17,268 in general revenue per diem savings in FY2022.

- **Compliance Credits:** Section 3 of this article amends RIGL 13-8-11 such that, beginning July 1, 2021, eligible people on parole would be allowed to earn five days of compliance credits toward the completion of their sentence for each month served without a violation. Eligible paroles include any offender who is serving post-incarceration parole except those who are serving a sentence for a violation of felony sexual assault or murder, first degree sexual assault, kidnapping of a minor, child molestation sexual assault, or second degree child molestation assault.

The article also amends RIGL 42-56-24 to allow those serving a probation sentence of one year or longer, including those who are serving a probation sentence after serving an incarceration sentence, to be eligible to receive a compliance credit of 10 days for each month that the person remains in compliance with the terms and conditions of their probation. This will only apply to those who have served at least three years of their probation sentence.

Changes to compliance credit eligibility is anticipated to save the Department \$46,866 in general revenue per-diem costs in FY2022.

- **Medical and Geriatric Parole:** Section 4 of this article amends RIGL 13-8.1 to retitle it the "Medical and Geriatric Parole Act" and allows the Department to expand parole to include geriatric parole. Geriatric parole would be available to inmates whose advanced age reduces the risk they pose to the public's safety. All inmates above age 65, except those serving life without parole, would be eligible for geriatric parole. The article amends the definition of permanently physically incapacitated to include inmates suffering from an incurable progressive condition that diminishes the inmate's ability to function in a corrections setting. The article also includes a new category for "cognitively incapacitated", allowing inmates who are suffering from dementia to be eligible for parole. The Department's Medical Director has identified 28 inmates that could be eligible for medical parole in FY2022, with 13 of the inmates considered highly eligible. This change is anticipated to save \$149,997 in FY2022.

17 states currently have geriatric parole. Massachusetts and Connecticut are not among these states; however, inmates in Connecticut, who are eligible for medical parole, may be paroled to a private nursing home that receives federal funds to help support their care.

**Home Confinement Expansion**

This article amends RIGL 42-56-20.2 to update the thresholds for which inmates will be eligible for home confinement after having served specific portions of their term of incarceration. Under current law, people sentenced to six months or less of incarceration are eligible for home confinement upon completion of 3/4ths of their sentence. People with longer sentences are eligible once they are six months from their projected release date, as long as they have served at least one-half (1/2) of their term of incarceration. The amendment would update these thresholds such that people sentenced to six months or less must serve one-half (1/2) of their term of incarceration, people with more than six months must be within one year of their anticipated release date. These changes would allow low-risk inmates to move to home confinement sooner, decreasing costs associated with housing an inmate.

**Work Release Inmate Earnings**

The article amends RIGL 42-56-38 such that 30.0 percent of an inmate's **net** salary will be withheld from their income earned through work release. Under current law, 30.0 percent of an inmate's **gross** salary is withheld. The Department withholds a portion of the inmates' work release earnings for room and board. The inmate may use the remaining earnings to support their family, pay court fees and fines, make restitution, and fulfill other responsibilities.

The Budget includes an additional \$18,880 in general revenue from this change. This increase is the net result of the revenue loss when the 30.0 percent of an inmate's net salary is withheld, rather than gross salary, combined with the earnings that will be withheld from an additional 9 inmates participating in the program. The Department anticipates that allowing inmates to retain more income will incentivize an additional 9 inmates to begin participating in work release. The funds that are withheld from inmates salaries are used for costs associated with the work release room and board.

*Analyst Note: The work release program has been suspended since March 12, 2020, due to the COVID-19 pandemic. The Department of Corrections newly upgraded work release module has the ability to support 24 inmates.*



## Article 14 – Relating to Housing

Article 14 makes changes to the public framework for the development of affordable housing in Rhode Island. The article modifies the governance, policy-making, and funding mechanisms available to the State to ensure sufficient affordable housing for Rhode Islanders. Initiatives include:

- **Reorganization of Housing Governance:** Modifies how the State is organized around housing and homelessness issues by augmenting the role of the Housing Resources Agency Coordinating Committee (HRACC) and providing for an Executive Director to function as the State’s “Housing Czar”.
- **Dedicated Funding for Housing Development:** Increases the real estate conveyance tax on the portion of real estate value over \$800,000, with the marginal new revenue to be used to support increased affordable housing opportunities in the State.
- **Housing Incentives for Municipalities (HIM):** Creates a new incentive for municipalities to support and develop housing by making school impact offset payments through RIHousing.
- **Pay for Success – Homelessness Mitigation:** Authorizes a five-year pilot program to provide permanent supportive housing to individuals experiencing homelessness.
- **Livable Home Modification Program (LHMP):** Codifies the LHMP into general law and sets the maximum grant at 50.0 percent of cost for home modification projects. The program provides grants that assist people with modifying their homes so that they can avoid or delay moving to nursing facilities.

