



SENATE FISCAL OFFICE  
REPORT

---

**GOVERNOR'S FY2022 AND  
FY2021 SUPPLEMENTAL BUDGETS**

**2021-H-6122 AND 2021-H-6121**

**FIRST LOOK**

---

MARCH 16, 2021

## Senate Committee on Finance

---

**Ryan W. Pearson**

*Chairperson*

**Louis P. DiPalma**

*1st Vice Chairperson*

**Walter S. Felag, Jr.**

*2nd Vice Chairperson*

**Thomas J. Paolino**

*Secretary*

**Jonathon Acosta**

**Sandra Cano**

**Frank A. Ciccone, III**

**Melissa A. Murray**

**James A. Seveney**

**V. Susan Sosnowski**

**Dominick J. Ruggiero**

*President of the Senate (ex officio)*

**Michael J. McCaffrey**

*Majority Leader (ex officio)*

**Dennis L. Algiere**

*Minority Leader (ex officio)*

**Maryellen Goodwin**

*Majority Whip (ex officio)*

**Jessica de la Cruz**

*Minority Whip (ex officio)*

**Jamie Plume**

*Committee Clerk*

**Michael Forte, Esq.**

*Legal Counsel*

## Table of Contents

---

Overview	1
Revenue Changes	5
Expenditure Changes by Agency	13
State Aid and Education Aid	31
FY2021 Supplemental	35
Articles	39
Summary Tables	55



## Overview

The Governor's FY2022 Budget recommendation totals \$4,371.3 million in general revenue; \$218.0 million greater than the FY2021 Budget as Enacted. The recommendation includes \$11,170.5 million in all funds; a decrease of \$1,560.0 million from the FY2021 Budget as Enacted. The large reduction is attributable to the inclusion of the federal CARES Act COVID-19 stimulus funding appearing in FY2021. The proposed additional federal stimulus, which was signed into law on the same date that the Governor was required to submit the proposed FY2022 Budget, was not technically available to be included in the Governor's budget submittal.

<b>Expenditures by Source</b>	<b>FY2020 Final</b>	<b>FY2021 Enacted</b>	<b>FY2021 Governor</b>	<b>Change to Enacted</b>	<b>FY2022 Governor</b>	<b>Change to Enacted</b>
General Revenue	\$3,937.4	\$4,153.3	\$3,881.6	(\$271.6)	\$4,371.3	\$218.0
Federal Funds	4,475.1	5,812.9	7,059.1	1,246.2	4,129.5	(1,683.4)
Restricted Receipts	332.1	322.3	353.2	30.9	341.9	19.6
Other Funds	2,273.1	2,442.0	2,456.3	14.3	2,327.8	(114.1)
<b>Total</b>	<b>\$11,017.7</b>	<b>\$12,730.4</b>	<b>\$13,750.2</b>	<b>\$1,019.8</b>	<b>\$11,170.5</b>	<b>(\$1,560.0)</b>

<b>Expenditures by Function</b>						
General Government	\$2,832.1	\$3,418.2	\$4,177.0	\$758.8	\$2,081.3	(\$1,336.9)
Human Services	4,143.0	4,994.1	5,151.4	157.3	4,730.6	(263.4)
Education	2,674.8	2,947.6	2,953.3	5.7	2,855.6	(92.0)
Public Safety	669.2	648.7	662.3	13.6	622.0	(26.8)
Natural Resources	89.9	114.5	115.0	0.5	110.2	(4.3)
Transportation	608.7	607.3	691.3	83.9	770.7	163.3
<b>Total</b>	<b>\$11,017.7</b>	<b>\$12,730.4</b>	<b>\$13,750.2</b>	<b>\$1,019.8</b>	<b>\$11,170.5</b>	<b>(\$1,560.0)</b>
<b>FTE Authorization</b>	<b>15,074.7</b>	<b>15,124.7</b>	<b>15,124.7</b>	<b>-</b>	<b>15,089.2</b>	<b>(35.5)</b>

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

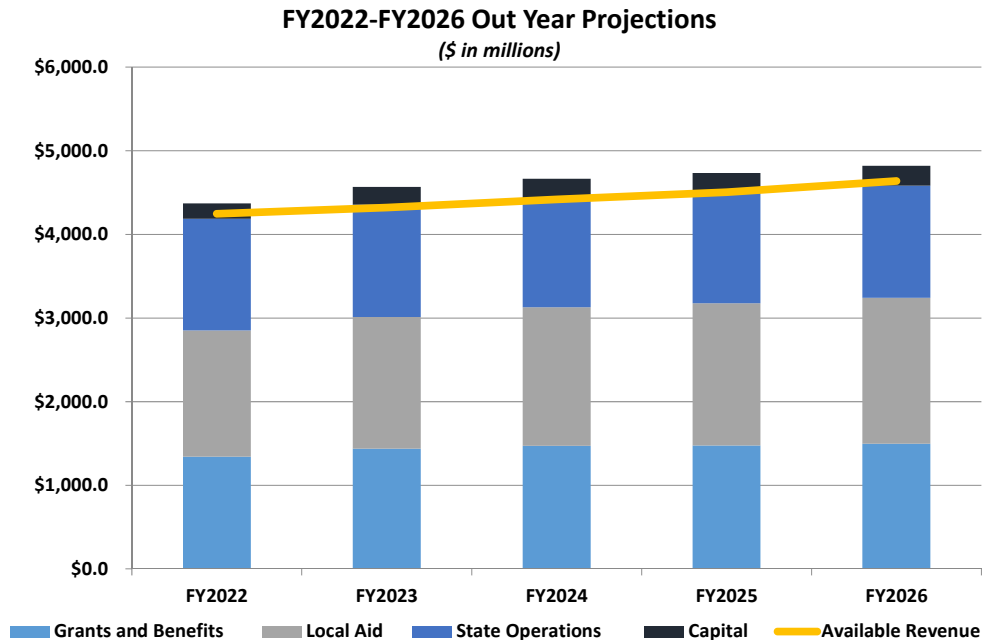
The Governor submitted two budget bills this year: the FY2022 proposal and a distinct FY2021 Supplemental Budget. The Governor's proposal for the current year (FY2021) increases the estimated year-end surplus from \$12.2 million, to \$265.4 million. The increased surplus is primarily driven by a shift of general revenue costs to federal FEMA funding based on recent guidance that allows for 100.0 percent cost reimbursement for eligible COVID response costs; and an increase in Federal Medicaid Assistance Percentage (FMAP) match rates for Medicaid costs. This surplus is carried forward to help close the FY2022 deficit. Inclusive of the solutions mentioned above, the major drivers of the Governor's FY2022 budget solution are as follows:

<b>FY2022 Deficit Solution</b>	
Projected deficit (OMB)	(\$336.0)
FEMA 100% Reimbursement	118.0
Enhanced FMAP	84.0
Defer RICAP payback (from FY2020 rainy day fund withdrawal)	70.0
Maximize Hospital License Fee (FY2021 and FY2022)	62.0
Eleanor Slater Hospital Transformation	38.7
Net Voluntary Retirement Incentive Savings	6.0
Lottery "Pause" Adjustment	5.7
Net PPP Tax Advantages	(65.0)
Net other revenue changes	11.3
Net other expenditure changes	10.3
<b>Projected Ending Balance</b>	<b>\$5.0</b>

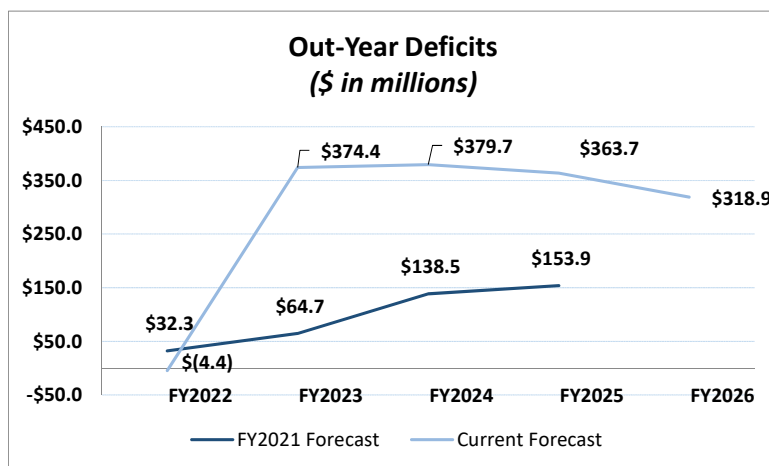
*\$ in millions. Totals may vary due to rounding.*

**FIVE-YEAR FORECAST**

The Budget projects out-year deficits increasing from \$374.4 million in FY2023 to \$318.9 million in FY2026 (6.6 percent of spending). Projected average annual revenue growth of 2.2 percent, coupled with a projected average annual increase in expenditures of 2.5 percent, creates the State’s projected deficit. Actual out-year performance could vary significantly if growth rates used for both revenue and expenditure forecasts are inaccurate. Drivers of the forecast include Medicaid and education inflation and increasing motor vehicle excise tax payments. The deficit projections do not account for positive impacts from the likely forthcoming American Rescue Plan Act of 2021, nor from potential significant additional costs from the consent decree for services to those with developmental disabilities.



Out-year deficit projections increased significantly from what was forecast one year ago. The immediate impacts from the COVID-19 pandemic on state revenues, coupled with a projected slower recovery, exacerbate the deficit projections. Deficits grow by \$309.7 million in FY2023, absent additional federal intervention.

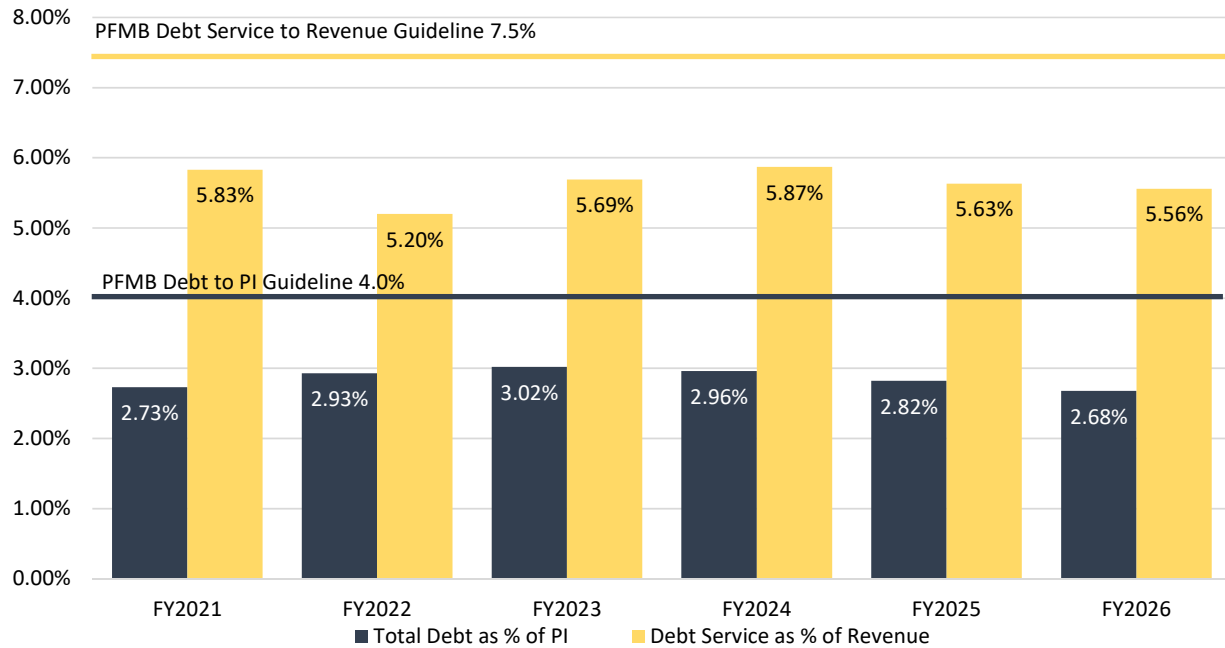


## TAX-SUPPORTED DEBT

The Public Finance Management Board (PFMB) provides advice and assistance to all state departments, authorities, agencies, boards, commissions, and public and quasi-public corporations having authority to issue revenue or general obligation bonds or notes.

The PFMB issues guidelines to monitor state debt: tax-supported debt should not exceed 4.0 percent of total personal income for Rhode Islanders, and debt service on tax-supported debt should not exceed 7.5 percent of state general revenue. Over the next five years, the State is projected to remain below the PFMB guidelines as it relates to debt as a percent of personal income (PI); additionally, it is anticipated to remain below the PMFB debt service as a percent of general revenue threshold of 7.5 percent.

The following chart shows current and projected debt service metrics from FY2021 through FY2026. It is probable that these figures will change as projects and issuance timelines are adjusted.



## RAINY DAY FUND

In 1990, the Budget Reserve and Cash Stabilization Account, or Rainy Day Fund, was created to establish a fiscal cushion for the State when actual revenues received are less than State expenditures (deficit). The account is funded by limiting annual State general revenue appropriations to a percentage (currently 97.0 percent) of available revenues. Excess funds are deposited into the Rainy Day Fund. The spending limitation, Rainy Day Fund, and the disposition of excess funds are governed by provisions in the RI Constitution and General Laws.

RIGL 35-3-20 institutes a cap on the balance of the Rainy Day Fund, which gradually increased between FY2007 and FY2013. Since FY2013, the balance of the Fund has been capped at 5.0 percent of general revenues. When the limit is reached, excess funds are transferred to the Rhode Island Capital Plan (RICAP) fund for capital improvement projects.

FY2019 closed with \$203.9 million in the Rainy Day Fund. In FY2020, the State used \$120.0 million from the fund to balance the budget. 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 legislation under Section 18 of Article 1 to delay the full payback until FY2022.

The Governor's budget, through Article 1 of the FY2021 Supplemental Budget, reduces the \$90.0 million payback to \$7.5 million in FY2021, and includes \$42.5 million in FY2022. The remainder of the RICAP fund repayment (\$70.0 million) is delayed until FY2023. The Governor's proposal projects a rainy day fund balance of \$225.6 million at the end of FY2022.

#### GENERAL REVENUE SURPLUS STATEMENT

	FY2019 Audited	FY2020 Audited	FY2021 Enacted	FY2021 Governor	FY2022 Governor
<b>Opening Surplus</b>					
Free Surplus	\$52,525,379	\$30,502,912	\$180,395,600	\$156,188,375	\$265,441,846
Adjustment to Opening Surplus			\$70,000,000	\$110,877,242	
Reappropriated Surplus	10,057,409	10,296,451	5,336,652	5,336,652	
<b>Subtotal</b>	<b>\$62,582,788</b>	<b>\$40,799,363</b>	<b>\$255,732,252</b>	<b>\$272,402,269</b>	<b>\$265,441,846</b>
<b>Total Revenues</b>					
	<b>\$4,024,579,618</b>	<b>\$4,183,713,406</b>	<b>\$4,038,425,000</b>	<b>\$3,999,338,264</b>	<b>\$4,245,587,573</b>
To Cash Stabilization Fund	(122,313,150)	(126,426,490)	(128,664,618)	(124,665,799)	(135,330,883)
From Cash Stabilization Fund					
<b>Total Available Resources</b>	<b>\$3,964,849,256</b>	<b>\$4,098,086,279</b>	<b>\$4,165,492,634</b>	<b>\$4,147,074,734</b>	<b>\$4,375,698,536</b>
<b>Total Expenditures</b>					
	<b>3,924,049,893</b>	<b>3,936,561,251</b>	<b>4,153,269,709</b>	<b>3,881,632,888</b>	<b>4,371,272,821</b>
<b>Total Surplus</b>	<b>40,799,363</b>	<b>161,525,028</b>	<b>12,222,925</b>	<b>265,441,846</b>	<b>4,425,715</b>
<b>Free Surplus</b>	<b>\$30,502,912</b>	<b>\$156,188,375</b>	<b>\$12,222,925</b>	<b>\$265,441,846</b>	<b>\$4,425,715</b>
Rainy Day Fund	\$203,855,250	\$90,710,816	\$210,941,030	\$207,776,332	\$225,551,471



## Revenue Changes

The Governor's FY2022 Budget increases general revenue collections by an estimated \$200.6 million above the November 2020 revenue estimate. New revenue initiatives include reauthorizing the State's hospital license fee, partially decoupling from the federal paycheck protection program loan forgiveness law, parking fee increases at Misquamicut and Galilee, tax and licensing revenue associated with a new adult-use marijuana program, and changes to the real estate conveyance tax to support affordable housing.