### FISCAL IMPACT

Section 6 of Article 14 increases the real estate conveyance tax on the portion of real estate value greater than \$800,000. The Office of Revenue Analysis (ORA) estimates that this will generate an additional \$1.9 million in restricted Housing Production Funds in FY2022 based on a January 1, 2022, effective date. The Budget also exempts affordable housing developments from the real estate transfer tax, resulting in a \$30,194 loss in general revenue. The General Assembly provides \$25.0 million in one-time general revenue to capitalize the restricted Housing Production Fund and appropriates \$3.0 million in restricted receipts for various housing production supports. The Budget also includes \$262,051 for personnel expenses within the Executive Office of Commerce for a new Deputy Secretary to oversee housing policy. The General Assembly provides \$6.0 million in one-time general revenue to capitalize a restricted account for a supportive housing pay-for-success pilot program and appropriates \$1.5 million in restricted receipts for this purpose. The Budget also provides \$507,850 in general revenue for the Livable Home Modification Program.

Initiative	FY2022			
	General Revenue		Restricted Receipts	
	Revenue	Expenditure	Revenue	Expenditure
Real Estate Conveyance Tax Increase Changes	(\$30,194)	-	\$1,900,124	-
Housing Production Support*	-	25,000,000	25,000,000	2,958,058
New Housing Related Staff	-	262,051	-	-
Pay for Success	-	6,000,000	6,000,000	1,500,000
LHMP	-	507,850	-	-
<b>Total</b>	<b>(\$30,194)</b>	<b>\$31,769,901</b>	<b>\$32,900,124</b>	<b>\$4,458,058</b>

\* Support includes funds for the HIM program.

## ANALYSIS AND BACKGROUND

### *Reorganization of Housing Governance*

Article 14 modifies how the State is organized around housing and homelessness issues by augmenting the role of the HRACC and providing for an Executive Director to function as the State’s “Housing Czar”.

- **Housing Resources Agency Coordinating Committee:** Under current law, the scope of the HRACC is very limited. The HRACC is primarily responsible for articulating the fiscal and operational relationship between the Housing Resources Commission (HRC) and RIHousing. Article 14 expands the scope by providing the HRACC with the authority to negotiate and enter into contracts and agreements with State agencies, political subdivisions, and non-profit and for profit corporations and other partnerships for the purposes of addressing housing and homelessness issues covered under the Rhode Island Housing Resources Act (RIGL 42-128).
- **Deputy Secretary – “Housing Czar”:** The Budget authorizes a new 1.0 Deputy Chief of Staff/Policy FTE position within the Executive Office Commerce and \$262,051 in general revenue in FY2022. This position will be used to hire a Deputy Secretary of Commerce. Article 14 establishes criteria for the hiring of this position, including that the individual have extensive graduate school and work experience related to urban planning or economics. The position is charged with overseeing all housing initiatives in the State, developing a statewide housing plan, coordinating interagency implementation, policy development, and other housing-related activities, and developing a comprehensive annual report on the status and need of housing in the State to be submitted to the Governor and General Assembly. The Article 14 also enables the Deputy Secretary to serve as the executive director of the Housing Resources Commission and to staff the HRACC.

### *Dedicated Funding for Housing Development*

Article 14 increases the tax on the portion of real estate valued over \$800,000, and requires that the marginal revenue be deposited into a new restricted receipt account used to increase housing opportunities for Rhode Islanders.

- **Housing Production Fund/Housing Resources Commission Fund:** Article 14 establishes a new fund to finance housing programs in the State. The Housing Production Fund (HPF) is a new restricted receipt fund for the purposes of providing “financial assistance by loan, grant, or otherwise for the planning, production, or preservation of affordable housing in Rhode Island for households earning not more than 80.0 percent of area median income”. The fund may also be used to support technical and financial assistance for municipalities to support increased local housing production, including the Housing Incentives for Municipalities program, described below. Revenue from the proposed changes to the real estate conveyance tax authorized by Article 14, described below, will be deposited into the HPF. The fund is to be administered by RIHousing, subject to program and reporting guidelines adopted by the HRACC and HRC. The article directs RIHousing to give priority to households either exiting homelessness or earning not more than 30.0 percent of the area median income.

Article 14 also modifies the existing Housing Resources Commission Fund (HRCF). Under current law, the HRCF is administered by the HRC, in conjunction with RIHousing and OHCD, and is used to support lead abatement programs, housing rental subsidy programs, and housing retention and homelessness programs. Article 14 adds housing production to the authorized uses of the funds. The funds will be used to by the HRCC for initiatives including housing production, lead hazard abatement, housing rental subsidies, housing retention assistance, homelessness services, and veteran services.

- **Real Estate Conveyance Tax:** The State imposes a tax on each deed, instrument, or writing by which interests in real estate are conveyed to a purchaser when the value of the transfer is greater than \$100. The tax rate is \$2.30 for each additional \$500 in value.

Tax payments are due upon the making, execution, delivery, acceptance, or recording of the instrument of conveyance. The municipality where the real estate is located collects the fee at the time the deed is recorded and then remits the State share on a monthly basis. The State collects the fee directly when the transaction involves the sale or transfer of ownership interest in a real estate company. Collections are shared between the State and the municipality in which the property is situated.