<b>Governor's Recommended Revenue Changes</b>	<b>FY2022</b>
EOHHS Revenue Changes	\$178.1
PPP Tax Policy Revenue Changes	17.1
DEM/CRMC Revenue Changes	3.2
DBR Revenue Changes	2.8
DOR Revenue Changes	(1.9)
Adult Use Marijuana Program Revenue	1.7
Real Estate Transfer Tax Change	(1.3)
DOH Revenue Changes	0.7
Pawtucket Economic Activity Tax Agreement	(0.7)
Other Departmental Revenue Changes	0.6
<b>Total</b>	<b>\$200.2</b>

*\$ in millions*

### EOHHS Revenue Changes

**\$178.1 million**

The Budget includes a net \$178.1 million increase related to revenue changes associated with the following EOHHS initiatives:

- Hospital License Fee:** Article 6 reauthorizes the collection of the hospital license fee in FY2022. The article includes a fee of 3.78 percent of patient revenues for hospitals located in Washington County and 6.0 percent of patient revenues for all other non-psychiatric community hospitals, including the State-run Eleanor Slater Hospital. These rates are consistent with the fee structure used in FY2019 and FY2020 and with the Governor's proposed revision to the fee in FY2021. The Governor's Budget includes \$178.2 million in new revenues that were not included in the November 2020 adopted revenue estimate. This represents a \$15.6 million reduction relative to FY2021 collections because the FY2022 fee will be based, in part, on patient revenues generated during CY2020, when hospitals saw a significant reduction in patient care activity due to the COVID-19 pandemic and mandatory suspension of elective procedures.

*Analyst Note: The Budget appears to miscalculate the revenues associated with Eleanor Slater Hospital. The Hospital reported FY2020 revenues of \$6.1 million, down 94.8 percent from FY2019 revenues of \$117.4 million. This discrepancy contributes to a \$6.3 million difference in fee revenue.*

- Medicaid Revenue Changes:** The Budget reduces revenue collections by \$360,515 to reflect the impact of a number Medicaid expenditure changes which affect collections from the 2.0 percent insurance premium tax and 5.5 percent nursing home tax. These initiatives are described in the FY2022 Expenditures section of this report.

<b>Medicaid Revenue Changes</b>	
LTSS Resiliency and Rebalancing	(\$504,313)
Enhanced FMAP	290,000
MCO Profit Margin	(79,045)
Rlte Share Enhancements	(54,000)
Community Health Workers Investment	(18,717)
Perinatal Doula Services	5,560
<b>Total</b>	<b>(\$360,515)</b>

- **Rlte Share Penalty:** The Governor increases general revenue collections by \$165,675 to reflect the impact of a new penalty established in Article 15 which will be assessed against employers who do not comply with the reporting requirements of the Rlte Share program, either by failing to report data or by falsifying information to get around the program's requirements.

### **PPP Tax Policy Changes**

**\$17.1 million**

Article 2 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 \$150,000 or less, while mitigating the significant state revenue loss that would result by remaining completely in alignment with federal law.

	FY2021		FY2022		Total 2 Year Impact
	Personal Income Tax	Business Taxes	Personal Income Tax	Business Taxes	
PPP Tax Policy Revenue Changes					
Federal PPP Loan Forgiveness	(\$28,788,938)	(\$57,489,763)	(\$15,678,451)	(\$31,308,915)	(\$133,266,067)
Decoupling from Federal PPP Loan Forgiveness ≥ \$150,000	969,731	2,630,262	19,480,908	44,597,887	67,678,788
<b>Total</b>	<b>(\$27,819,207)</b>	<b>(\$54,859,501)</b>	<b>\$3,802,457</b>	<b>\$13,288,972</b>	<b>(\$65,587,279)</b>

- **Background:** In response to devastating impacts that the COVID-19 pandemic has had 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 these loans to be forgiven if the business conforms to the program. 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. 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. Based on the recent federal tax changes and expansion of the PPP program, the Office of Management and Budget projects a \$133.3 million combined loss in State revenue in FY2021 and FY2022

- **Proposal:** Article 2 proposes to decouple from the federal treatment of forgiven PPP loans. Specifically,
  - The article exempts the first \$150,000 of a PPP loan from State taxation.
  - Loan amounts over \$150,000 would be taxed, impacting around 13.0 percent of businesses with loans.
  - The proposal would preserve \$67.7 million in general revenue.

**DEM/CRMC Revenue Changes****\$3.2 million**

The Governor increases fees related to several Department of Environmental Management (DEM) and Coastal Resources Management Council (CRMC) programs and requires the transfer of reserves from the Underground Storage Tank Account.

<b>DEM/CRMC Revenue Changes</b>	<b>Impact</b>
DEM - Pesticide/Fertilizer Fee Increase	\$1,407,532
Transfer - Underground Storage Tank Account	1,000,000
DEM - Beach Fee Increase	621,634
DEM - Parking Lot Fee Increase	112,188
CRMC - Fines Increased	15,000
<b>Total</b>	<b>\$3,156,354</b>

- **DEM – Pesticide/Fertilizer Fee Increase:** The Budget includes \$1.4 million in new revenue generated from several registration fee increases related organic/chemical products used in the State. The changes and revenue impact are outlined in the following table:

<b>Category</b>	<b>Registration Fee</b>		
	<b>Current</b>	<b>FY2022 Governor</b>	<b>FY2022 Revenue</b>
Pesticide Product	\$200	\$300	\$842,900
Commercial Feed	60	100	460,640
Commercial Fertilizer	72	100	103,992
<b>Total</b>			<b>\$1,407,532</b>

- **Transfer – Underground Storage Tank (UST) Account:** The Budget requires the transfer of \$1.0 million from the UST restricted receipt fund to the general revenue fund by June 30, 2021. Rhode Island currently has 500 facilities with 1,350 underground storage tanks, all of which pose a potential environmental threat if leakage should occur. The Underground Storage Tank (UST) Clean-up Fund was created in 1994 to provide an effective mechanism for USTs owners to comply with financial responsibility requirements, and to insure that the environmental and public health impacts of UST leaks are addressed in an effective and timely manner.
- **DEM – Beach Fee Increase:** The Budget includes \$621,634 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 to charge “reasonably determined” fees for beaches, parks, and recreation areas in Westerly. The supplemental materials provided by the Office of Management and Budget indicate that the beach parking fees would increase from \$6 to \$15 for resident weekday and \$7 to \$15 for resident weekend. Non-resident fees would increase from \$12 to \$20 for weekday and \$14 to \$30 for weekend parking. The estimate revenue increase of \$621,634 includes \$453,793 in general revenue and \$167,841 in host community payments to Westerly.
- **DEM – Parking Lot Fee Increase:** The Budget includes \$112,188 in new revenue from increases in the parking fees at the Port of Galilee in Narragansett. The fees will range from \$10 to \$300 depending on the type of pass purchased.
- **CRMC – Fines Increased:** Article 7 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.

**DBR Revenue Changes****\$2.8 million**

The Governor recommends 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.

<b>DBR Revenue Changes</b>	<b>Impact</b>
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:** 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**

**(\$1.9 million)**

The Governor recommends several initiatives related to the activity and responsibilities of the Department of Revenue (DOR) that result in a \$1.9 million revenue reduction in FY2022.

<b>DOR Revenue Changes</b>	<b>Impact</b>
DOR - License Plate Reissuance Delay	(\$3,440,000)
DOR - Permanent Authorization of the Collections Unit	1,377,299
Lottery - Reduced Marketing Costs	360,000
DOR - Sales Tax Permit Fee Elimination	(331,585)
DOR - CDL Testing Administration	100,000
<b>Total</b>	<b>(\$1,934,286)</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 – Permanent Authorization of the Collections Unit:** Article 3 permanently authorizes the Department of Revenue’s Collections Unit by eliminating its statutorily proscribed June 30, 2021, sunset date. 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 the FY2021, the Office of Management and Budget (OMB) estimates \$1.4 million in additional revenue in FY2022. To date, the Unit has underperformed relative to projections.
- **Lottery – Reduced Marketing Costs:** The Budget includes a \$360,000 reduction in marketing and print advertising costs from the Lottery Fund for 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.

- **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.

**Adult Use Marijuana Program Revenue**

**\$1.7 million**

The Budget includes \$1.7 million in tax and license fee revenue attributable to the implementation of an adult-use marijuana market under Article 11, based on an anticipated retail sales start date in April 2022.

<b>Adult Use Marijuana Program Revenue</b>	
<b>Revenue Item</b>	<b>FY2022</b>
Adult-Use Marijuana Program - Licensing Fees	\$590,561
Adult-Use Marijuana Program - Cultivator Excise Tax	451,684
Adult-Use Marijuana Program - Retail Excise Tax	369,550
Adult-Use Marijuana Program - Sales Tax	258,685
<b>Total</b>	<b>\$1,670,480</b>

**Real Estate Transfer Tax Change**

**(\$1.3 million)**

- **Real Estate Conveyance Tax – Value > \$700,000:** Article 16 increases the real estate conveyance tax on the portion of real estate valued over \$700,000. The rate applied to this portion doubles from 0.46 percent to 0.92 percent. Revenue from this increase would be deposited into the Housing Production Fund, a new restricted receipt account, to be administered by RI Housing in consultation with a new Housing Resources Steering Committee. The funds would be used for affordable and workforce housing initiatives, including the construction of new units and incentives to municipalities. Based on a January 1, 2022, effective date, the Office of Revenue Analysis estimates that these changes will generate \$1.7 million for the new Housing Production Fund in FY2022.
- **Real Estate Conveyance Tax – Value < \$700,000:** Article 16 modifies the allocation of revenue generated from the State’s real estate conveyance tax applied to the portion of real estate valued below \$700,000. The article reduces General Fund deposits by 17.7 percent and dedicates those revenues to the Housing Production Fund.

<b>Real Estate Conveyance Tax Revenue Distribution</b>		
	<b>Current Law</b>	<b>Article 16</b>
State	\$0.90	\$0.74
General Fund	0.60	0.44
Distressed Community Relief Program	0.30	0.30
Municipality	1.10	1.10
Housing Resources Commission	0.30	0.30
Housing Production Fund	0.00	0.16
<b>Total</b>	<b>\$2.30</b>	<b>\$2.30</b>

Based on a January 1, 2022, effective date, the Office of Revenue Analysis estimates that these changes will generate \$1.3 million for the new Housing Production Fund, with an equivalent loss in general revenues in FY2022. The initiative is expected to generate \$2.9 million in FY2023, based on a full year of activity.

**DOH Revenue Changes**

**\$746,281**

The Budget includes a net general revenue increase of \$746,281 within the Department of Health (DOH).

<b>Department of Health</b>	<b>Amount</b>
Data Request Fee	\$438,900
Dockside Shellfish Program	366,300
Interstate Medical Licensure Compacts	(58,919)
<b>Total</b>	<b>\$746,281</b>

- **Data Request Fee:** The Budget authorizes DOH to establish a fee for data requests from the Center for Health Data and Analysis (CDHA). The fee would only apply to for-profit special data requests that require CDHA to analyze, calculate, and/or interpret data and is expected to generate \$438,900.
- **Dockside Shellfish Program:** The Budget 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.
- **Interstate Medical Licensure Compacts:** Article 15 provides the statutory framework to allow the State to enter into several medical interstate licensure compacts that allow reciprocity and expedited licensure for health care professionals. The initiative is anticipated to reduce licensing revenue by \$58,919 based on an April 1, 2022, effective date.

***Pawtucket Economic Activity Tax Agreement*** ***(\$652,300)***

The Budget includes a \$652,300 reduction in general revenue related to the economic activity taxes generated in Pawtucket's Downtown Redevelopment Zone. The fiscal impact by tax type is shown below.

<b>Pawtucket Economic Activity Tax Agreement</b>	<b>Revenue Impact</b>
Sales Taxes	(\$352,024)
Business Taxes	(24,238)
Personal Income Taxes	(276,038)
<b>Total</b>	<b>(\$652,300)</b>

RIGL 45-33.4-4 requires the Division of Taxation to set aside baseline state tax revenue generated by activity occurring in Pawtucket's arts, ballpark, and growth center districts, to be distributed to the city once an agreement is entered into. The State and Pawtucket signed the agreement on December 8, 2020.

***Other Departmental Revenue Changes*** ***\$561,173***

The Budget includes an additional \$561,173 in other departmental program revenue changes.

<b>Other Departmental Revenue Changes</b>	<b>Impact</b>
DLT - Workplace Tax Compliance Initiative	\$545,000
DOC - Work Release Fee Restructuring	18,880
EOC Wavemaker Tax Exemption	(2,707)
<b>Total</b>	<b>\$561,173</b>

- **DLT – Workplace Tax Compliance Initiative:** The Budget includes \$545,000 in new revenue attributable to a reorganization of the Department of Labor and Training's (DLT) Misclassification Task Force, Workforce Fraud Unit, and its Prevailing Wage section. The reorganization includes 2.0 additional FTE positions.
- **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. The Governor 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 on FY2022.

### FY2021 SUPPLEMENTAL CHANGES

The Budget includes a \$39.1 million reduction in revenues below the November 2020 revenue estimate. The primary initiatives impacting the FY2021 revenue totals include the federal paycheck protection program tax changes, adjustment of the hospital license fee, bond proceeds, and an adjustment to the Lottery transfer to reflect the actual impact of the December 2020 closure due to the pandemic.

<b>Governor's Recommended Supplemental Revenue Changes</b>	<b>FY2022</b>
PPP Tax Policy Revenue Changes	(\$82.7)
EOHHS - Hospital License Fee Change	32.3
Proceeds from Series 2022-1 GO Refunding Bonds	5.9
Lottery - Impact of December Pandemic Closing	5.7
Pawtucket Economic Activity Tax Agreement	(0.3)
<b>Total</b>	<b>(\$39.1)</b>

*\$ in millions*

#### PPP Tax Policy Changes

**(\$82.7 million)**

Article 2 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 \$150,000 or less, while mitigating the significant state revenue loss that would result by remaining completely in alignment with federal law.

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	(\$28,788,938)	(\$57,489,763)	(\$15,678,451)	(\$31,308,915)	(\$133,266,067)
Decoupling from Federal PPP Loan Forgiveness ≥ \$150,000	969,731	2,630,262	19,480,908	44,597,887	67,678,788
<b>Total</b>	<b>(\$27,819,207)</b>	<b>(\$54,859,501)</b>	<b>\$3,802,457</b>	<b>\$13,288,972</b>	<b>(\$65,587,279)</b>

- **Background:** In response to devastating impacts that the COVID-19 pandemic has had 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 these loans to be forgiven if the business conforms to the program. 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. 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. Based on the recent federal tax changes and expansion of the PPP program, the Office of Management and Budget projects a \$133.3 million combined loss in State revenue in FY2021 and FY2022

- **Proposal:** Article 2 proposes to decouple from the federal treatment of forgiven PPP loans. Specifically,

- The article exempts the first \$150,000 of a PPP loan from State taxation.
- Loan amounts over \$150,000 would be taxed, impacting around 13.0 percent of businesses with loans.
- The proposal would preserve \$67.7 million in general revenue.

**EOHHS Hospital License Fee Change****\$32.3 million**

Article 6 reestablishes the hospital license fee for both FY2021 and FY2022. The article includes a fee of 3.78 percent of patient revenues for hospitals located in Washington County and 6.0 percent of patient revenues for all other non-psychiatric community hospitals, including the State-run Eleanor Slater Hospital. These rates are consistent with the fee structure used in FY2019 and FY2020 and with the Governor's proposed revision to the fee in FY2021. The Governor's Budget includes \$32.3 million in new revenues that were not included in the November 2020 adopted revenue estimate.

**Proceeds from Series 2022-1 GO Refunding Bonds****\$5.9 million**

The Budget includes an additional \$5.9 million in revenue from the proceeds from the Series 2022-1 general obligation bond forward refunding. The State and Morgan Stanley, the State's underwriter entered into an agreement that granted Morgan Stanley the right to refund a series of 2012 bonds in July of 2022 in exchange for a \$6.1 million upfront payment in FY2021. The payment is offset by \$197,042 in transaction costs for a net revenue increase of \$5.9 million.

**Lottery – Impact of December Pandemic Closing****\$5.7 million**

The Budget includes an adjustment of \$5.7 million in lottery transfers to the general fund in FY2021 based on actual activity during the December 2020 pandemic closure of the State's two casinos. On November 23, 2020, the Governor announced that the State's casinos would be closed in response to surging COVID-19 cases. Because the announcement of the temporary closure took place after the 2020 November Revenue Estimating Conference, the General Assembly revenue estimates on which to base a budget did not have an estimated revenue impact of the shutdown. As a placeholder the General Assembly reduced lottery revenue in the enacted the FY2021 Budget by \$18.0 million. The Governor's FY2021 Supplemental Budget adjusts this estimated loss downward by \$5.9 million based on new estimates by the Department of Revenue based new data.

**Pawtucket Economic Activity Tax Agreement****(\$326,000)**

The Budget includes a \$326,000 reduction in general revenue related to the economic activity taxes generated in Pawtucket's Downtown Redevelopment Zone. The fiscal impact by tax type is shown below.

<b>Pawtucket Economic Activity Tax Agreement</b>	<b>Revenue Impact</b>
Sales Taxes	(\$175,931)
Personal Income Taxes	(137,956)
Business Taxes	(12,113)
<b>Total</b>	<b>(\$326,000)</b>

RIGL 45-33.4-4 requires the Division of Taxation to set aside baseline state tax revenue generated by activity occurring in Pawtucket's arts, ballpark, and growth center districts, to be distributed to the city once an agreement is entered into. The State and Pawtucket signed the agreement on December 8, 2020.



## Expenditure Changes by Agency

---

**Administration:** The Budget includes \$243.2 million in general revenue expenditures (\$498.9 million all funds) for the Department in FY2022, decreasing general revenue expenditures by \$69.8 million (\$124.1 million all funds).

### ***RICAP Repayment***

The Budget includes \$42.5 million in general revenue payback in FY2022 to partially reimburse the State's Budget Stabilization and Cash Reserve Account (Rainy Day Fund). The FY2020 final budget 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 legislation under Section 18 of Article 1 to delay the full payback until FY2022. However, Article 1 of the Governor's FY2021 Supplemental Budget proposes to further delay the payback to FY2023 and reduces the amount of the payback to \$7.5 million, reflecting an \$82.5 million reduction. The remaining payment of \$70.0 million will be made during FY2023.

### ***Debt Service***

- **38 Studios Debt Service:** The Budget includes a general revenue savings of \$12.1 million for the 38 Studios Debt service, as the State has fulfilled the repayment obligations of this debt.
- **General Obligation Bonds:** 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).

### ***Statewide Personnel and Operations***

- **Voluntary Retirement Incentive (VRI):** The Budget includes \$8.2 million in general revenue savings associated with a new 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. The Budget identified 900 executive branch, higher education, constitutional office, judicial, and legislative employees who matched the eligibility requirement. The savings are partially offset by a \$2.2 million increase in assessed fringe benefit costs to fund the retirement incentive. This results in a net \$6.0 million general revenue savings. The estimated savings are budgeted in DOA and will be distributed to agencies after an accounting of the program.
- **LIUNA Settlement:** The Budget includes \$4.3 million in general revenue to fund the pension liability with state employee members in the Laborers International Union of North America (LIUNA).

### ***New FTE positions***

The Budget adds 2.0 FTE positions to the department, including 1.0 FTE position to establish a Risk Management Unit to manage the State's comprehensive insurance programs, and 1.0 FTE position within the Human Resources program.

### ***COVID-19 Response***

The Budget includes \$141.8 million in federal funds for COVID-19 pandemic and recovery items and activities. The main items include \$120.0 million for housing rental assistance, \$16.5 million in Federal Emergency Management Agency (FEMA) reimbursements, and \$5.3 million in other COVID-19 related grants.

<b>COVID-19 Response</b>	<b>FY2021 Enacted</b>	<b>FY2022 Governor</b>	<b>Change</b>
COVID-19 Stimulus Reserve	\$0	\$5,281,556	\$5,281,556
FEMA: Data Control WKS: Contract Services	-	104,738	104,738
FEMA: Government Readiness WKS: Communications	-	90,750	90,750
FEMA: Government Readiness WKS: COVID-19 General Financial Management	-	-	-
FEMA: Government Readiness WKS: Emergency Ad Hoc Spending	-	759,112	759,112
FEMA: Government Readiness WKS: Enterprise IT Proj.	-	-	-
FEMA: HHS Readiness WKS: Surge - AHS-1	-	12,029,232	12,029,232
FEMA: Pandemic Recovery Office	-	-	-
FEMA: Q & I WKS: Temporary Housing-1	-	2,054,840	2,054,840
FEMA: Supplies WKS: PPE Warehousing	-	1,222,363	1,222,363
FEMA: Tech Enablement WKS: Other Contract Services (DOA)	-	222,969	222,969
Relief Fund: Emergency Rental Assistance Program (CAA21)	-	120,000,000	120,000,000
<b>Total</b>	<b>\$0</b>	<b>\$141,765,560</b>	<b>\$141,765,560</b>

**Business Regulation:** The Governor’s Budget includes \$19.6 million in general revenue expenditures (\$32.8 million all funds) for the Department of Business Regulation (DBR) in FY2022, increasing general revenue expenditures by \$2.1 million (\$5.0 million all funds.)

The major budget initiatives include the following:

- **Adult-Use Marijuana:** The Budget increases restricted receipts by \$3.7 million for the licensing and regulation of the proposed adult-use marijuana market, including \$2.5 million in operating costs and \$1.2 million for personnel. The proposed Office of Cannabis Regulation (OCR) would license cultivators, manufacturers, retail entities, employees, and other ancillaries to operate the market.
- **Fire Marshal – Bomb Squad:** The Budget adds \$238,315 in general revenues for 1.0 FTE position and bomb squad equipment within the Fire Marshal’s office. The Bomb Squad requires an additional FTE to maintain FBI accreditation.
- **Insurance Examiners:** The Budget adds \$181,752 in general revenue for 2.0 FTE Insurance Examiners which would allow the Department to complete insurance examinations without relying on outside contractors.
- **Director of Consumer Protections:** The Budget adds \$126,867 in restricted receipts for 1.0 FTE position to oversee market conduct examinations. The position would be funded by a new restricted receipt account funded by insurers who are the subject of examinations.
- **COVID-19 Response:** The Budget adds \$1.6 million in federal funds for enforcement and inspection to ensure compliance with COVID-19 related regulations.

**Labor and Training:** The Governor’s Budget increases general revenue expenditures by \$3.6 million (all funds decrease by \$1.1 billion) relative to the FY2021 Enacted level. The major changes include the following:

- **Unemployment Insurance:** The Budget decreases federal funds by \$877.4 million related to federal COVID-19 relief funds and FEMA Lost Wage funding. The FY2021 Budget as Enacted included \$947.7 million from the CARES Act, as well as FEMA Lost Wages funding and Pandemic Unemployment Assistance funding. The additional funding was used to address the increase in unemployment insurance claims the Department was receiving as a result of the COVID-19 pandemic. The FY2022 Budget includes \$70.0 million in federal funds to continue to address increases in unemployment claims.
- **Real Jobs Rhode Island:** The Governor includes an additional \$3.0 million in general revenue funding to continue growing the Real Jobs Rhode Island (RJRI) program.

- **Employer Tax Unit:** The Budget includes an additional \$2.2 million in restricted receipts and an additional \$1.5 million in federal funds for the transfer of the Employer Tax Unit from the Department of Revenue to the Department of Labor and Training. This transfer also includes 35.0 FTE positions.
- **COVID-19 Response:** The Governor includes \$609,011 in federal funds for COVID-19 response operations.

**Department of Revenue:** The Budget includes a net \$339,595 all funds decrease in for the Department of Revenue (DOR). Major budget initiatives include:

**Division of Motor Vehicles**

- **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 \$94,000 in expected general revenue from testing fees.

**State Aid**

- **Motor Vehicle Excise Tax Reimbursement:** 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. The FY2021 Budget as Enacted appropriated both general revenue and federal Coronavirus Relief Funds (CRF) to meet the \$112.4 million statutorily-required reimbursements to cities and towns, saving \$74.8 million in general revenue. The General Assembly also appropriated an additional \$11.2 million of CRF funds in FY2021 that was distributed to municipalities according to the phase-out formula.

Motor Vehicle Excise Tax Phase Out				
Source	FY2021	FY2022	Change	
General Revenue	\$37,555,898	\$139,656,362	\$102,100,464	271.9%
COVID Muni Aid	74,838,213	-	(\$74,838,213)	-100.0%
<b>Subtotal</b>	<b>\$112,394,111</b>	<b>\$139,656,362</b>	<b>\$27,262,251</b>	<b>24.3%</b>
COVID Muni Aid Bonus	11,189,907	-	(11,189,907)	-100.0%
<b>Total</b>	<b>\$123,584,018</b>	<b>\$139,656,362</b>	<b>\$16,072,344</b>	<b>13.0%</b>

- **Payment in Lieu of Taxes (PILOT):** The Governor proposes \$46.1 million in general revenue for the State's PILOT program in FY2022. 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 Governor's recommendation 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 of CRF funds in FY2021 that was distributed to municipalities according to the PILOT formula.

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>

- Distressed Communities Relief Fund:** The Governor recommends \$12.4 million in general revenue for the Distressed Community Relief Fund in FY2022. 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 of CRF funds in FY2021 that was distributed to municipalities according to the Distressed Community Relief program formula.

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>

### Taxation

- Sales Tax Permit Fee:** The Governor eliminates the \$10 fee charged for the annual permit the State requires for businesses 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. This change is estimated to reduce general revenue by \$331,585 in FY2022.
- Employer Tax Unit:** Article 3 transfers the Employer Tax Unit 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. The transfer includes 35.0 FTE positions.

**General Treasurer:** The Budget adds \$250,000 in general revenue and \$80,000 in restricted receipts to support the Crime Victim Compensation Program.

**Ethics Commission:** The Budget adds \$15,000 in general revenue for outside legal costs to support pending litigation and for the issuance of decisions.

**Office of the Governor:** The Budget adds \$270,537 in general revenue to reflect personnel cost adjustments. The Budget also includes \$150,000 for the discretionary contingency spending account.

**Office of the Lieutenant Governor:** The Budget adds \$15,465 in general revenue for contracted legal services for drafting legislation, Access to Public Records Act (APPRO) requests, and general legal assistance for the office.

**Public Utilities Commission:** The Budget adds 2.0 Pipeline Safety Inspector positions to increase inspection capacity of utility infrastructure. The positions will be financed by federal and restricted receipt funds on a 50/50 split.

**Executive Office of Commerce:** The Governor includes \$42.0 million in total general revenue funding in support of the economic development and housing programming within the Executive Office of Commerce (EOC) and the Rhode Island Commerce Corporation (Commerce RI). This includes \$26.5 million for Economic Development Initiatives, Commerce Programs, and other programming. The Governor also recommends a major investment in affordable housing to be managed by EOC and financed by modifications to the State's real estate conveyance tax.

### ***Incentives***

- **Rebuild RI:** The Governor includes \$22.5 million to assist economic development projects through the Rebuild RI program, equivalent to the enacted level. Rebuild RI uses both tax credit and sales tax exemption incentives to promote investment in real estate development for commercial and/or residential use across the State. Under current law, the total amount of tax credits and sales tax exemptions that may be issued is \$210.0 million. The Governor recommends raising the cap to \$240.0 million and extending the program's authorization by 18 months, through December 31, 2022.
- **Wavemaker:** The Budget provides \$1.6 million to help retain talented graduates through the Wavemaker Fellowship program, \$400,000 more than the enacted level.
- **Small Business Assistance:** The Governor recommends \$1.0 million to support the small business assistance program, which did not receive additional general revenue funding in FY2021. The program engages private lenders to support businesses with fewer than 200 employees.
- **Small Business Development Fund:** Article 9 modifies the Small Business Development Fund (SBDF) program, a financing mechanism designed to incentivize investment in small businesses. The article expands the type of eligible entities that may apply to the program to include community-based and/or local lenders, establishes a selection process for reviewing and approving applications, expands the types of taxes the tax credits can apply towards, and permits the credits to be sold or transferred.
- **Reauthorization of Incentives:** Article 9 extends the sunset provisions on economic development incentive programs from June 30, 2021, to December 31, 2022.

### ***New Personnel***

- **EOC:** The Budget increases the number of authorized full-time equivalent positions within the Executive Office of Commerce, from 14.0 to 16.0 FTEs, and includes \$498,147 in general revenue within the Central Management program to support the related personnel costs. The new FTE positions include a Deputy Secretary position that will primarily focus on housing issues and other economic development priorities and a General Counsel position that will focus on various legal, legislative, economic, and policy issues within the EOC. The Budget includes \$254,609 for the General Counsel position and \$243,538 for the Deputy Secretary in FY2022.
- **RI Commerce Corporation:** The Budget provides an additional \$69,060 in general revenue within the Rhode Island Commerce Corporation's base allocation to support the personnel costs for the State's Director of Food Strategy position. The position leads the development, implementation and coordination of the State's comprehensive food strategy plan, a five-year action plan that, according to the EOC, "takes a holistic view of the state's food system and is organized around three core themes: Health & Access, Economic Development, and Environmental Sustainability & Resiliency."

### ***Quasi-Public Appropriations***

- **Minority Entrepreneurship:** The Budget provides \$140,000 within the Rhode Island Commerce Corporation to support minority entrepreneurship through assistance and grants programming managed by corporation staff. The Budget also defunds the State's statutorily designated urban business incubator, Urban Ventures, creating general revenue savings of \$140,000.

### **Housing**

- **Permanent Funding Stream:** The Governor establishes a new restricted receipt account, the Housing Production Fund (HPF), which would be capitalized by an increase in the real estate conveyance tax and a change in its revenue allocation. The Budget includes \$2.6 million for this fund in FY2022. The HPF will be used to build new affordable housing units and support a new municipal housing development partnership initiative focused on improving local capacity and removing barriers to affordable housing at the local level.
- **Governance:** Article 16 changes how the State coordinates, administers, and develops strategy and policy around affordable housing in Rhode Island. This includes the modernization of the Housing Resources Commission and the Housing Resource Steering Committee, and codification of the Office of Housing and Community Development's roles and responsibilities.

### **COVID-19 Response**

- The Governor recommends \$4.8 million in federal funds in FY2022 spending for COVID-19 relief and recovery efforts. This includes \$507,500 in anticipated Federal Emergency Management Agency reimbursements, and \$4.2 million in targeted federal grants towards business interruption assistance, hospitality and tourism relief, and repositioning efforts in a pandemic business climate.

**Executive Office of Health and Human Services:** The Governor includes \$1,023.8 million from general revenues (\$3,035.9 million all funds) for the Executive Office of Health and Human Services in FY2022. This represents a general revenue increase of \$48.9 million compared to the FY2021 Budget as Enacted, and is attributable to the following changes:

### **Central Management**

- **Health Information Technology:** The Governor adds \$936,383 from general revenues to provide the higher State match required for an array of Health Information Technology (HIT) projects. Currently, these projects are mostly federally-funded at 90/10; the cost allocation is being reduced to an effective share of 73/27. The additional funding includes \$520,838 to fund the Health Information Exchange per member per month operating cost and \$416,000 for the Quality Reporting System cost allocation. An additional \$135,000 requested by the Executive Office will be made available through restricted Opioid Stewardship funds for the Prescription Drug Monitoring Program to provide information to pharmacists and prescribers when prescribing and dispensing opioids.
- **Medicaid Implementation:** The Governor includes \$711,082 from general revenues to fund the administrative costs associated with a number of Medicaid proposals. This includes \$180,723 for 2.0 FTE positions for the LTSS Resiliency and Rebalancing initiative, \$261,855 for contracted support and system upgrades associated with the RIte Share proposal, \$189,800 for contracted support for Third Party Liability optimization, and \$78,704 to fund the general revenue portion of the 1.0 FTE added for program integrity.
- **Shift Office of Medical Review:** The Governor shifts the Office of Medical Review (OMR) to the Department of Human Services, including 10.0 FTE positions and \$479,617 in general revenue personnel costs.
- **All Payer Claims Database:** The Governor includes \$433,596 from general revenues to provide the State match now required for the All Payer Claims Database, which has been fully federally-funded in prior fiscal years. This is consistent with the Executive Office's request for \$600,262, but supplies \$166,666 of the State match from Adult-Use Marijuana restricted receipts instead of general revenues.
- **Medicaid Expenditure Report:** Article 12 shifts the deadline for the annual Medicaid report from March 15 to September 15 of each year. The CY2021 report is due March 15, 2021, and will be paid in FY2021. Under current law, the CY2022 report is due March 15, 2022, but would be shifted to

September under Article 12; therefore, a Medicaid report would not be produced during FY2022. The Governor's Budget removes the costs associated with the report, \$138,000 from general revenues.

- **No Wrong Door:** The Governor includes \$120,000 from general revenues (\$290,000 all funds) for Phase II of the State's No Wrong Door initiative. This includes \$75,000 to develop a roadmap for implementing a person-centered planning and conflict-free case management network for beneficiaries of Medicaid long term services and supports and implement a pilot program for targeted populations. The funding also includes \$45,000 for home and community-based functional assessments for elders and adults with disabilities.
- **Adult-Use Marijuana:** The Governor includes \$1.4 million in new restricted receipts to reflect the costs allocated to the Executive Office's response to the legalization of adult-use marijuana.
- **Health Care Cost Trends:** The Governor includes \$502,752 in restricted receipts to support maintenance of an annual health care cost growth target, used as a voluntary benchmark to measure Rhode Island health care spending performance. The restricted receipts are derived from an assessment of \$1 per member per year on all insurers in the State. The funds are included within the Executive Office of Health and Human Services but allocated in coordination with the Office of the Health Insurance Commissioner.