Article 14 makes several changes to the real estate conveyance tax:

- Rate Increase:** the article increases the real estate conveyance tax on the portion of residential real estate value over \$800,000. The rate applied to this portion doubles from \$2.30 to \$4.60 per each \$500 in value above \$800,000. Revenue from this increase would be deposited into the HPF, to be administered by RIHousing and used to increase housing opportunities across the State. The Office of Revenue Analysis (ORA) estimates that this will generate \$1.9 million in new Housing Production Funds in FY2022 based on a January 1, 2022, effective date. The estimate for a full year of the increase is \$4.2 million in FY2023.

Real Estate Conveyance Tax Tax Increase

Fund	Portion > \$800K	
	Per \$500	Per \$500
State	\$1.20	\$1.20
General Revenue	0.60	0.44
Distressed Communities	0.30	0.30
Housing Resources Commission Fund	0.30	0.30
Housing Production Fund	-	2.46
Local Government	1.10	1.10
<b>Total</b>	<b>\$2.30</b>	<b>\$4.60</b>

- Affordable Housing Exemption:** Firms whose main business is holding and renting real estate are defined as “acquired real estate companies” in State statute. When an acquired real estate company is sold, or the controlling interest in it is transferred, its real estate holdings are transferred as well. Prior to 2015, these real estate conveyances were not subject to the real estate conveyance tax. The 2015 General Assembly closed this loophole and subjected these transactions to the tax, based on the value of the interest being transferred.

Affordable housing developments often involve developers and investors that meet the definition of acquired real estate companies and are therefore subject to the transfer tax upon the sale of an investor’s interest. These types of projects, however, typically involve the use of federal low-income housing tax credits that incentivize investor participation and facilitate the acquisition of necessary capital. Once the investor realizes the tax benefit of the credit, they are no longer required to be part of the project and typically leave the partnership. The transfer of the investor’s interest is subject to taxation even though real estate value has not changed hands. This unintended consequence of the changes made in 2015 is considered a barrier to developing affordable housing.

Article 14 exempts these types of transactions from the real estate conveyance tax in order to reduce barriers to the development of affordable housing. This exemption is estimated to result in a general revenue loss of \$30,194 in FY2022.

*Analyst Note: While not part of Article 14, the Budget includes a \$25.0 million capitalization of the Housing Production Fund using one-time resources in under Article 1.*

### **Housing Incentives for Municipalities**

Article 14 authorizes a new program designed to encourage municipalities to establish new overlay zoning districts to promote affordable housing production. Article 14 provides a financial incentive for municipalities to participate by providing payments to offset the additional costs of educating students living in new affordable housing districts. The Budget does not include a specific appropriation for these new housing incentives in FY2022; however the new Housing Production Fund, out of which the incentives

may be paid, includes \$2.9 million in expenditures in FY2022. Because the school impact offset payments are reimbursements made after housing is built and occupied, it is unlikely that there would be any FY2022 fiscal impact relative to this incentive.

- **Administration:** The new program will be administered by the HRACC in consultation with State’s Division of Statewide Planning and RIHousing. The HRACC is charged with developing rules and regulations, including application criteria, eligible locations for housing incentive districts, minimum requirements for districts, eligible students for the calculation of school impact offset payments, and the amount and method of payment to municipalities for school impact offset payments. The HRACC is also authorized to provide municipalities with technical assistance and other support related to developing affordable housing. The HRACC is required to provide annual reports to the Governor and General Assembly that include information on the commitment and disbursement of funds allocated under the program.
- **Housing Incentive Districts:** Municipalities are encouraged to establish special overlay zones in locations that— by virtue of their infrastructure, existing underutilized facilities, proximity to public transit centers, and concentrated development— are determined by the HRACC to be suitable as housing incentive districts. A housing incentive district under Article 14 is intended to encourage residential development and must permit minimum residential uses. The district may accommodate uses complimentary to residential use; however, the majority of lots must be dedicated to housing. Although the districts may adopt zoning that encourages residential development, Article 14 does not infringe upon a municipality’s zoning and permitting authority.
- **School Impact Offset Payments:** Article 14 establishes a school impact offset payment program based on a Massachusetts program known as 40S. In Massachusetts, eligible communities are reimbursed for any net cost of educating students living in new housing in a designated smart growth district. The reimbursement is equal to the cost of educating students living in new housing in a smart growth district, less the percentage of new revenues from the district that would otherwise be devoted to educational costs and any increase in state educational aid resulting from students living in new housing in the district.

Article 14 defines school impact offset payments as payments to a city or town to help offset increased municipal costs of educating a student attending a school in the town that lives in newly constructed housing that would not otherwise have been built absent the housing incentive district zoning. The article charges the HRCC with developing a framework for the school impact offset payment component of the new incentive program, including the amount and method of payment. Article 14 does not address the duration of payments and whether they are transitional or permanent for a particular project. The offset payments are to be made out of the new Housing Production Fund. Article 14 also authorizes RIHousing to make the payments.