#### **Medical Assistance**

- **Caseload Estimating Conference:** The Governor recommends an additional \$69.3 million in general revenue to reflect changes adopted by the November 2020 Caseload Estimating Conference. This is primarily related to the assumed restoration of the standard federal match rate, which was enhanced by 6.2 percentage points during FY2021 due to the COVID-19 pandemic, and contributed to \$92.1 million in general revenue savings in the Enacted Budget. All Medicaid initiatives are applied against this estimate, rather than the Enacted Budget.
- **Enhanced Federal Match:** The Governor recommends \$46.7 million in general revenue savings to reflect the assumption that the enhanced federal medical assistance percentage (FMAP) will be extended 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 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 Governor's Budget includes two quarters of savings, accordingly. As a condition of the enhanced FMAP rate, states are not permitted to terminate benefits for Medicaid enrollees except under limited circumstances. The Budget also assumes that the FMAP savings will be dampened by retaining beneficiaries who would otherwise be terminated due to income or other disqualifiers. This assumption is factored into the \$46.7 million savings estimate.
- **Disproportionate Share Hospital (DSH) Payment:** The Budget adds \$32.6 million more from general revenues (\$64.5 million all funds) to restore the Disproportionate Share Hospital (DSH) payment to the FY2020 Enacted level of \$142.3 million. The aggregate DSH payment was reduced to \$77.8 million in the adopted caseload estimate based on a reduction scheduled in current federal law. This reduction was delayed by the December 27, 2020, stimulus bill. Article 14 authorizes an aggregate payment of \$142.3 million and the Governor's Budget adjusts funding accordingly.
- **Long Term Services and Supports (LTSS) Resiliency and Rebalancing:** The Governor proposes a number of initiatives in Article 12 to rebalance the State's long-term care programs away from institutional settings and towards home- and community-based (HCBS) settings. This includes increasing assisted living rates and establishing a wage pass-through program for direct care workers. The Governor's Budget assumes that these investments will reduce nursing home admissions, which

are significantly more expensive than HCBS, thereby generating \$4.5 million in general revenue savings (\$9.2 million all funds).

- **Eliminate Outpatient Upper Payment Limit (UPL):** The Budget includes \$2.2 million in general revenue savings (\$4.9 million all funds) by eliminating the outpatient upper payment limit (UPL) payment in FY2022. The inpatient portion of this payment was eliminated in FY2020.
- **Managed Care Organization (MCO) Profit Margin:** The Budget includes \$1.2 million in general revenue savings (\$4.0 million all funds) to modify the State’s managed care rates by reducing the profit margin from 1.5 percent to 1.25 percent.
- **Graduate Medical Education (GME):** The Budget eliminates the Graduate Medical Education payment to Rhode Island Hospital, saving \$1.0 million in general revenues (\$2.2 million all funds).
- **RIte Share:** The Governor recommends \$729,128 in general revenue savings (\$2.7 million all funds) by maximizing RIte Share enrollment. Article 15 requires employers to report information in order to assist in enrolling working Medicaid beneficiaries in their employer-sponsored insurance. RIte Share pays the costs of the employee’s premium on the employer’s plan as an alternative to enrolling the employee in one of the State’s managed care plans, resulting in savings. The initiative would begin in January 2022; the Budget reflects a half-year of savings. It is anticipated that savings attributable to this initiative will increase in out-years as employment returns to pre-pandemic levels.
- **Program Integrity:** The Governor includes \$700,938 in general revenue savings (\$1.5 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 would add a position to the unit to monitor managed care programs; the expense associated with the position is noted in the Central Management program.
- **Home Stabilization:** The Governor adds \$660,000 from general revenues (\$1.5 million all funds) to finance a rate increase for home stabilization services. This program provides support for individuals in need of stable housing by identifying, applying for, and navigating housing or rental assistance resources, transitioning into or maintaining housing, and preventing eviction.
- **Third Party Liability:** The Governor includes \$575,791 in general revenue savings by implementing improvements in the management of beneficiary third party liability (TPL) coverage which ensures that Medicaid is the payer of last resort.
- **Health Care Cost Trends:** The Governor includes \$150,000 from general revenues, in addition to \$502,752 in restricted receipts in the Central Management program, to support maintenance of an annual health care cost growth target, used as a voluntary benchmark to measure Rhode Island health care spending performance. The restricted receipts are derived from an assessment of \$1 per member per year on all insurers in the State. The general revenue funding reflects the cost to include the assessment for Rhode Island’s Medicaid managed care rates.
- **Community Health Workers:** The Governor includes \$115,082 in general revenue savings (\$340,313 all funds) by making an investment in Community Health Workers (CHWs) who provide care management services that connect patients with services in their communities. The savings are derived by reducing care management expenses that are incorporated into the State’s managed care rates.
- **Perinatal Doula Services:** The Governor recommends adding Medicaid coverage for perinatal doula services, which provide individual supports for expectant mothers before, during, and after birth. The Budget includes an additional \$112,252 from general revenues (\$228,022 all funds), accordingly.

**Children, Youth, and Families:** The Governor includes \$183.4 million from general revenues (\$264.5 million all funds) for the Department of Children, Youth, and Families in FY2022. This represents a general revenue increase of \$12.6 million compared to the FY2021 Budget as Enacted. Major changes include:



- **Caseload Increase:** The Budget adds \$5.6 million from general revenues compared to the FY2021 Enacted Budget to adjust for the Department's current service assistance and grants needs. The Child Welfare initiatives described below are applied against this baseline increase.
- **Enhanced Federal Match:** The Governor recommends \$2.5 million in general revenue savings to reflect the assumption that the enhanced federal medical assistance percentage (FMAP) will be extended 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 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 Governor's Budget includes two quarters of savings, accordingly.
- **Recruitment and Retention:** The Budget includes \$2.5 million in general revenue savings by increasing staff support in the Child Welfare program. This includes additional funding for 16.0 new FTE positions, offset by program savings. These new positions will augment current staff in the Department's licensing unit to recruit, train, license, retain, and support of foster parents, with the goal of increasing number of available families in Rhode Island. The new positions would also support improved front-door practices to reduce screen-in rates and removals where possible. The program savings would be generated by shifting youth from other, more costly out-of-home placements into foster care, where appropriate.
- **Child Care Allocation:** The Governor includes \$2.2 million in general revenue savings by allocating child care expenses to federal funds. The Department incurs expenses on behalf of foster children who require child care. These expenses are eligible for federal reimbursement through the Temporary Assistance For Needy Families (TANF) block grant.
- **Female Youth Project:** The Governor recommends \$1.0 million from general revenues 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.
- **Rightsizing the Rhode Island Training School:** The Governor recommends \$901,183 in general revenue savings by "rightsizing" the Rhode Island Training School (RITS). This initiative recognizes the continually declining census at the RITS, currently at 14 youth, compared to 35 youth in March 2020. The Department has a comparable level of staff, which is increasingly disproportionate to the RITS census. The Governor recommends consolidating one module and eliminating 9.0 FTE positions.
- **Sublet Office Space:** The Governor includes \$478,123 in general revenue savings by subleasing a portion of the Department's administrative offices located at 101 Friendship Street in Providence.
- **Families First:** The Budget includes \$384,166 from general revenues to finance federal mandates in the Families First Prevention Services Act (FFPSA). The FFPSA was enacted in 2018 and requires states to comply with an array of child welfare reforms or risk losing federal Title IV-E reimbursement for certain services. The mandate is effective October 1, 2021.
- **Fleet Modernization:** The Governor recommends \$63,209 from general revenues to update the Department's aging vehicles, which staff use regularly to conduct investigations and face-to-face visits across the State. The Budget contemplates leasing 20 vehicles using the general revenue funds and purchasing another 20 vehicles through the State Fleet Revolving Loan Fund.
- **Extreme Family Finding:** The Budget 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. The program is currently funded by a federal grant that will not be funded in FY2022. The additional funding is the net of

\$132,000 from general revenues to shift the program cost to the State, less program savings achieved by shifting youth from placements to permanent homes.

- **Utilization Management:** The Governor adds 1.0 Social Case Worker FTE position to perform utilization management services. This position would perform regular utilization management reviews, which aim to regularly assess youth in congregate care to ensure continued that continued congregate care placement reflects the individual's level of need. The cost to fund the new position is offset by program savings achieved by reducing the number of youth in congregate care placements and placing them in less-intensive settings. The Budget contemplates a net general revenue increase of \$34,246.

**Department of Health:** The Budget includes \$30.6 million in general revenue expenditures (\$364.4 million all funds) for the Department of Health (DOH) in FY2022, reducing general revenue expenditures by \$79.7 million (\$214.2 million all funds) compared to the FY2021 Budget as Enacted.

- **Dockside Shellfish Sampling Program:** The Governor recommends a new dockside shellfish sampling program, increasing general revenues by \$366,300. The program would allow licensed shellfish processors in the State to continue processing certain shellfish from federal waters and ensure they are safe for human consumption. The program would be fully funded by a new fee equal to the personnel and operating costs.
- **Data Request Fee:** The Budget authorizes the Director of the Department of Health (DOH) to establish a special data request fee for special data analysis requests that require the compiling and/or analyzing health-related data that is not subject to Access to Public Records Act (APRA). The fee would only apply to external requesters, and would not be applicable to state agencies or students. The fee would increase general revenues by an estimated \$438,900, of which \$219,450 is allocated to the Center for Health Data and Analysis (CDHA) for 2.0 new FTEs within the program.
- **Interstate Licensure Compacts:** The Budget increases general revenues by \$12,000 to reflect the Governor's recommendation for the State to enter into five interstate medical licensure compacts to allow reciprocity or expedited licensing for nurses, physicians, EMS personnel, physical therapists, and psychologists. The compacts are expected to promote access to healthcare and increase the number of providers in the State. The proposal also reduces licensing revenues by \$59,331 in FY2022.
- **Home Visiting Programs:** The Budget increases funding for two home visiting programs that focus on prevention to promote healthier children and pregnancies and reduce poor outcomes. The Budget increases general revenues to the Family Home Visiting Program by \$605,538 (\$1.4 million all funds) and \$95,755 (\$226,800 all funds) to the First Connections program.
- **Vital Records DMV Closure:** The Governor recommends the permanent closure of the satellite Vital Records location at the Division of Motor Vehicles (DMV) in Cranston due to low customer volume, reducing general revenues by \$264,910. The proposal eliminates 2.0 FTE positions. The location has been closed due to COVID-19.
- **Adult-Use Marijuana:** The Governor recommends \$366,785 in restricted receipts for personnel and operating expenses to mitigate the legalization of adult-use marijuana.
- **Opioid Stewardship Fund:** The FY2020 Budget established the Opioid Stewardship Fund, a restricted receipt account within the Department of Health. The Opioid Stewardship Act requires opioid manufacturers, distributors, and wholesalers licensed in the State to pay into the Fund. Each licensee's contribution is based on their share of the opioid market. The Governor allocates \$1.9 million from the Fund to DOH to finance costs associated with administering the program and the expansion of the Prescription Drug Monitoring Program. The Governor also recommends using the funds to offset general revenue costs at the Toxicology and Drug Chemistry labs.

- **COVID-19 Response:** The Budget includes a federal fund increase of \$171.3 million for the Department's COVID-19 Response, including \$134.9 million in reimbursements from the Federal Emergency Management Agency (FEMA) and \$36.4 million in other federal grants. The funding supports COVID-19 testing, vaccination efforts, data analysis, contact tracing, communications, COVID-19 related personnel costs, and technical development.

**Human Services:** The Governor's Budget increases general revenue expenditures by \$19.0 million (all funds decrease by \$41.0 million) relative to the FY2021 Enacted level. The major changes include the following:

- **Child Care Assistance Program (CCAP) Reimbursement Rates:** The Budget includes an additional \$6.0 million in federal funds to increase reimbursement rates for licensed child care providers.
- **RI Works:** The Budget includes \$331,761 in federal funds to support changes to the Rhode Island Works (RI Works) program. Article 8 of the Budget amends the RI Works program:
  - Modifies 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. The budget includes \$40,000 to support this change.
  - Modifies the earned income disregard exemption 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. The budget includes \$175,461 in federal funding for this expansion.
  - Eliminates language within the RI Works program that states only "school aged" children are eligible for the annual clothing allowance, allowing children ages 0-3 to also be eligible. The Article also states that the yearly clothing allowance shall be no less than \$100 per child. The clothing allowance had previously been set at \$30 per child per year. The Budget includes \$116,300 for this expansion.
- **Child Care for Families in Higher Education:** The Governor includes \$200,000 in federal Temporary Assistance to Needy Families (TANF) funds to provide child care for students who are enrolled in a Rhode Island public institution of higher education and have incomes at or below 180.0 percent of the federal poverty level.
- **Rhode Island Community Food Bank:** The Budget includes an additional \$175,000 in general revenues for the Rhode Island Community Food Bank. The additional funds will allow the Food Bank to continue providing support despite federal restrictions to the Supplemental Nutrition Assistance Program (SNAP).
- **COVID-19 Response:** The Governor includes \$7.1 million in federal funds for COVID-19 response operations.
- **Veterans' Services:** The Governor recommends the following changes to Veterans' Services:
  - **Staffing and Contracts:** The Budget includes an additional \$11.1 million for salary and benefits within the Veterans' Home. The Veterans' Home has been understaffed in past years, additional funds will help to increase staff levels to maintain quality care.
  - **Outstanding Small Estate Probates:** The Governor recommends collecting proceeds from open estate probates that are above \$15,000. This collection would generate \$265,000 to be transferred to the general fund.

**Behavioral Healthcare, Developmental Disabilities, and Hospitals:** The Budget includes \$220.3 million in general revenue expenditures (\$415.9 million all funds) for the Department of Behavioral Healthcare,

Developmental Disabilities, and Hospitals (BHDDH) in FY2022, reducing general revenue expenditures by \$28.5 million (\$70.2 million all funds) compared to the FY2021 Budget as Enacted.

- **RICLAS Privatization:** The Governor includes a net general revenue savings of \$4.8 million (\$11.4 million all funds) through an initiative to privatize the operations of the Rhode Island Community Living and Supports (RICLAS) system. The initiative includes a personnel reduction of 50.0 FTEs. Management, clients, properties, and operations would be transferred to private developmental disability provider organizations.
- **Developmental Disabilities System Transformation:** The Budget adds \$10.0 million in general revenue (\$15.0 million all funds) to support the Developmental Disability (DD) system transformation. The initiative would invest in tools and technology for providers to support individual needs and transform the system to use an outcome-based payment methodology. The funding supports the addition of 2.0 FTE positions to manage the fund and prepare for the Department's potential inclusion in the twice-yearly caseload estimating conference.
- **Developmental Disability Caseload:** The Budget increases general revenues by \$4.6 million (a net all funds decrease of \$2.4 million) to reflect changes in utilization of DD services and federal fund changes.
- **Eleanor Slater Hospital Transformation:** The Budget includes general revenue savings of \$38.7 million and a reduction in FTEs of 100.0 positions reflecting the State's initiative to care for individuals in the least restrictive setting, at the most appropriate level of care. The Budget includes a proposal to close the State's long-term acute care hospital and construct a new long-term care facility for patients on the Zambarano campus of the Eleanor Slater Hospital. The proposal ensures that individuals are treated with much shorter stays, shifting care to the least restrictive setting in the community. The anticipated savings are a result of reduced operating costs and personnel needs.
- **Zambarano Long-Term Care Facility:** The Budget includes \$53.6 million in new Certificates of Participation (COPs), in addition to previously authorized COPs for a total project cost of \$64.9 million, to build a new long-term care facility for patients of the Eleanor Slater Hospital. The new footprint ensures that the State is in compliance with federal regulations and transforms the State's long-term acute care hospital into a newly constructed long-term care facility and separately licensed Institute for Mental Disease (IMD) hospital at the existing Benton building on the Pastore campus in Cranston. The Adolf Meyer and Regan buildings on the Pastore campus in Cranston would be closed.
- **Opioid Stewardship Fund:** The FY2020 Budget established the Opioid Stewardship Fund, a restricted receipt account within the Department of Health. The Opioid Stewardship Act requires opioid manufacturers, distributors, and wholesalers licensed in the State to pay into the Fund. Each licensee's contribution is based on their share of the opioid market. The Governor proposes \$1.8 million from the Fund to expand access to Medicated Assisted Treatment Programs, for the enhancement of the Behavioral Health Online Database, and increase the number of individuals served by the Recovery Friendly Workplace and Recovery Housing programs.
- **Adult-Use Marijuana:** The Budget includes a \$236,734 increase in restricted receipts from the proposed adult-use marijuana program for 2.0 FTE positions and operational costs to promote and oversee prevention and treatment related to the legalization of adult-use marijuana.
- **Enhanced Federal Match:** The Governor includes \$8.8 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 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.

- **COVID-19 Response:** The Budget includes a \$640,700 increase in federal funds to support the Department's response to the COVID-19 pandemic.

**Commission on Disabilities:** The Budget includes \$507,850 in general revenue essentially level funding the Livable Home Modification Grant Program.

**Commission on the Deaf and Hard of Hearing:** The Budget includes \$612,440 in general revenue expenditures (\$775,242 all funds) for the Commission on the Deaf and Hard of Hearing (CDHH) in FY2022, increasing general revenue expenditures by \$104,624 (\$124,972 all funds) as compared to the FY2021 Budget as Enacted.

- **Interpreter Services:** The Governor recommends a \$31,200 general revenue increase for CDHH to hire a part-time contractor to assist the Department with increased requests for interpreter services.

**Office of the Child Advocate:** The Governor includes \$1.0 million from general revenues, an increase of \$39,686 relative to the FY2021 Enacted Budget. This is primarily related to personnel expenditures and reflects adjusted benefit rates as well as an updated cost allocation for the Office's Case Management Coordinator position. In previous years, this position was fully federally funded; in FY2022, the position requires 20.0 percent general revenue funding due to an updated federal grant allocation. The Governor's Budget also freezes the vacant Grants Manager position, which would be funded with 20.0 percent general revenues if filled. This results in savings relative to the current service level, but does not produce savings compared to the Enacted Budget, which assumed that the position was fully federally-funded.

**Elementary and Secondary Education:** The Governor increases funding in the Department by \$45.6 million in general revenue and provides no new FTE positions. The major changes include the following:

- **Teacher Retirement:** Teacher retirement increases by \$5.5 million based on a projected wage increase of 2.5 percent.
- **Education Aid Funding Formula:** The Budget fully funds the education aid funding formula with an increase of \$34.9 million; however, it appears that all of the categorical aid programs are level funded, except for Group Home aid which decreases by \$100,048 to reflect the most recent bed count.
- **Office of Assessment – SAT:** The Budget provides an increase of \$600,000 to maintain current assessment levels as carryover funds are expected to be depleted due to the administration of a second SAT in FY2021 to replace the 2020 testing session which was canceled.
- **Behavioral Health Training:** The Budget includes \$590,000 to continue behavioral health training for teachers and school personnel that was previously funded from the Opioid Stewardship Fund.
- **FTE Funding:** The Budget provides \$441,182 to fund 3.0 new positions; however, the overall FTE cap does not increase. The positions include a Transformation Specialist to support persistently low-performing schools; a Social Studies Specialist to develop social studies standards, and provide leadership and expertise for middle and high schools; and, a Communications Manager.
- **WIDA ACCESS Tests:** The Budget includes \$115,000 in general revenue 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 who developed the ACCESS test that is administered annually to English Learners to monitor the student's language development.

**Higher Education:** The Governor increases funding over the FY2021 Budget as Enacted by \$6.1 million in general revenue for Public Higher Education and provides 2.0 new FTE positions at the Northern Rhode Island Education Center, which are funded from restricted receipts. Changes in funding include the following:

- **Rhode Island Promise Scholarship Program:** The Budget includes an increase of \$446,974 (\$7.7 million total) to support the enrollment of recent high school graduates enrolled at the Community College of Rhode Island. Through Article 1, the Budget eliminates the sunset provision of the Promise Scholarship Program.

**Rhode Island Council on the Arts:** The Budget increases funding over the FY2021 Budget as Enacted by \$86,079 in general revenue (\$369,115 in all funds) and provides 1.0 new FTE Senior Administrative Aide position to support communications activities. This position is funded under the National Endowment for the Arts Partnership Agreement.

**Attorney General:** The Governor's Budget increases general revenue expenditures by \$303,067 (\$740,451 all funds) relative to the FY2021 Enacted level. The major changes include the following:

- **Civil Division Personnel:** The Budget includes \$203,163 in general revenues to support an additional 2.0 FTE positions, including 1.0 FTE Staff Attorney and 1.0 FTE Paralegal. These positions will support the Department's Civil Division which is responsible for multi-state cases that often generate monetary recoveries for the State.
- **Criminal Division Personnel:** The Governor includes \$203,163 in general revenues to support an additional 2.0 FTE positions, including 1.0 FTE Special Victims Unit Attorney and 1.0 FTE Paralegal. These additional positions will support the Department's Special Victims Unit and allow for a decrease in caseloads and stronger representation in cases.
- **Server Replacement:** The Budget includes an additional \$227,672 in general revenue to support the initial phase of an upgrade on all server and hardware that houses the Department's information.

**Corrections:** The Governor's Budget increases general revenue expenditures by \$69.9 million (all funds decrease by \$11.0 million) relative to the FY2021 Enacted level. The major general revenue changes include the following:

- **Salary and Benefits:** The Budget includes an additional \$64.4 million in general revenue for salary and benefits within the Custody and Security program at the Department. The FY2021 Budget as Enacted shifted COVID-related personnel costs from general revenue to COVID Relief Funds (CRF) to cover CRF eligible personnel expenses incurred within the Department. The FY2022 Budget does not include the additional COVID Relief Funds (CRF) to support salary and benefits, shifting these costs back to general revenue.
- **Overtime Savings:** The Budget includes \$3.1 million in general revenue savings related to Correctional Officer overtime. The population within the ACI has decreased by more than 500 people in the past year due to the COVID-19 pandemic and justice reform efforts. The savings assumes a six-month closure of 13 modules across the Intake Service Center, Women's Facility, Medium Security, and Maximum Security.
- **Behavioral Healthcare Expansion:** The Governor includes an additional \$750,000 to expand access to behavioral healthcare for individuals with severe, persistent, mental illness. This additional funding is intended to meet the needs of those who require behavioral health treatment but do not rise to the level of the existing Residential Treatment Unit within the Department of Corrections.
- **Discharge Planning:** The Budget includes \$551,164 in general revenues for the creation of a new Discharge Planning Office within the Department. This includes hiring an additional 7.0 FTE positions including 1.0 FTE Community Corrections Assessment Coordinator and 6.0 FTE Community Corrections Assessment Analysts. The increase in general revenues is offset by a \$583,355 savings related to the elimination of the current Discharge Planning contract, provided by an outside vendor, and \$79,809 savings in turnover.

- **Healthcare Personnel and Savings:** The Governor includes \$498,082 in additional general revenue funding to hire 4.0 new FTE positions, including 2.0 FTE Health Program Administrators, 1.0 FTE Co-Hospital Case Manager, and 1.0 FTE Data Analyst I. These additional positions are intended to allow the Department to focus more on preventative care and efficient management of medical issues, thereby reducing the number of hospital visits and Correctional Officer overtime.
- **Apprenticeship Program:** The Governor includes \$210,000 in general revenues to create an apprenticeship program within the Department. This funding includes \$110,690 for the hiring of an additional 1.0 FTE to manage the apprenticeship program in collaboration with the Department of Labor and Training, and \$99,310 to fund instructor and ancillary costs.
- **Medical Parole Update- Geriatric Parole:** The Governor includes savings of \$149,997 related to the expansion of medical parole to include a new geriatric parole provision. This would allow for the release of elderly inmates whose age and illness decrease their safety risk to the public. The provision would allow eligible inmates over 65 to be considered for geriatric parole.
- **Re-Entry Partnership:** The Governor includes \$111,690 in general revenues to support the hiring of 1.0 new Coordinator of Employment and Training Programs FTE position. This position is intended to help reduce recidivism by working with the Department of Labor and Training to connect inmates with post-release work opportunities.

**Judiciary:** The Budget increases funding over the FY2021 Budget as Enacted by \$5.3 million in general revenue (\$8.8 million in all funds) across the Department, including an increase of \$80,000 to support the Crime Victim Compensation Program by informing and assisting victims of crime in the exercise of their rights. The budget also includes 3.0 percent in turnover savings (\$2.5 million).

**Military Staff:** The Budget includes \$395,337 in general revenue savings reflecting the shift of three Quonset Firefighters from Injured-on-Duty (IOD) status to accidental disability retirement with the State Retirement Board.

#### Emergency Management:

- **Fiscal Management Officer:** The Budget adds a new Fiscal Management Officer position to the agency.
- **COVID Response:** The Supplemental Budget includes \$4.5 million in federal funds awarded through the federal Coronavirus Aid, Relief, and Economic Security Act (CARES) for pandemic response and recovery activities. This reflects a decrease of \$27.9 million from the FY2021 Budget as Enacted.

	FY2021 Enacted	FY2022 Governor	Change
<b>COVID-19 Response</b>			
COVID-19 Stimulus Reserve	\$0	\$38,321	\$38,321
EMPG 2020- Emergency Management Preparedness Grant	-	3,340,870	3,340,870
FEMA: COVID-Related Expenses	175,643	779,875	604,232
FEMA: Supplies WKS: RIEMA	32,000,000	52,009	(31,947,991)
NSGP- 2020 Nonprofit Security Grant	-	328,918	328,918
Relief Fund: COVID-Related Expenses	312,059	-	(312,059)
<b>Total</b>	<b>\$32,487,702</b>	<b>\$4,539,993</b>	<b>(\$27,947,709)</b>

**Department of Public Safety:** The Governor recommends \$105.7 million in general revenue to support the operations of the Department of Public Safety (DPS). Major FY2022 budget initiatives include:

#### State Police

- **Training Academy:** The Budget provides \$1.8 million in general revenue for costs associated with recruitment and other activities in preparation for the next State Police Training Academy class, scheduled to begin June 2021, with graduation in November 2021. The Budget authorizes the hiring of an additional 28.0 new Troopers upon graduation.

- **Adult-Use Marijuana:** The Governor recommends \$850,000 in restricted receipts to support public safety initiatives related to the legalization of adult-use marijuana.

### **Security Services**

- **Capitol Police:** The Budget authorizes an additional Capitol Police Officer FTE position and provides \$83,675 in FY2022 to support the related personnel costs.

**Public Defender:** The Budget includes \$335,698 in general revenue to support 3.0 new Assistant Public Defender IV positions to aid in the management of caseload levels. The Office has previously indicated that the additional positions are necessary to handle excessive caseload levels, which impacts the Public Defender's ability to meet statutory representation requirements.

**Department of Environmental Management:** The Governor increases general revenue funding over the FY2021 Budget as Enacted by \$3.9 million and decreases all funds by \$4.6 million, while providing 7.0 new FTE positions. Changes in funding include the following:

- **Ports of Galilee and Newport:** The Budget provides an additional \$533,578 and 3.0 new FTE positions for the Division of Coastal Resources. The positions include a maintenance technician and two administrative positions.
- **Investments in State Parks:** The Budget increases general funding for the Division of Parks and Recreation by \$419,463 in general revenue, including funding for 4.0 new FTE positions, \$100,000 for building maintenance and repairs, and \$150,000 for grounds maintenance. The FTE positions include a maintenance technician, a plumber, a clerk, and a civil engineer. This investment is intended to complement the general obligation bond proposal to upgrade beach and park facilities recently approved by voters.
- **Commercial Fishing License Modernization:** The Governor updates the commercial fishing licensing program to allow more flexibility for the fishing industry and increase revenue to support marine fisheries operations. The Budget includes an additional \$81,025 in restricted receipts from this update.
- **Fish and Wildlife Fees:** The Governor increases fish and wildlife license and permit fees and projects an increase of \$62,960 in additional restricted receipts. The additional receipts would provide match for federal funds to support Rhode Island projects such as wildlife restoration and habitat management.

**Coastal Resources Management Council:** The Governor increases general revenue funding over the FY2021 Budget as Enacted by \$272,047. Article 6 increases the maximum fines and penalties that may be charged for various coastal resources violations, and provides that appeals to the Superior Court are no longer de novo reviews: consequently, the appeals court is guided by the Council's finding.

**Transportation:** The Governor recommends \$770.7 million in total funding for the Department of Transportation (DOT). This includes \$451.3 million in federal funds, \$245.3 million in other funds, \$71.5 million from the Rhode Island Capital Plan Fund, and \$2.6 million in restricted receipts. All funds increase by \$163.3 million relative to the FY2021 Enacted level. This includes a \$111.9 million increase in federal funds and a \$68.6 million increase in Rhode Island Capital (RICAP) funds. These increases are partially offset by a \$17.0 million decrease in other funds and a \$122,126 decrease in restricted receipts.

- **Federal Funds:** The Budget includes \$114.3 million in federal funds to be used mainly for bridge rehabilitation, with smaller amounts being used for other transportation projects. \$54.3 million will be used for ongoing road and bridge maintenance, debt service payments, and coverage for any lost revenue relate to the COVID-19 pandemic. The additional \$60.0 million will be used for bridge and rehabilitation projects.



- **General Obligation Bonds:** The Budget includes \$40.0 million in FY2022 from the March 2, 2020, bond voter referendum. These additional funds will provide federal match as well as provide direct funding for planned transportation improvement projects.
- **Toll Revenue Transfer:** The Governor's Budget transfers funds from the Bridge Replacement, Reconstruction and Maintenance Fund to the Intermodal Surface Transportation Fund. This transfer would be used to support ongoing projects including the 6/10 Interchange project. Funds can only be transferred once the immediate needs to the bridges associated with each gantry location have been met. The Governor's Budget includes a \$35.5 million transfer in FY2022.
- **State Match Funds:** The Budget includes \$28.5 million in Rhode Island Capital Plan (RICAP) funds for additional state match to support the influx of federal funds the state has received from Congress.



## State Aid and Education Aid

### STATE AID

#### State Aid to Cities and Towns

**Distressed Communities Relief Fund:** The Governor recommends \$12.4 million in general revenue for the Distressed Community Relief Fund in FY2022. 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 of CRF funds in FY2021 that was distributed to municipalities according to the Distressed Community Relief program formula.

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>	-	-
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>

**Payment in Lieu of Taxes (PILOT):** The Governor proposes \$46.1 million in general revenue for the State's PILOT program in FY2022. 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 Governor's recommendation 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 of CRF funds in FY2021 that was distributed to municipalities according to the PILOT formula.

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>	-	-
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>

**Motor Vehicle Excise Tax Reimbursement:** 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. The FY2021 Budget as Enacted appropriated both general revenue and federal Coronavirus Relief Funds (CRF) to meet the \$112.4 million of 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 of CRF funds in FY2021 that was distributed to municipalities according to the phase-out formula.

Motor Vehicle Excise Tax Phase Out				
Source	FY2021	FY2022	Change	
General Revenue	\$37,555,898	\$139,656,362	\$102,100,464	271.9%
COVID Muni Aid	74,838,213	-	(\$74,838,213)	-100.0%
<b>Subtotal</b>	<b>\$112,394,111</b>	<b>\$139,656,362</b>	<b>\$27,262,251</b>	<b>24.3%</b>
COVID Muni Aid Bonus	11,189,907	-	(11,189,907)	-100.0%
<b>Total</b>	<b>\$123,584,018</b>	<b>\$139,656,362</b>	<b>\$16,072,344</b>	<b>13.0%</b>

**Library Grant-in-Aid:** The Governor recommends \$9.6 million in State Aid to Libraries for both FY2022 and the revised FY2021 Budgets.

**Library Construction Aid:** The Governor recommends \$2.1 million in FY2022 to reimburse communities for up to 50.0 percent of eligible costs of approved library construction projects.

**Public Service Corporation Tax:** The FY2022 Budget provides \$13.1 million to be distributed to municipalities on July 31, 2021. This estimate is subject to change upon the receipt of final (December 2020) data in the spring of 2021.

**Meals & Beverage Tax:** The 1.0 percent tax on gross receipts from the sale of food and beverages is estimated to generate \$24.2 million in FY2021 and \$26.3 million in FY2022 for distribution to cities and towns.

**Hotel Tax:** A 1.0 percent local hotel tax and 25.0 percent of the local share of the State 5.0 percent tax is expected to generate \$5.3 million in FY2021 and \$7.6 million in FY2022 for distribution to cities and towns.

**Airport Impact Aid:** The Budget level funds state aid to communities that host airports at \$1.0 million in FY2022. The funding is provided annually through Article 1 of the Budget and flows through the Rhode Island Commerce Corporation.

**Property Revaluation Reimbursement:** The Governor includes \$1.5 million in FY2022 to reimburse municipalities for a portion of the cost of conducting statistical property revaluations. This is \$385,067 more than the Enacted level.

## EDUCATION AID

### **Formula and Categorical Aid**

When the education funding formula was passed, categorical funds were identified that would not be distributed through the formula, but according to other methodology. The Governor includes an additional \$37.6 million in education aid, including an increase of \$36.6 million to fully finance the funding formula.

**Funding Formula:** The Budget includes an increase of \$36.6 million to fully fund the education aid formula, bringing total formula aid funding to \$1,037.5 million.

**Central Falls Stabilization:** Central Falls schools are currently 100.0 percent state funded. The State provides both the local and state contributions, as determined by the education funding formula. For FY2022, Central Falls' Stabilization funding increases by \$1.5 million (\$8.5 million total); however, total education aid to the community is estimated to increase by \$2.6 million.

**Transportation:** This category provides funding for transporting students to out-of-district, non-public schools for districts that participate in the statewide transportation system, and for 50.0 percent of the local costs associated with transporting students within regional school districts. The Governor recommends level funding this category at \$7.7 million in FY2022.