### ***Pay for Success – Homelessness Mitigation***

#### ***Supportive Housing Pay-for-Success Pilot***

Article 14 authorizes a five-year pay-for-success pilot program within the Executive Office of Health and Human Services (EOHHS) to provide supportive housing and additional wraparound services to a cohort of 125 individuals experiencing homelessness. The article limits the State’s investment to \$6.0 million through FY2026, in addition to \$875,000 in available federal grant funds which can be directed towards the program. The Budget utilizes \$6.0 million in one-time general revenues to capitalize a new restricted receipt account within EOHHS for this purpose. The Budget also assumes up to \$1.5 million in restricted receipt expenditures from this account in FY2022 to finance the first year of the program. EOHHS must submit annual progress reports to the General Assembly beginning no later than January 30, 2022.

Pay-for-success models provide a method to fund innovative programs while mitigating financial risk. Instead of paying for services directly as they are provided, the State issues social impact bonds to private



investors who, in turn, provide upfront capital to non-profits to provide the services. The State then executes a contract which specifies expected program outcomes and associated evaluation and repayment processes. The State repays investors for the upfront investment plus interest only if the performance metrics are met, i.e. the State only pays for the program if it is successful.

The Budget assumes that the program will support \$10,000 in housing voucher costs per individual per year, with 60.0 percent paid through existing housing voucher resources and 40.0 percent through pay-for-success dollars. In addition, the program will support an estimated \$8,000 per individual per year in wraparound services, of which 60.0 percent will be paid through pay-for-success and the remainder through existing resources. Therefore, for 125 individuals, pay-for-success will support approximately \$500,000 in housing costs and \$600,000 for wraparound services per year, plus \$315,000 in other costs, including legal support and program evaluation.

While the Budget does not assume savings from the program, it is likely that providing supportive housing will ultimately reduce the State's overall spending, meanwhile improving outcomes for individuals in need. The State completed a pay-for-success feasibility study in 2017, funded by a grant from the federal Departments of Housing and Urban Development (HUD) and Justice (DOJ), which concluded that a successful intervention could reduce shelter days by 70.0 percent, criminal justice days by 40.0 percent, and Medicaid costs by 27.0 percent, for estimated savings of \$10,000 to \$20,000 per person.

#### ***Livable Home Modification Program***

Article 14 codifies the Livable Home Modification program into general law and sets the maximum grant at 50.0 percent of cost. It also requires the Governor's Commission on Disabilities to file an annual report by August 15 of each year. The FY2022 Budget includes \$507,850. Presently, the maximum award is \$4,000. The award amount was reduced in 2019 to keep up with demand. The FY2021 Budget includes \$528,295.

The Governor's Commission on Disabilities (GCD) has administered the Livable Home Modification grant program since January 2018. The grant program allocates funding for home modification projects to allow people to stay in their homes longer and decrease the length and frequency of nursing home stays. Improvements include bathroom modifications, wheelchair ramps, and stability rails, along with other home modifications. Since inception, the Commission has awarded and paid \$1.1 million for 454 awards.

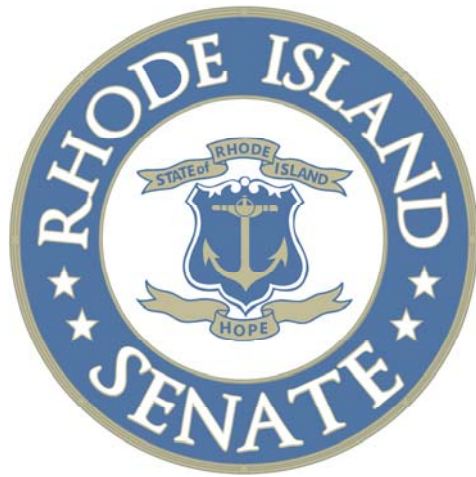


## **Article 15 Relating to Effective Date**

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This article provides that the Act will take effect on July 1, 2021, except as otherwise provided herein.





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**APPENDIX**

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## GENERAL REVENUE SURPLUS STATEMENT

	FY2019 Audited	FY2020 Audited	FY2021 Budget	FY2022 Budget
<b>Opening Surplus</b>				
Free Surplus	\$52,525,379	\$30,502,912	\$156,188,375	\$281,411,255
Adjustment to Opening Surplus			(8,422,773)	
Adjustment to Fund Balance			110,877,242	
Reappropriated Surplus	10,057,409	10,296,451	5,336,653	
<b>Subtotal</b>	<b>\$62,582,788</b>	<b>\$40,799,363</b>	<b>\$263,979,497</b>	<b>\$281,411,255</b>
<b>Revenues</b>				
Enacted/Actual/Estimated	4,024,579,618	4,183,713,406	4,038,425,000	4,044,950,000
Governor			(39,086,736)	200,637,573
Assembly			218,717,342	165,148,774
<b>Total Revenues</b>	<b>\$4,024,579,618</b>	<b>\$4,183,713,406</b>	<b>4,218,055,606</b>	<b>\$4,410,736,347</b>
To Cash Stabilization Fund	(122,313,150)	(126,426,490)	(130,974,636)	(140,764,428)
<b>Total Available Resources</b>	<b>\$3,964,849,256</b>	<b>\$4,098,086,279</b>	<b>\$4,351,060,467</b>	<b>\$4,551,383,174</b>
<b>Expenditures</b>				
Actual/Enacted/Current Svcs.	3,924,049,893	3,936,561,251	4,153,269,709	4,534,731,558
Governor			(271,636,821)	(163,458,737)
Assembly			101,016,324	179,538,816
<b>Total Expenditures</b>	<b>\$3,924,049,893</b>	<b>\$3,936,561,251</b>	<b>\$3,982,649,212</b>	<b>\$4,550,811,637</b>
<b>Total Surplus</b>	<b>40,799,363</b>	<b>161,525,028</b>	<b>368,411,255</b>	<b>571,537</b>
Transfer to Fleet/IT/Depreciation			(87,000,000)	
Reappropriations	(10,296,451)	(5,336,653)		
<b>Free Surplus</b>	<b>\$30,502,912</b>	<b>\$156,188,375</b>	<b>\$281,411,255</b>	<b>\$571,537</b>
<i>Operating Surplus/(Deficit)</i>	<i>(11,726,016)</i>	<i>131,022,116</i>	<i>109,768,411</i>	<i>(280,839,718)</i>
<b>Rainy Day Fund</b>	<b>\$203,855,250</b>	<b>\$90,710,816</b>	<b>\$218,712,199</b>	<b>\$234,607,380</b>

## ALL FUNDS EXPENDITURES

	FY2020 Actual	FY2021 Enacted	FY2021 Revised	Change from Enacted	FY2022 Enacted	Change from Enacted
<b>General Government</b>						
Administration	\$433,929,911	\$623,048,316	\$817,754,897	\$194,706,581	\$595,170,045	(\$27,878,271)
Business Regulation	23,612,912	27,754,929	24,850,228	(2,904,701)	26,133,043	(1,621,886)
Executive Office of Commerce	37,720,671	215,497,595	132,081,787	(83,415,808)	192,734,874	(22,762,721)
Labor and Training	1,733,251,000	1,712,347,502	2,960,728,101	1,248,380,599	968,748,965	(743,598,537)
Revenue	484,422,555	706,722,852	752,464,254	45,741,402	839,568,490	132,845,638
Legislature	43,046,435	46,122,617	47,016,046	893,429	46,627,087	504,470
Lieutenant Governor	1,142,645	1,145,231	1,008,918	(136,313)	1,199,161	53,930
Secretary of State	12,238,928	15,098,672	17,174,388	2,075,716	12,057,219	(3,041,453)
General Treasurer	40,414,386	44,517,242	50,031,776	5,514,534	47,819,863	3,302,621
Board of Elections	2,542,338	3,972,921	3,477,937	(494,984)	2,671,768	(1,301,153)
Ethics Commission	1,803,368	1,900,201	1,905,942	5,741	1,867,351	(32,850)
Office of the Governor	6,605,944	6,459,015	6,480,485	21,470	6,703,626	244,611
Commission for Human Rights	1,768,408	1,869,372	1,874,536	5,164	1,908,999	39,627
Public Utilities Commission	9,571,635	11,748,393	11,842,647	94,254	12,466,346	717,953