Governor's FY2022 Education Aid		
Categorical	Change from	Total Funding
Formula Formula	\$36.6	\$1,037.5
Central Falls Stabilization	1.5	8.5
Transportation	-	7.7
Early Childhood	-	14.9
High-Cost Special Education	-	4.5
Career & Tech. Schools	-	4.5
Davies Stabilization	0.4	5.6
English Learners	-	5.0
Met School Stabilization	(0.3)	1.3
Regionalization Bonus	-	-
Group Home Aid	(0.1)	2.9
School Resource Officer Support	(0.3)	-
<b>Total</b>	<b>\$37.7</b>	<b>\$1,092.4</b>

*\$ in millions*

*Analyst Note: While the Budget level funds regional transportation, the per-district distribution reflects a decrease of \$437,396 due to actual expense based on unaudited data from the Uniform Chart of Accounts (UCOA). It appears that actual expenses decreased, likely due to virtual learning practices implemented in response to COVID-19.*

**Early Childhood Education:** This category provides funding for early childhood education programs. The Governor funds this category at \$14.9 million in FY2022, level with the FY2021 Budget as Enacted.

**High-Cost Special Education:** The aid category provides funding to districts for high-cost special education students. The Governor level funds this category at \$4.5 million.

**Career and Technical Education:** This category provides a state grant program to help districts with certain start-up and maintenance expenditures for career and technical education programs. The Governor level funds this category at \$4.5 million.

**Davies Stabilization:** 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 \$383,600 (\$5.6 million total) in FY2022.

**English Learners:** Article 11 of the FY2017 Budget as Enacted established a category of aid that provides a 10.0 percentage point increase in the per-pupil core instruction amount for English learners. The Budget level funds this category at \$5.0 million

**School Choice Density Aid:** Article 11 of the FY2017 Budget as Enacted established a category of state aid for districts where 5.0 percent or more of the average daily membership attend charter schools, open

enrollment schools, Davies, or the Met School. In FY2019, such districts received an additional \$50 per public school of choice student; however, pursuant to current law, this category is phased out in FY2020.

**Met Stabilization:** 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. This fund is reduced by \$320,126 to provide a zero net impact on funding relative to FY2021. Total stabilization funding is \$1.3 million.

**Regionalization Bonus:** This category provides a bonus to regional districts and for 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 Governor provides no funding in FY2022, as no new regional districts have been formed.

**Group Homes:** The Governor's FY2022 Budget includes \$2.9 million to fund group home beds, \$100,048 less than the FY2021 Budget as Enacted. This decrease is based on shifts in bed counts and the statute requiring that the average daily membership of a district be decreased by the number of group home beds used in the group home calculation.

**School Resource Officer Support:** The Budget does not include any funding for this category, since FY2021 was the final year of funding.

#### ***Other Aid to Local Education Agencies (LEAs)***

In addition to the funding formula and categorical aid, the Budget includes the following aid to Local Education Agencies (LEAs).

**Telecommunications Education Access Fund (E-Rate):** The Governor recommends \$400,000 in general revenue for the Telecommunication Education Access Fund (E-Rate), consistent with the FY2021 Budget as Enacted. The purpose of the Rhode Island Telecommunications Education Access Fund (RITEAF or E-rate) is to fund a basic level of internet access for all qualified schools (kindergarten through grade 12) and libraries in the State.

**Textbook Reimbursement:** The Governor level funds the state Textbook Reimbursement Program (\$240,000) relative to the enacted budget. Currently, the State provides reimbursement to school districts for the cost of furnishing textbooks in the fields of English/language arts and history/social studies to resident students in grades K-12 attending non-public schools.

**School Breakfast Program:** The Governor fully funds the State's share of administrative costs for the school breakfast program (\$270,000). These administrative costs include hiring servers needed to effectively run the program and encourage participation.

**School Housing Aid:** The Governor fully funds the school housing aid program, based on updated project completion projections, at \$79.4 million, and recommends \$278,993 for the School Building Authority Capital Fund.

**Teacher Retirement:** The Governor recommends \$123.9 million for the State's share of teacher retirement, an increase of \$5.5 million over the enacted budget.

## FY2021 Supplemental

For the FY2021 Budget, the Governor recommends \$271.6 million less in general revenue spending, and \$1,019.8 million more from all funding sources, than the FY2021 Budget as Enacted.

- **Administration:** The Budget includes \$216.7 million in general revenue expenditures (\$711.1 million all funds) for the Department in FY2022, decreasing general revenue expenditures by \$96.3 million but increasing all fund expenditures by \$88.1 million.
  - **RICAP Repayment:** The Budget includes \$7.5 million in general revenue payback in FY2021 to partially reimburse the State's Budget Stabilization and Cash Reserve Account (Rainy Day Fund). This reflects a reduction of \$82.5 million as compared to the FY2021 Budget as Enacted. The FY2020 final budget 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 legislation under Section 18 of Article 1 to delay the full payback until FY2022. However, Article 1 of the Governor's FY2021 Supplemental Budget proposes to further delay the payback to FY2023 and reduces the amount of the payback to \$7.5 million, reflecting an \$82.5 million reduction. The remaining payment of \$70.0 million will be made during FY2023.
  - **COVID-19 Response:** The Budget includes \$125.3 million in federal funds for COVID-19 pandemic and recovery items and activities. The main items include \$80.0 million for housing rental assistance and \$45.2 million in Federal Emergency Management Agency (FEMA) reimbursements.

<b>COVID-19 Response</b>	<b>FY2021 Enacted</b>	<b>FY2021 Governor</b>	<b>Change</b>
COVID-19 Stimulus Reserve	\$0	\$0	\$0
FEMA: Data Control WKS: Contract Services	-	215,684	215,684
FEMA: Government Readiness WKS: Communications	-	323,856	323,856
FEMA: Government Readiness WKS: COVID-19 General Financial Management	-	700,000	700,000
FEMA: Government Readiness WKS: Emergency Ad Hoc Spending	-	4,416,650	4,416,650
FEMA: Government Readiness WKS: Enterprise IT Proj.	-	46,878	46,878
FEMA: HHS Readiness WKS: Surge - AHS-1	-	30,206,354	30,206,354
FEMA: Pandemic Recovery Office	-	-	-
FEMA: Q & I WKS: Temporary Housing-1	-	7,477,461	7,477,461
FEMA: Supplies WKS: PPE Warehousing	-	1,531,938	1,531,938
FEMA: Tech Enablement WKS: Other Contract Services (DOA)	-	329,000	329,000
Relief Fund: Emergency Rental Assistance Program (CAA21)	-	80,000,000	80,000,000
<b>Total</b>		<b>\$0 \$125,247,821</b>	<b>\$125,247,821</b>

- **Department of Business Regulation:** The Budget increases general revenues by \$21,138 (\$964,153 all funds) in the FY2021 Supplemental Budget. The Governor recommends the following changes:
  - **COVID-19 Response:** The Budget adds \$930,085 in federal funds for enforcement and inspection to ensure compliance with COVID-19 related regulations.
  - **Assessed Fringe Benefit Increase:** The Governor recommends a \$42,284 general revenue increase to reflect an increased assessment for the Assessed Fringe Benefit Fund to offset costs resulting from the State's Voluntary Retirement Incentive (VRI) Program.
- **Department of Labor and Training:** The Governor recommends \$1.8 billion in federal funds in FY2021 for COVID-19 relief and recovery efforts in the Department of Labor and Training. These funds are used to support additional unemployment insurance claims due to the COVID-19 pandemic.

- **Department of Revenue:** The Governor recommends \$183.9 million in federal funds in FY2021 for COVID-19 relief and recovery efforts based in the Department of Revenue. These CRF funds were used to offset general revenue expenses within the various State Aid programs while also providing additional funding for direct relief to cities and towns.
- **Secretary of State:** The Supplemental Budget includes \$1.9 million in federal funds awarded through the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act for additional election expenses incurred with the shift to a mail ballot election.
- **Executive Office of Commerce:** The Governor recommends \$56.4 million in federal funds in FY2021 for COVID-19 relief and recovery efforts. This includes \$50.5 million in Coronavirus Relief Funds (CRF), \$2.0 million in anticipated Federal Emergency Management Agency reimbursements, and \$3.9 million in targeted federal grants towards business interruption assistance, hospitality and tourism relief, and repositioning efforts in a pandemic business climate. The Budget also includes \$25,000 in general revenue pandemic recovery support.
- **Executive Office of Health and Human Services:** The Governor proposes \$945.8 million in general revenue funding (\$3,034.2 million all funds) for the Executive Office of Health and Human Services in FY2021, reducing general revenue expenditures by \$29.1 million compared to the Enacted Budget. Major changes include:
  - **Enhanced Federal Match:** The Governor recommends \$32.0 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 eligible Medicaid expenses from general revenues to federal funds during the COVID-19 public health emergency. The 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.
  - **Delayed Terminations:** As a condition of the enhanced FMAP rate, states are not permitted to terminate benefits for Medicaid enrollees except under limited circumstances. As a result, since the onset of the COVID-19 pandemic in March 2020, Medicaid enrollment has surged from approximately 290,000 members to nearly 330,000 members as of February 2021. The Enacted Budget assumed that termination activity would resume in the last quarter of FY2021. With the extension of the enhanced rate for the fourth quarter, this is no longer possible. The Governor's Budget adds back \$3.0 million from general revenues (\$15.9 million all funds), accordingly.
  - **COVID-19 Personnel:** The Governor's 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:** The Budget includes \$250,000 from general revenues (\$74.5 million all funds) for the Executive Office's COVID-19 response programming. The Enacted Budget included \$38.8 million from federal funds to support a number of COVID-19 relief programs for health and human services providers. The Governor's Budget includes an additional \$35.7 million from federal funds to reflect updated expenses for existing programs and new programs that were announced after the Budget was enacted; however, the Budget appears to double-count \$19.2 million in expenses associated with the Long Term Services and Support (LTSS) Resiliency program.
- **Department of Children, Youth, and Families:** The Governor proposes \$169.1 million in general revenue funding (\$255.9 million all funds) for the Department of Children, Youth, and Families in FY2021, decreasing general revenue expenditures by \$1.8 million compared to the Enacted Budget. Major changes include:



- **COVID-19 Personnel:** The Governor's Budget shifts \$1.5 million from general revenues to federal funds to reflect Juvenile Corrections personnel expenses which are allocable to federal stimulus funds in response to the COVID-19 pandemic.
- **Enhanced Federal Match:** The Governor 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 expenses from general revenues to federal funds during the COVID-19 public health emergency. The 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.
- **Unfunded Mandate:** The Budget includes \$450,000 from general revenues in order to fund a mandate included in the federal Consolidated Appropriations Act 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. The federal government did not provide funding to comply with the mandate and the Revised Budget adds funds, accordingly.
- **COVID-19 Response:** The 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 programming to support youth and families involved with the Department. The Governor's Budget updates the costs associated with these programs and shifts a portion of the costs associated with an intake center for COVID-positive youth to general revenues.
- **Department of Health:** The Supplemental Budget reduces general revenues by \$77.5 million (an all funds increase of \$63.6 million) in FY2021. The Governor recommends the following changes:
  - **COVID-19 Response:** The Budget includes \$441.2 million for the Department's COVID-19 Response, reflecting an increase of \$19.0 million as compared to the FY2021 Budget as Enacted. The funding supports COVID-19 testing, vaccination efforts, data analysis, contact tracing, communications, COVID-19 related personnel costs, and technical development.
  - **Assessed Fringe Benefit Increase:** The Governor recommends a \$77,888 general revenue increase to reflect an increased assessment for the Assessed Fringe Benefit Fund to offset costs resulting from the State's Voluntary Retirement Incentive (VRI) Program.
- **Human Services:** The Governor includes \$131,175 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 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.
- **Behavioral Healthcare, Developmental Disabilities, and Hospitals:** The Governor includes a net general revenue increase of \$671,840 (\$17.7 million all funds) in the FY2021 Supplemental Budget. The Governor recommends the following changes:
  - **Enhanced Federal Match:** The Governor 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 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.

- **State Plan Amendment:** The Governor recommends a \$3.3 million general revenue increase for the Eleanor Slater Hospital. The FY2021 Budget as Enacted included \$10.0 million in general revenue savings from the anticipated approval of a Medicaid State Plan Amendment (SPA) that would allow the State to resume billing Medicaid for the patient care at Eleanor Slater Hospital (ESH). More recent estimates put the estimated savings at \$6.7 million and the Budget adjusts the savings accordingly.
- **COVID-19 Response:** The Budget includes \$9.7 million for the Department’s COVID-19 Response, reflecting an increase of \$6.6 million as compared to the FY2021 Budget as Enacted.
- **Assessed Fringe Benefit Increase:** The Governor recommends a \$312,980 general revenue increase to reflect an increased assessment for the Assessed Fringe Benefit Fund to offset costs resulting from the State’s Voluntary Retirement Incentive (VRI) Program.
- **Corrections:** The Budget includes \$111.3 million in Coronavirus Relief Funds (CRF) in FY2021, an increase of \$32.7 million over the FY2021 Enacted levels. The additional funds are used to support eligible expenditures, mainly salary costs associated with additional Correctional Officers to allow for social distancing protocols throughout the Department’s facilities.
- **Military Staff:** The Supplemental Budget includes \$28,080 in federal funds awarded through the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act for pandemic response and recovery activities.
- **Emergency Management:** The Supplemental Budget includes \$40.0 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 \$7.5 million from the FY2021 Budget as Enacted.

<b>COVID-19 Response</b>	<b>FY2021 Enacted</b>	<b>FY2021 Governor</b>	<b>Change</b>
COVID-19 Stimulus Reserve	\$0	\$0	\$0
EMPG 2020- Emergency Management Preparedness Grant	-	-	-
FEMA: COVID-Related Expenses	175,643	1,200,000	1,024,357
FEMA: Supplies WKS: RIEMA	32,000,000	38,329,050	6,329,050
NSGP- 2020 Nonprofit Security Grant	-	328,918	328,918
Relief Fund: COVID-Related Expenses	312,059	115,509	(196,550)
<b>Total</b>	<b>\$32,487,702</b>	<b>\$39,973,477</b>	<b>\$7,485,775</b>

- **Department of Public Safety:** The Governor shifts an additional \$22.1 million in personnel expenses from general revenue to the Coronavirus Relief Fund (CRF) based on eligible personnel activity in support of COVID-19 relief. An additional \$59.5 million from the CRF is appropriated within the Department for operational and other pandemic relief activities.
- **Transportation:** Relative to the FY2021 Budget as Enacted the Budget increases federal funds by \$69.7 million and increases other funds by \$14.4 million. The Budget decreases restricted receipts by \$125,639 and Rhode Island Capital Plan (RICAP) Fund financing by 119,470. The Budget includes an additional \$23.0 million in federal grants and an additional \$36.0 million in federal funds for highway improvement projects. The increase in other funds is related to the appropriation of funds previously appropriated as gas tax, highway maintenance account funds or other funds into the Intermodal Surface Transportation fund and Bridge Replacement, Reconstruction and Maintenance fund.

## Articles

### FY2021 SUPPLEMENTAL

#### **Article 1: Relating to Making Revised Appropriations in Support of FY2021**

This article makes appropriations for general revenues, federal, restricted, and other funds, and authorizes FTE levels for each agency and department. Article 1 also makes the following changes:

- 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 (CSO) grant funding recipients and amounts. (A listing of CSO grants is in the Summary Tables section at the end of this document)
- The FY2020 final budget 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 legislation under Section 18 of Article 1 to delay the full payback until FY2022. This Article reduces the amount of the payback to \$7.5 million, reflecting an \$82.5 million reduction, and includes \$42.5 million payback in FY2022 to partially reimburse the State's Budget Stabilization and Cash Reserve Account (Rainy Day Fund). The remaining payment of \$70.0 million will be made during FY2023.
- 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 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.

#### **Article 2: Relating to the Paycheck Protection Program & Revenue Report Entry**

Article 2 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 \$150,000 or less, while mitigating the significant state revenue loss that would result by remaining completely in alignment with federal law.

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	(\$28,788,938)	(\$57,489,763)	(\$15,678,451)	(\$31,308,915)	(\$133,266,067)
Decoupling from Federal PPP Loan Forgiveness ≥ \$150,000	969,731	2,630,262	19,480,908	44,597,887	67,678,788
<b>Total</b>	<b>(\$27,819,207)</b>	<b>(\$54,859,501)</b>	<b>\$3,802,457</b>	<b>\$13,288,972</b>	<b>(\$65,587,279)</b>

- **Background:** In response to devastating impacts that the COVID-19 pandemic has had 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 these loans to be forgiven if the business conforms to the program. 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. 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. Based on the recent federal tax changes and expansion of the PPP program, the Office of Management and Budget projects a \$133.3 million combined loss in State revenue in FY2021 and FY2022

- **Proposal:** Article 2 proposes to decouple from the federal treatment of forgiven PPP loans. Specifically,
  - The article exempts the first \$150,000 of a PPP loan from State taxation.
  - Loan amounts over \$150,000 would be taxed, impacting around 13.0 percent of businesses with loans.
  - The proposal would preserve \$67.7 million in general revenue.