<b>Total</b>	<b>\$2,832,071,136</b>	<b>\$3,418,204,858</b>	<b>\$4,828,691,942</b>	<b>\$1,410,487,084</b>	<b>\$2,755,676,837</b>	<b>(\$662,528,021)</b>
<b>Health and Human Services</b>						
Office of Health and Human Services	\$2,603,777,245	\$2,983,643,790	\$2,986,830,467	\$3,186,677	\$3,195,762,458	\$212,118,668
Children, Youth, and Families	252,061,930	254,721,923	257,878,692	3,156,769	276,478,466	21,756,543
Health	193,164,062	578,629,413	642,276,424	63,647,011	470,845,303	(107,784,110)
Human Services	633,159,965	686,895,593	687,868,146	972,553	742,313,985	55,418,392
BHDDH	457,029,197	486,081,675	502,973,212	16,891,537	523,599,253	37,517,578
Commission on Disabilities	1,475,214	1,583,171	1,584,649	1,478	1,530,481	(52,690)
Deaf & Hard of Hearing	673,997	650,270	711,960	61,690	818,664	168,394
Office of the Child Advocate	1,028,374	1,233,388	1,237,225	3,837	1,243,526	10,138
Office of the Mental Health Advocate	620,923	630,982	632,932	1,950	680,190	49,208
<b>Total</b>	<b>\$4,142,990,907</b>	<b>\$4,994,070,205</b>	<b>\$5,081,993,707</b>	<b>\$87,923,502</b>	<b>\$5,213,272,326</b>	<b>\$219,202,121</b>
<b>Education</b>						
Elementary and Secondary Education	\$1,460,534,749	\$1,665,179,791	\$1,672,424,214	\$7,244,423	\$2,246,027,483	\$580,847,692
Public Higher Education	1,207,508,647	1,274,773,440	1,276,338,088	1,564,648	1,371,416,880	96,643,440
Council on the Arts	3,339,291	3,448,552	4,231,718	783,166	5,261,293	1,812,741
Atomic Energy Commission	1,309,910	1,515,857	1,989,154	473,297	1,959,573	443,716
Historical Preservation	2,145,441	2,675,751	2,542,543	(133,208)	2,662,345	(13,406)
<b>Total</b>	<b>\$2,674,838,038</b>	<b>\$2,947,593,391</b>	<b>\$2,957,525,717</b>	<b>\$9,932,326</b>	<b>\$3,627,327,574</b>	<b>\$679,734,183</b>
<b>Public Safety</b>						
Attorney General	\$34,645,642	\$33,796,154	\$35,144,323	\$1,348,169	\$35,798,361	\$2,002,207
Corrections	257,819,456	254,739,746	254,346,561	(393,185)	245,921,150	(8,818,596)
Judiciary	122,732,908	122,127,405	122,565,439	438,034	130,425,354	8,297,949
Military Staff	31,377,208	46,162,220	40,682,582	(5,479,638)	41,224,771	(4,937,449)
Emergency Management Agency	78,934,802	45,266,961	60,085,168	14,818,207	22,534,686	(22,732,275)
Public Safety	131,446,108	133,890,732	134,224,683	333,951	153,862,337	19,971,605
Public Defender	12,211,072	12,756,318	12,765,816	9,498	13,507,264	750,946
<b>Total</b>	<b>\$669,167,196</b>	<b>\$648,739,536</b>	<b>\$659,814,572</b>	<b>\$11,075,036</b>	<b>\$643,273,923</b>	<b>(\$5,465,613)</b>
<b>Natural Resources</b>						
Environmental Management	\$84,311,124	\$109,286,166	\$107,346,042	(\$1,940,124)	\$107,920,372	(\$1,365,794)
Coastal Resources Management	5,617,683	5,204,812	5,097,341	(107,471)	5,460,276	255,464
<b>Total</b>	<b>\$89,928,807</b>	<b>\$114,490,978</b>	<b>\$112,443,383</b>	<b>(\$2,047,595)</b>	<b>\$113,380,648</b>	<b>(\$1,110,330)</b>
<b>Transportation</b>						
Transportation	\$608,713,567	\$607,343,003	\$684,525,043	\$77,182,040	\$767,880,998	\$160,537,995
<b>Grand Total</b>	<b>\$11,017,709,651</b>	<b>\$12,730,441,971</b>	<b>\$14,324,994,364</b>	<b>\$1,594,552,393</b>	<b>\$13,120,812,306</b>	<b>\$390,370,335</b>