***Article 3: Relating to Effective Date***

This article provides that the Act would take effect upon passage, except as otherwise provided therein.

**FY2022****Article 1: Relating to Making Appropriations in Support of FY2022**

This article makes appropriations for general revenues, federal, restricted, and other funds, and authorizes FTE levels for each agency and department. Article 1 also makes the following changes:

- Sets the airport impact aid formula at \$1.0 million.
- Authorizes 15,089.2 FTE positions reflecting a net decrease of 35.5 FTE positions as compared to the authorized level set in the FY2021 Budget as Enacted.
- Details Community Service Objective (CSO) grant funding recipients and amounts. (A listing of CSO grants is in the Summary Tables section at the end of this document)
- Requires that all unexpended or unencumbered balances relating to the Rhode Island Intermodal Surface Transportation Fund be reappropriated to FY2022.
- 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 Office of the Postsecondary Commissioner shall provide \$7.7 million 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 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.
- Removes the sunset provisions for the Rhode Island Promise Scholarship (RI Promise) program, thereby indefinitely extending the program. The General Assembly previously extended this program by one year to the high school graduating class of 2021. Article 3 of the FY2018 Budget established the RI Promise 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. FY2021 represents the fifth year of the program.
- 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.

- Extends the previous bond authorization on \$20.0 million of unissued Mass Transit Hub Infrastructure Bonds to June 30, 2023. The original \$35.0 million authorization was made under Public Law 2014, Chapter 145 and approved by referendum on November 4, 2014.

**Article 2: Relating to State Funds**

This article adjusts or establishes new restricted receipt accounts as follows:

- Authorizes the Budget Officer to establish restricted receipt accounts within departments or agencies that receive funding from the Opioid Stewardship Fund and clarifies the reporting requirements for programs receiving funds. The FY2020 Budget established the Opioid Stewardship Fund, a restricted receipt account within the Department of Health. The Opioid Stewardship Act requires opioid manufacturers, distributors, and wholesalers licensed in the State to pay into the Fund. Each licensee's contribution is based on their share of the opioid market.
- Authorizes the Office of the Health Insurance Commissioner (OHIC) to conduct pre-examination analyses, a process in which the Office may collect and analyze information to identify if insurers have policies or practices that may pose potential harm to consumers or if their activities may violate state or federal laws or regulations. Costs of the pre-examinations would be the responsibility of the insurer. The article also establishes a restricted receipt account for funds collected in connection with pre-examinations and/or examinations of insurers.
- Creates the Grants Management System Administration restricted receipt account within the Department of Administration to centralize the administrative costs of managing federal grant applications.
- Clarifies statute that spending controls requiring reporting and corrective action plans only apply to agencies who are in excess of their appropriated general revenue expenditures and amends the State Controller's authority to authorize payments.
- Exempts twelve restricted receipt accounts from the 10.0 percent indirect cost recovery charge provisions. The proposed exemptions would apply to the following accounts: Adult-Use Marijuana Program within the Executive Office of Health and Human Services (EOHHS), the Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals (BHDDH), the Legislature, the Department of Public Safety (DPS), and the Department of Business Regulation (DBR); Marijuana Cash Use Surcharge within the Legislature; the Health Spending Transparency and Containment Account within EOHHS; the Grant Management System Administration within Department of Administration; the Housing Production Fund within the Executive Office of Commerce; Health Insurance Regulation and System Planning Cost Recovery within DBR; and the Governors' Portrait Donation Fund within the Rhode Island State Council on the Arts.
- 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). Article 4 of the FY2018 Budget as Enacted provided the Rhode Island Public Transit Authority (RIPTA) with \$5.0 million in the Rhode Island Highway Maintenance Funds in both FY2018 and FY2019 to fund the free-fare program for low-income seniors and disabled persons, and the payment of RIPTA debt service payments. This article stipulates that for FY2020, FY2021, and FY2022, the \$5.0 million transfer from the Rhode Island Highway Maintenance Fund will not occur and instead be replaced with federal Coronavirus Relief Funds.
- Establishes the Governor's Portrait Donation Fund as a restricted receipt account 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. The FY2022 Budget includes \$25,000 towards this fund.

**Article 3: Relating to Government Reform and Reorganization**

This article authorizes various reforms to multiple departments including:

- **Employer Tax Unit:** Authorizes the transfer of the Employer Tax Unit 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 Unemployment Insurance (UI) and Temporary Disability Insurance (TDI) benefits. The Employer Tax Unit administers the unemployment, temporary disability, and job development assessment taxes which fund UI benefits, TDI benefits, and Real Jobs RI. The transfer includes 35.0 FTE positions.
- **Risk-Based Capital Trend Test:** Amends the minimum score for the risk-based capital trend test for life insurers from 2.5 to 3.0. The risk-based capital trend test is a formula that measures the minimum amount of assets needed to support an insurer's overall business operations. The test and resulting score allow the Department of Business Regulation (DBR) to measure an insurer's solvency and work with insurers to correct potential issues. Increasing the minimum score allows DBR to maintain accreditation with the National Association of Insurance Commissioners.
- **License Plate Reissuance:** 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 reduces general revenue collections by \$3.4 million in FY2022.
- **CDL Road Test Administration:** 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.
- **BHDDH Developmental Disabilities Caseload:** 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.
- **Caseload Estimating Conference Additional Meetings:** 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.
- **Collections Unit:** Permanently authorizes the Department of Revenue's Collections Unit Program by eliminating its statutorily prescribed June 30, 2021, sunset date. The Collections Unit was established in July 2018 to assist state agencies in the collection of debts owed to the State. The Department projects that the unit will generate \$500,000 in revenues in FY2021, \$1.4 million in FY2022, and \$1.7 million in FY2023. To date, the Unit has underperformed relative to projections.

#### **Article 4: Relating to Management Act Joint Resolutions**

This article amends existing debt authorizations and proposes new authorizations for revenue bonds and certificates of participation (COPs) that do not require voter approval, also known as a Kushner Resolution. The authorizations provided include the following:

- **University of Rhode Island – Memorial Union (\$57.6 million RIHEBC revenue bonds):** The article mends the previous authorization approved through the FY2020 Budget as Enacted. 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 the revenue bonds increases by \$13.3 million over the thirty-year term, assuming an average interest rate of 6.0 percent.
- **University of Rhode Island – Combined Health & Counseling Center (\$29.0 million RIHEBC revenue bonds):** The article amends the previous authorization for the construction of new one-stop center to address the physical, emotional, and mental health of students approved through the FY2020 Budget as

Enacted. 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. Total debt service on the revenue bonds increases by \$4.6 million over the thirty-year term, assuming an average interest rate of 6.0 percent.

- **Eleanor Slater Hospital Redesign (\$53.6 million COPs):** The FY2019 Budget as Enacted authorized \$22.0 million in certificates of participation (COPs) for the renovation of the Regan building at Eleanor Slater Hospital (ESH). The Budget amends the authorization to allow for the remaining funds to be used for any ESH building, including the construction of a new building on the Zambarano campus.

The Budget also authorizes the issuance of \$53.6 million in COPs for construction of the new building with a total estimated cost of \$64.9 million. Under the new hospital footprint, the existing Benton building on the Pastore campus would be a separately licensed, stand-alone Institute for Mental Disease (IMD) hospital. The Adolf Meyer and Regan buildings on the Pastore campus in Cranston would be closed.

- **DCYF Child Welfare Information System Replacement (\$17.0 million general revenue):** The article provides for the issuance of \$17.0 million in certificates of participation (COPs) to finance the replacement of the Department of Children, Youth, and Families' automated case management system. This legacy IT system, known as the Rhode Island Children's Information System (RICHIST), has been in place since 1997 and does not support mobile functionality, which inhibits the timely and efficient input of case information. The Governor recommends total funding of \$28.0 million for the project, with 40.0 percent (approximately \$11.0 million) supported by federal funds, over three years. At an assumed interest rate of 2.75 percent over ten years, the total debt service will be an estimated \$19.7 million. Annual debt service payments of \$2.0 million will be paid through the Department of Administration beginning in FY2023.

#### **Article 5: Relating to Borrowing in Anticipation of Receipts from Taxes**

This article allows the State to borrow a maximum of \$300.0 million in anticipation of tax revenues during FY2022. Tax Anticipation Notes, or TANs, are a form of short-term debt issued by states or municipalities to finance current governmental operations before tax revenues are received. When the issuer collects the taxes, the proceeds are then used to retire debt.

Section 17 of Article 6 of the Rhode Island Constitution allows for General Assembly authorization for state borrowing to meet cash flow demands within a fiscal year. The Rhode Island Constitution requires that "any money borrowed in anticipation of such receipts shall be repaid within the fiscal year of the state in which such borrowings take place." Therefore, funds borrowed through a TANs issuance for the FY2022 budget must be repaid by June 30, 2022. The following table illustrates the TANs authorization and issuance history:

Fiscal Year	TANs History		
	Authorization	Issued	% Issued
2001	\$0.0	\$0.0	0.0%
2002	150.0	90.0	60.0%
2003	150.0	150.0	100.0%
2004	200.0	200.0	100.0%
2005	250.0	-	0.0%
2006	250.0	-	0.0%
2007	250.0	120.0	48.0%
2008	270.0	220.0	81.5%
2009	350.0	350.0	100.0%
2010	350.0	350.0	100.0%
2011	350.0	350.0	100.0%
2012	350.0	200.0	57.1%
2013	250.0	-	0.0%
2014 - 2020	-	-	0.0%
2021	300.0	-	0.0%
2022	300.0	-	0.0%

*\$ in millions*



**Article 6: Relating to Fees**

This article establishes and adjusts various fees as follows:

- **Contractor's Registration and Licensing Board:** Amends the Contractors Registration and Licensing Board license fee requiring licensees to pay an annual fee of \$150. Currently, the \$200 fee is paid biannually. The license changes do not apply to roofing contractors.
- **Broker Dealer License Fee:** Increases the sales representative license fee for sales representatives licensed with the Division of Securities Regulation within the Department of Business Regulation from \$75 to \$100, resulting in a \$2.7 million increase in general revenues. The fee was last increased in FY2012.
- **Data Request Fee:** Authorizes the Director of the Department of Health (DOH) to establish a special data request fee for special data analysis requests that require the compiling and/or analyzing health-related data that is not subject to Access to Public Records Act (APRA). The fee would only apply to external requesters, and would not be applicable to state agencies or students. The fee would increase general revenues by an estimated \$438,900.
- **Hospital License Fee:** Authorizes a 6.0 percent hospital license fee in both FY2021 and FY2022, consistent with the fee structure utilized in prior years. This represents a 1.0 percentage point increase from the 5.0 percent fee currently authorized for FY2021 and a new fee for FY2022. The fee was initially lowered for FY2021 in anticipation of federal changes that have since been delayed. The Budget assumes collections of \$193.8 million in FY2021 and \$178.2 million in FY2022. This represents an additional \$32.3 million in FY2021 and \$178.2 million in FY2022 relative to the November 2020 adopted revenue estimates.
- **Beach Parking Fees:** Authorizes the Department of Environmental Management to charge "reasonably determined" fees for beaches, parks, and recreation areas in Westerly. The supplemental materials indicated that the beach parking fees would increase from \$6 to \$15 for residents on weekdays and \$7 to \$15 for residents on weekends. Non-resident fees would increase from \$12 to \$20 for weekdays and \$14 to \$30 for weekends. The increases are estimated to increase revenues by \$621,634, including \$453,793 in general revenue and \$167,841 in host community payments to Westerly.
- **Sales Tax Permit Fee:** 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. This change is estimated to reduce general revenue by \$331,585 in FY2022.
- **CRMC – Administrative Penalties:** The article increases the maximum penalties that the Coastal Resources Management Council (CRMC) Chair or Executive Director can assess for various violations. The estimated revenue impact for this change is \$15,000 annually.

**Article 7: Relating to the Environment**

This article makes changes to various license and permit fees.

- **Agriculture Fees:** The article increases the Pesticide Product Registration fee, the Commercial Feed Registration fee, and the Commercial Fertilizer fee to align them with neighboring states.
- **Regulation of Seasons and Bag Limits:** The article repeals the current statutory requirement that hunting and fishing regulations promulgated by the Department of Environmental Management (DEM) remain in effect for no longer than one year after the date of their effectiveness.
- **Fishing and Wildlife Fees:** The article changes various license, permit, and stamp fees for recreational hunting and fishing.

**Article 8: Relating to Public Utilities and Carriers**

This article amends RIGL 39-2, “Duties of Utilities and Carriers”, that requires all investor-owned gas and electric 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, outlining a utility’s emergency response to restore service to customers after an emergency event. The Article:

- Outlines minimum standards of acceptable performance for electric and gas distribution companies to ensure they are prepared to respond with the restoration of service should an emergency occur.
- Authorizes a fine of up to \$500 per day to be issued to any company that fails to file the required emergency response plan.
- Requires electric and gas distribution companies, as part of their plans for emergency events, to also adhere to certain minimum standards of acceptable performance. If the Division determines that a distribution company violated the certain minimum standards of acceptable performance, the Division shall have the authority to levy a penalty up to \$100,000 per day, up to \$7.5 million.
- Fines levied on the investor-owned electric or gas distribution utilities shall be credited back to the utility’s customers.

**Article 9: Relating Economic Development**

Article 9 reauthorizes State economic development incentives, expands the program cap limit on the Rebuild RI program, and modifies the Small Business Development Fund. The article expands the eligibility for professional engineering licenses. Lastly, the article clarifies elements of the Stay Invested in RI Wavemaker Fellowship program.

- **Professional Engineer License:** 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.
- **Rebuild RI Tax Credit Program Changes:** Makes two changes to the Rebuild RI Tax Credit program. Rebuild RI uses both tax credit and sales tax exemption incentives to promote investment in real estate development for commercial and/or residential use across the State. Under current law, the total amount of tax credits and sales tax exemptions that may be issued is \$210.0 million. Article 9 raises that cap to \$240.0 million.
- **Reauthorization of Economic Development Incentive Programs:** Extends the sunset provisions on economic development incentive programs from June 30, 2021, to December 31, 2022.
- **Small Business Development Fund Changes:** Modifies the Small Business Development Fund (SBDF) program administered by the Rhode Island Commerce Corporation (CommerceRI). The SBDF is a financing mechanism designed to incentivize investment in small businesses. Qualifying firms are authorized to create an official fund to be capitalized by private investors in exchange for investment returns, including delayed, at-risk state tax credits. Article 9 modifies the program by:
  - Expanding eligible applicants to include community-based and/or local lenders.
  - Establishing a selection process for reviewing and approving applications.
  - Providing CommerceRI the discretion to determine the level of tax credits to be awarded.
  - Expanding the types of taxes to which the tax credits can apply and permits the credits to be sold or transferred.

- **Wavemaker Fellowship Program:** Clarifies elements of the Stay Invested in Rhode Island Wavemaker Fellowship program. The 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 clarifies that:
  - Awards are exempt from state taxation.
  - Entrepreneurs are eligible for the program.
  - Eligible expenses include only those that were both incurred and paid by fellows.

***Article 10: Relating to Fishing Industry Modernization***

This article increases the party and charter vessel license fee, amends various fishing licensure procedures, and authorizes the creation of a program in the Department of Health to monitor marine shellfish processors.

- **Rhode Island Party and Charter Vessel License:** The article increases the party and charter vessel fee from \$25 per vessel to \$100 for residents and \$300 for nonresidents, and changes the period of the license from bi-annual to annual.
- **Commercial Fishing License Modernization:** The article modernizes and streamlines the commercial licensing system in response to advancements in the fisheries management and fisheries accounting technologies.
- **Shellfish Packing Houses:** The article authorizes a new dockside shellfish sampling program, allowing licensed shellfish processors in the State to continue processing certain shellfish from federal waters and ensure they are safe for human consumption. The program would be fully funded by a new fee equal to the personnel and operating costs.

***Article 11: Relating to Adult Use Marijuana***

This article proposes the legalization of marijuana for adult-use. The proposed changes are estimated to generate \$1.7 million in net revenue in FY2022. In FY2023, the anticipated net revenues increase to \$16.9 million. The article makes the following changes:

- Permits individuals aged twenty-one or older to use, obtain, purchase, transport up to one ounce of marijuana. The article exempts employers from accommodating the use, transfer, or possession of marijuana and permits disciplinary action against employees for marijuana use. The article also permits landlords to prohibit the transfer or consumption of marijuana on their property.
- Allocates 25.0 percent of all adult-use marijuana revenues to state expenses related to the regulatory, public health, and public safety costs associated with the legalization of adult-use marijuana; 15.0 percent directed to municipalities; and 60.0 percent to the general fund. To fund the initial start-up costs of the market, the state expenses are increased to 70.0 percent in FY2022 with no impact on the municipality allocation.
- Establishes a total effective tax rate of approximately 20.0 percent, including a cultivator excise tax, a retail excise tax, and the standard sales tax in the State.
- Authorizes the Office of Cannabis Regulation (OCR) within the Department of Business Regulation (DBR) to establish and open an application process for licensed retailers of adult-use marijuana and approve up to twenty-five licenses per year for three years via a lottery system. A minimum of five or 20.0 percent, whichever is greater, of approved licenses, must be awarded to minority business enterprises. The article allows currently licensed medical marijuana compassion centers to apply for a hybrid license, so long as the licensee can demonstrate that a hybrid license will not have adverse impacts on the medical marijuana market.
- Establishes the Cannabis Reinvestment Taskforce, tasked with making recommendations for the long-term investment of revenues raised from legalization.