## GENERAL REVENUE EXPENDITURES

General Government	FY2020 Actual	FY2021 Enacted	FY2021 Revised	Change from		
				Enacted	FY2022 Enacted	
Administration	\$219,395,038	\$313,013,170	\$333,875,101	\$20,861,931	\$196,032,533	(\$116,980,637)
Business Regulation	15,696,309	17,469,427	15,061,711	(2,407,716)	19,239,606	1,770,179
Executive Office of Commerce	17,781,117	40,293,523	54,798,786	14,505,263	98,845,603	58,552,080
Labor and Training	14,025,683	14,120,999	14,131,759	10,760	15,366,720	1,245,721
Revenue	210,230,634	127,228,613	126,522,076	(706,537)	267,868,120	140,639,507
Legislature	41,474,794	44,283,435	44,408,645	125,210	44,844,662	561,227
Lieutenant Governor	1,142,645	1,145,231	1,008,918	(136,313)	1,199,161	53,930
Secretary of State	9,305,239	12,289,333	12,310,802	21,469	9,775,071	(2,514,262)
General Treasurer	2,965,895	2,986,194	3,428,826	442,632	3,228,310	242,116
Board of Elections	2,536,699	3,972,921	3,477,937	(494,984)	2,671,768	(1,301,153)
Ethics Commission	1,803,368	1,900,201	1,905,942	5,741	1,867,351	(32,850)
Office of the Governor	5,493,030	6,459,015	6,480,485	21,470	6,703,626	244,611
Commission for Human Rights	1,229,235	1,348,206	1,352,181	3,975	1,486,581	138,375
Public Utilities Commission	-	-	-	-	-	-
<b>Total</b>	<b>\$543,079,686</b>	<b>\$586,510,268</b>	<b>\$618,763,169</b>	<b>\$32,252,901</b>	<b>\$669,129,112</b>	<b>\$82,618,844</b>
<b>Health and Human Services</b>						
Office of Health and Human Services	\$896,330,861	\$974,945,186	\$922,210,492	(\$52,734,694)	\$1,100,190,655	\$125,245,469
Children, Youth, and Families	170,737,346	170,860,311	169,273,174	(1,587,137)	193,284,942	22,424,631
Health	38,272,964	110,254,084	32,755,109	(77,498,975)	31,030,190	(79,223,894)
Human Services	87,201,151	105,775,008	101,640,562	(4,134,446)	123,896,295	18,121,287
BHDDH	243,500,368	248,855,733	257,979,000	9,123,267	271,942,823	23,087,090
Governor's Commission on Disabilities	996,865	1,072,008	1,073,478	1,470	1,090,710	18,702
Governor's Commission on the Deaf	496,573	507,816	569,463	61,647	655,862	148,046
Office of the Child Advocate	865,115	1,005,223	1,008,314	3,091	1,036,219	30,996
Office of the Mental Health Advocate	620,923	630,982	632,932	1,950	680,190	49,208
<b>Total</b>	<b>\$1,439,022,166</b>	<b>\$1,613,906,351</b>	<b>\$1,487,142,524</b>	<b>(\$126,763,827)</b>	<b>\$1,723,807,886</b>	<b>\$109,901,535</b>
<b>Education</b>						
Elementary and Secondary Education	\$1,194,967,211	\$1,282,515,073	\$1,282,432,293	(\$82,780)	\$1,330,848,245	\$48,333,172
Public Higher Education	231,444,861	237,951,191	237,874,245	(76,946)	259,968,593	22,017,402
Council on the Arts	2,002,855	2,002,026	2,004,658	2,632	2,048,651	46,625
Atomic Energy Commission	1,002,739	1,059,645	1,063,124	3,479	1,076,170	16,525
Historical Preservation & Heritage Comm.	1,351,213	1,562,984	1,414,237	(148,747)	1,390,704	(172,280)
<b>Total</b>	<b>\$1,430,768,879</b>	<b>\$1,525,090,919</b>	<b>\$1,524,788,557</b>	<b>(\$302,362)</b>	<b>\$1,595,332,363</b>	<b>\$70,241,444</b>
<b>Public Safety</b>						
Attorney General	\$28,045,698	\$29,581,867	\$29,498,840	(\$83,027)	\$29,820,364	\$238,497
Corrections	185,063,804	163,246,644	110,852,822	(52,393,822)	236,349,944	73,103,300
Judiciary	101,864,401	103,483,394	102,511,550	(971,844)	107,908,680	4,425,286
Military Staff	6,717,016	3,275,354	3,191,158	(84,196)	2,723,714	(551,640)
Emergency Management Agency	66,323,909	2,713,353	2,715,075	1,722	2,710,290	(3,063)
Public Safety	77,870,719	67,430,637	45,525,632	(21,905,005)	120,604,312	53,173,675
Public Defender	12,112,369	12,680,653	12,579,301	(101,352)	13,431,599	750,946
<b>Total</b>	<b>\$477,997,916</b>	<b>\$382,411,902</b>	<b>\$306,874,378</b>	<b>(\$75,537,524)</b>	<b>\$513,548,903</b>	<b>\$131,137,001</b>
<b>Natural Resources</b>						
Environmental Management	\$42,861,538	\$42,769,969	\$42,611,952	(\$158,017)	\$46,183,840	\$3,413,871
Coastal Resources Management Council	2,831,187	2,580,300	2,468,632	(111,668)	2,809,533	229,233
<b>Total</b>	<b>\$45,692,725</b>	<b>\$45,350,269</b>	<b>\$45,080,584</b>	<b>(\$269,685)</b>	<b>\$48,993,373</b>	<b>\$3,643,104</b>
<b>Transportation</b>						
Transportation	-	-	-	-	-	-
<b>Grand Total</b>	<b>\$3,936,561,372</b>	<b>\$4,153,269,709</b>	<b>\$3,982,649,212</b>	<b>(\$170,620,497)</b>	<b>\$4,550,811,637</b>	<b>\$397,541,928</b>

**FTE POSITIONS**

	FY2020 Actual	FY2021 Enacted	FY2021 Revised	Change from Enacted	FY2022 Enacted	Change from Enacted
<b>General Government</b>						
Administration	647.7	647.7	647.7	-	650.7	3.0
Business Regulation	161.0	161.0	161.0	-	162.0	1.0
Executive Office of Commerce	14.0	14.0	14.0	-	16.0	2.0
Labor and Training	390.7	425.7	425.7	-	462.7	37.0
Revenue	602.5	602.5	602.5	-	570.5	(32.0)
Legislature	298.5	298.5	298.5	-	298.5	-
Lieutenant Governor	8.0	8.0	8.0	-	8.0	-
Secretary of State	59.0	59.0	59.0	-	59.0	-
General Treasurer	89.0	89.0	89.0	-	89.0	-
Board of Elections	13.0	13.0	13.0	-	13.0	-
Ethics Commission	12.0	12.0	12.0	-	12.0	-
Office of the Governor	45.0	45.0	45.0	-	45.0	-
Commission for Human Rights	14.5	14.5	14.5	-	14.0	(0.5)
Public Utilities Commission	52.0	52.0	52.0	-	54.0	2.0
<b>Total</b>	<b>2,406.9</b>	<b>2,441.9</b>	<b>2,441.9</b>	<b>-</b>	<b>2,454.4</b>	<b>12.5</b>
<b>Human Services</b>						
Office of Health and Human Services	186.0	192.0	192.0	-	190.0	(2.0)
Children, Youth, and Families	621.5	617.5	617.5	-	702.5	85.0
Health	499.6	513.6	513.6	-	530.6	17.0
Human Services	1,038.1	1,038.1	1,038.1	-	1,047.1	9.0
BHDDH	1,189.4	1,188.4	1,188.4	-	1,190.4	2.0
Office of the Child Advocate	10.0	10.0	10.0	-	10.0	-
Governor's Commission on the Deaf	4.0	4.0	4.0	-	4.0	-
Governor's Commission on Disabilities	4.0	4.0	4.0	-	4.0	-
Office of the Mental Health Advocate	4.0	4.0	4.0	-	4.0	-
<b>Total</b>	<b>3,556.6</b>	<b>3,571.6</b>	<b>3,571.6</b>	<b>-</b>	<b>3,682.6</b>	<b>111.0</b>
<b>Education</b>						
Elementary and Secondary Education	325.1	325.1	325.1	-	326.1	1.0
Public Higher Education	3,860.5	3,860.5	3,860.5	-	3,862.5	2.0
Council on the Arts	8.6	8.6	8.6	-	9.6	1.0
Atomic Energy Commission	8.6	8.6	8.6	-	8.6	-
Historical Preservation and Heritage Commission	15.6	15.6	15.6	-	15.6	-
<b>Total</b>	<b>4,218.4</b>	<b>4,218.4</b>	<b>4,218.4</b>	<b>-</b>	<b>4,222.4</b>	<b>4.0</b>
<b>Public Safety</b>						
Attorney General	239.1	239.1	239.1	-	247.1	8.0
Corrections	1,411.0	1,411.0	1,411.0	-	1,424.0	13.0
Judiciary	726.3	726.3	726.3	-	726.3	-
Military Staff	92.0	92.0	92.0	-	92.0	-
Emergency Management	32.0	32.0	32.0	-	33.0	1.0
Public Safety	593.6	593.6	593.6	-	622.6	29.0
Public Defender	96.0	96.0	96.0	-	99.0	3.0
<b>Total</b>	<b>3,190.0</b>	<b>3,190.0</b>	<b>3,190.0</b>	<b>-</b>	<b>3,244.0</b>	<b>54.0</b>
<b>Natural Resources</b>						
Environmental Management	394.0	394.0	394.0	-	401.0	7.0
Coastal Resources Management Council	30.0	30.0	30.0	-	30.0	-
<b>Total</b>	<b>424.0</b>	<b>424.0</b>	<b>424.0</b>	<b>-</b>	<b>431.0</b>	<b>7.0</b>
<b>Transportation</b>						
Transportation	755.0	755.0	755.0	-	755.0	-
<b>Higher Education Sponsored Research</b>						
Office of Higher Education	1.0	1.0	1.0	-	1.0	-
CCRI	89.0	89.0	89.0	-	89.0	-
RIC	76.0	76.0	76.0	-	76.0	-
URI	357.8	357.8	357.8	-	357.8	-
<b>Total</b>	<b>523.8</b>	<b>523.8</b>	<b>523.8</b>	<b>-</b>	<b>523.8</b>	<b>-</b>
<b>Grand Total</b>	<b>15,074.7</b>	<b>15,124.7</b>	<b>15,124.7</b>	<b>-</b>	<b>15,313.2</b>	<b>188.5</b>

## Senate Fiscal Office

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**Stephen H. Whitney**  
Senate Fiscal Advisor

**Robert C. Bromley**  
*Senior Legislative Fiscal Analyst*

Administration  
Board of Elections  
Commission on Disabilities  
Convention Center Authority  
Ethics Commission  
General Treasurer  
Governor  
Human Rights Commission  
I-195 Redevelopment Commission  
Lieutenant Governor  
Military Staff  
Public Defender  
Public Utilities Commission  
Quonset Development Corporation  
RI Emergency Management Agency  
Secretary of State

**Kelly M. Carpenter**  
*Senior Legislative Fiscal Analyst*

Arts Council  
Atomic Energy Commission  
Coastal Resources Management Council  
Elementary and Secondary Education  
Environmental Management  
Health & Educational Building Corporation  
Higher Education  
Judiciary  
Narragansett Bay Commission  
Resource Recovery Corporation  
RI Infrastructure Bank  
Student Loan Authority

**Brittany A. Church**  
*Legislative Fiscal Analyst I*

Behavioral Health, Developmental Disabilities,  
and Hospitals  
Business Regulation  
Commission on Deaf and Hard of Hearing  
Health  
HealthSource RI  
Mental Health Advocate

**David Tremblay**  
*Deputy Senate Fiscal Advisor*

Executive Office of Commerce  
Legislature  
Public Safety  
Revenue  
RI Commerce Corporation  
RIHMFC (RI Housing)

**Emily W. Tumber**  
*Legislative Fiscal Analyst II*

Executive Office of Health and Human Services  
Child Advocate  
Children, Youth, and Families

**Shanna Vecchio-Schubert**  
*Legislative Fiscal Analyst II*

Attorney General  
Corrections  
Historic Preservation and Heritage Commission  
Human Services  
Labor and Training  
RI Airport Corporation  
RI Public Transit Authority  
RI Turnpike & Bridge Authority  
Transportation