- Requires OCR to conduct a medical marijuana parity study to examine if the adult-use market has had any adverse impacts on the medical marijuana market. The article also requires OCR to complete a market demand study on the adult-use market.
- Permits municipalities to prohibit some or all marijuana licenses through a voter referendum, which must be completed by November 2, 2021.

**Article 12: Relating to Medical Assistance**

This article modifies the financing and delivery of the Medicaid program and establishes the legal authority for the Executive Office of Health and Human Services to amend the section 1115 demonstration waiver and Medicaid State Plan in order to implement proposed budget initiatives. Specifically, the article:

- **Long Term Services and Supports (LTSS) Resiliency and Rebalancing:** Includes a number of initiatives designed to work in tandem to shift the State's long-term care options away from institutional settings (such as nursing homes) and towards home- and community-based services (HCBS). The Budget assumes a net \$4.7 million in general revenue savings by reducing nursing home bed days, offset by the following cost shifts:
  - The article eliminates the Supplemental Security Income (SSI) Category F payment. 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. Individuals are not allowed to retain the payment for personal use and therefore will not be impacted. Assisted living facilities, which benefit from the payment, will receive a rate increase under the article, effectively building the Category F payment into the federally-matched rates. The Budget includes \$208,747 in general revenue savings within the Department of Human Services by eliminating this payment.
  - The article establishes a targeted wage pass-through program for home care workers. This includes a rate modifier of \$0.19 per 15 minutes for Personal Care and Combined Personal Care/Homemaker services, which are delivered by Certified Nursing Assistants (CNAs). The article requires that the full amount of the modifier be passed directly to CNAs that deliver direct care services during non-standard hours (evenings, nights, and weekends), effective July 1, 2021. The Budget includes \$274,684 from general revenues to fund the shift modifier. The article also adds a behavioral healthcare rate enhancement of \$0.39 per 15 minutes 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 article requires that the full amount of the enhancement be passed directly to their workers, but only those who have completed a required behavioral health certificate training program, effective January 1, 2022. The Budget includes \$469,127 from general revenues to fund the behavioral health enhancement. The article establishes reporting requirements for both rate increases to ensure that they are passed through to employees.
  - The article increases assisted living rates in both fee-for-service and managed care. The Budget adds \$1.1 million from general revenues to modify assisted living rates.
  - The article raises the HCBS Maintenance of Need allowance from 100.0 percent of the federal poverty to 300.0 percent of the federal poverty level to enable additional individuals to receive services in their homes. The Budget adds \$2.4 million from general revenues to adjust for the anticipated increase in caseload attributable to newly-eligible individuals.
  - The article allows the Executive Office of Health and Human Services to revise the methodology for nursing home rates by re-weighting rates towards behavioral healthcare and ventilator services to recognize the actual utilization of such services. The article also implements a behavioral health per diem add-on for certain complex patients. According to the Executive Office, the re-weighting shifts costs between service types but remains budget neutral. It appears that this should have some

impact, since the rates are weighted towards more expensive services. The Budget does not appear to include funding for the behavioral health add-on.

- The article authorizes a 10.0 percent rate increase for shared living caregiver stipends. The Budget includes \$123,181 to fund the rate increase.
- **Hospitals:** Eliminates the hospital outpatient upper payment limit (UPL) payment and the Graduate Medical Education (GME) payment. The Budget includes \$3.2 million in general revenue savings by eliminating these payments.
- **Managed Care Rates:** Reduces the profit margin built into the State's managed care rates from 1.5 percent to 1.25 percent. The Budget includes \$1.2 million in general revenue savings associated with the reduced profit margin.
- **Perinatal Doula Services:** Adds Medicaid coverage for perinatal doula services, which provide individual supports for expectant mothers before, during, and after birth. The Budget adds \$112,252 from general revenues to add coverage for doula services.
- **Dental Benefits for Children:** Adds Medicaid coverage for dental caries (cavity) treatments using Silver Diamine Fluoride. This additional coverage does not appear to have a budget impact.
- **Community Health Workers:** Adds Medicaid coverage and reimbursement to community health workers (CHWs) who provide care management services that connect patients with services in their communities. The Budget includes a net \$115,082 in general revenue savings assuming that, by making the investment in CHWs, the State will be able to reduce care management expenses that are incorporated into the State's managed care rates.
- **RIDOH Programs:** Adds Medicaid coverage for two programs at the Department of Health that help connect families to an array of medical, behavioral, and social supports. This includes the First Connections program, which would be expanded to prenatal women under the article, and the Parents as Teachers program, which would be a new coverage group. The Budget adds \$95,755 from general revenues for the First Connections expansion but does not appear to include funding for Parents as Teachers.
- **BHDDH Discharge Planning:** Establishes an intensive, expanded Mental Health Psychiatric Rehabilitative Residential (MHPRR) program in conjunction with the Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals (BHDDH) that would provide discharge planning, medical and/or psychiatric treatment, and identification and amelioration of barriers to transition to less restrictive settings.
- **Medicaid Report:** Changes the deadline for the annual Medicaid expenditure report from March 15 to September 15 of each year. This would shift the cost of the report from FY2022 to FY2023, generating \$138,000 in general revenue savings in FY2022.
- **Technical Corrections:** Clarifies that the Medicaid program does not charge co-pays for services by striking language that authorizes the program to do so. The article also amends language allowing Federally Qualified Health Centers (FQHCs) to utilize alternative payment methodologies. These corrections do not have a budget impact and are consistent with current practice.
- **Federal Financing Opportunities:** Allows the Executive Office to pursue any changes in the Medicaid program which may offset State costs or improve access, quality, or effectiveness.

### **Article 13: Relating to Human Services**

This article makes changes to the State's criminal justice system as well as social service programs. Changes include:

- **Probation Violation:** Amends RIGL 12-19, Sentence and Execution, to limit probation revocation as a response to probation 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.
- **Juvenile Parole:** Amends the Department of Corrections Parole Board's existing guidelines to include special considerations for incarcerated inmates who committed crimes as juveniles when younger than 18 years old. The Parole Board adopted the special consideration guidelines in 2018. The guidelines require the consideration of 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, evidence of remorse, etc.
- **Parole Modifications:** Sections 2, 3, and 7 of this Article make a number of changes to parole statutes within the Department of Corrections, including:
  - 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.
  - Allows 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.
  - Expands the Parole Board's discretion for the response to technical violations of parole without requiring the re-arrest of the parolee. The Parole Board may, at their discretion, issue an arrest warrant for the parolee in response to a technical violation. This 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.
  - Allows those who are 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 three years of their probation sentence.
- **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 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.
- **Work Release Inmate Earnings:** Amends RIGL 42-56-38 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.
- **Medical and Geriatric Parole:** Amends RIGL 13-8.1 to retitle it the "Medical and Geriatric Parole Act". This 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 inmates' 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.

- **RI Works:** 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 eligible for cash assistance if they are anticipated to graduate high school before turning 19.

The Article also 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, in compliance with their employment plan, shall be excluded from the family's income as it pertains to receiving cash assistance. This income may be excluded for six months, or 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.

- **Child Care 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 relating to employment and who need child care assistance in order to attend.
- **Clothing Allowance:** Eliminates language within the RI Works program that states only "school aged" children are eligible for the annual clothing allowance, allowing children ages 0-3 to also be eligible. The Article also states that the yearly clothing allowance shall be no less than \$100 per child. The clothing allowance had previously been set at \$30 per child per year.

*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.*

- **Child Care Rates:** Amends child care reimbursement rates for licensed child care centers to include a base rate. The base rate will be set at the 25<sup>th</sup> percentile of the 2018 weekly market rate for infant/toddler and preschool aged child care. 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 includes a weekly reimbursement rate of \$148.50 for licensed child care centers providing care to school-aged children.

The Article also states that the minimum 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 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.

*Analyst Note: On May 27, 2020, Governor Raimondo issued Executive Order 20-39 which allowed child care centers who reopened during the pandemic to be reimbursed at a higher rate. For child care providers that were below the 5<sup>th</sup> tier, as determined by the State's Quality Rating system, they are now reimbursed at the 5<sup>th</sup> tier level. For providers who were at the 5<sup>th</sup> tier, they are now reimbursed at the 90<sup>th</sup> percentile. This executive order has been extended ten times and is currently set to expire June 6, 2021.*

**Article 14: Relating to Hospital Uncompensated Care**

This article authorizes the disbursement of Disproportionate Share Hospital (DSH) payments to community hospitals, excluding the State-run Eleanor Slater Hospital, in federal fiscal years (FFY) 2021 and 2022. These payments will be made in State fiscal years (SFY) 2022 and 2023, respectively. Article 14 limits the aggregate amount of the payments to \$142.3 million in SFY2022 and \$142.5 million in SFY2023.

The Governor's Budget includes a total of \$142.5 million for the DSH payment in SFY2022, including \$65.4 million from general revenues. The payment is comparable to SFY2021, but represents a \$32.6 million general revenue increase (\$70.9 million all funds) compared to the November 2020 adopted caseload estimate. The adopted estimate lowered the SFY2022 payment to \$71.6 million based on current federal law at the time, which included a significant cut to the DSH program that would have reduced the total payment by about half. The cut to the DSH program was later delayed by the December 27, 2020, stimulus package; the Governor's Budget restores the payment to the full amount, accordingly.

*Analyst Note: The amount of funding included in the Governor's Budget in SFY2022, \$142.5 million all funds, exceeds the ceiling included in the language of the article, which limits the payment to \$142.3 million. It appears that the language should include a \$142.5 million all funds payment in both years.*

**Article 15: Relating to Healthcare Reform**

This article makes various changes to promote access to healthcare in the State. Specifically the article:

- **Interstate Medical Licensure Compacts:** Establishes and amends state statute to allow the State to enter into five medical profession interstate compacts allowing certain physicians, psychologists, emergency medical services (EMS) professionals, and physical therapists who wish to practice in more than one state to access voluntary expedited licensure. The compacts would result in a \$58,919 loss in revenue and a \$12,000 increase in expenditures.
- **Health Spending Transparency and Containment Program:** Establishes the Health Spending Transparency and Containment Act with a funding stream for the Healthcare Cost Trend Project with a required contribution from insurers of \$1 per covered life in the State. The goal of the project is to increase access to affordable, high-quality health insurance coverage. The project's Steering Committee, with members representing hospitals, insurers, physician groups, advocates, and researchers set a voluntary target of 3.2 percent in total healthcare cost growth.
- **RItE Share:** Requires annual reporting by for-profit businesses with 50 or more employees in order to identify and enroll eligible RItE Share members more effectively. The RItE Share program is available to working Medicaid beneficiaries and requires that employees with access to cost-effective, employer sponsored health insurance (ESI) enroll in their ESI instead of Medicaid. The Medicaid program assists employees with their premiums, deductibles, copays, and coinsurance and provides coverage for any wraparound services that are covered by Medicaid but not by the ESI. The program allows for cost-sharing between the State and employer, resulting in significant savings to the State, while holding beneficiaries harmless by providing the same benefits as regular Medicaid coverage with no out-of-pocket expenses. Currently, the State lacks reporting requirements, making the program difficult to enforce. The article imposes penalties for employers who fail to submit annual reports or falsify information and modifies the duties of the Tax Administrator to collect these penalties.

**Article 16: Relating to Housing**

Article 16 establishes a comprehensive new framework for the development of affordable housing in Rhode Island. The article significantly modifies the governance, policy-making, and funding mechanisms available to the State to ensure sufficient affordable and workforce housing for Rhode Islanders. The changes in Article 16 are effective July 1, 2022. Specifically, the article:

- **Dedicated Funding for Affordable and Workforce Housing:** Establishes dedicated funding by:



- **Real Estate Conveyance Tax – Value > \$700,000:** Increasing the real estate conveyance tax on the portion of real estate valued over \$700,000. The rate applied to this portion doubles from 0.46 percent to 0.92 percent. Revenue from this increase would be deposited into the Housing Production Fund, a new restricted receipt account administered by RI Housing, in consultation with a new Housing Resources Steering Committee. The funds would be used for affordable and workforce housing initiatives, including the construction of new units and incentives to municipalities. Based on a January 1, 2022, effective date, the Office of Revenue Analysis estimates that these changes will generate \$1.7 million for the new Housing Production Fund in FY2022.
- **Real Estate Conveyance Tax – Value < \$700,000:** Under current law, the real estate conveyance tax is applied at a rate of \$2.30 per \$500 of value. The article modifies how the revenue generated from the State's real estate conveyance tax applied to the portion of real estate valued below \$700,000 is allocated.

Real Estate Conveyance Tax Revenue Distribution

	Current Law	Article 16
State	\$0.90	\$0.74
General Fund	0.60	0.44
Distressed Community Relief Program	0.30	0.30
Municipality	1.10	1.10
Housing Resources Commission	0.30	0.30
Housing Production Fund	0.00	0.16
<b>Total</b>	<b>\$2.30</b>	<b>\$2.30</b>

Based on a January 1, 2022, effective date, the Office of Revenue Analysis estimates that these changes will generate \$1.3 million for the new Housing Production Fund and an equivalent loss in general revenues in FY2022. It increases to \$2.9 million in FY2023, with a full year of implementation.

- **Reorganization of Affordable Housing Governance:** Modifies the membership of both the Housing Resources Coordinating Committee (HRCC) and Housing Resources Commission (HRC). Article 16 reduces the membership of the HRC from 28 to 19. The HRC is the principal policy, strategy, and funding organization for affordable housing in the State. Article 16 also elevates the Office of Housing and Community Development (OHCD) to a Division within the Executive Office of Commerce.
- **Housing Incentives for Municipalities:** Creates a new incentive for municipalities to support and develop affordable housing by making school impact offset payments through RI Housing. These payments would mitigate the costs of educating new students that may accompany affordable housing development within cities and towns. These offset payments would be paid from the new Housing Production Fund, which is capitalized by the increase in the real estate conveyance tax, and the proceeds from the \$65.0 million affordable housing bond authorized by voters in 2021.

#### **Article 17: Relating to Effective Date**

This article provides that the Act would take effect on July 1, 2021, except as otherwise provided therein.



## Summary Tables

### GENERAL REVENUE BUDGET SURPLUS

	FY2019 Audited	FY2020 Audited	FY2021 Enacted	FY2021 Governor	FY2022 Governor
<b>Opening Surplus</b>					
Free Surplus	\$52,525,379	\$30,502,912	\$180,395,600	\$156,188,375	\$265,441,846
Adjustment to Opening Surplus			\$70,000,000	\$110,877,242	
Reappropriated Surplus	10,057,409	10,296,451	5,336,652	5,336,652	
<b>Subtotal</b>	<b>\$62,582,788</b>	<b>\$40,799,363</b>	<b>\$255,732,252</b>	<b>\$272,402,269</b>	<b>\$265,441,846</b>
<b>Total Revenues</b>	<b>\$4,024,579,618</b>	<b>\$4,183,713,406</b>	<b>\$4,038,425,000</b>	<b>\$3,999,338,264</b>	<b>\$4,245,587,573</b>
To Cash Stabilization Fund	(122,313,150)	(126,426,490)	(128,664,618)	(124,665,799)	(135,330,883)
From Cash Stabilization Fund					
<b>Total Available Resources</b>	<b>\$3,964,849,256</b>	<b>\$4,098,086,279</b>	<b>\$4,165,492,634</b>	<b>\$4,147,074,734</b>	<b>\$4,375,698,536</b>
<b>Total Expenditures</b>	<b>3,924,049,893</b>	<b>3,936,561,251</b>	<b>4,153,269,709</b>	<b>3,881,632,888</b>	<b>4,371,272,821</b>
<b>Total Surplus</b>	<b>40,799,363</b>	<b>161,525,028</b>	<b>12,222,925</b>	<b>265,441,846</b>	<b>4,425,715</b>
<b>Free Surplus</b>	<b>\$30,502,912</b>	<b>\$156,188,375</b>	<b>\$12,222,925</b>	<b>\$265,441,846</b>	<b>\$4,425,715</b>
Rainy Day Fund	\$203,855,250	\$90,710,816	\$210,941,030	\$207,776,332	\$225,551,471

## ALL FUNDS EXPENDITURES

General Government	FY2020 Final	FY2021 Enacted	FY2021 Governor	Change from		
				Enacted	FY2022 Governor	
Administration	\$433,929,911	\$623,048,316	\$711,142,210	\$88,093,894	\$498,948,118	(\$124,100,198)
Business Regulation	23,612,912	27,754,929	28,719,082	964,153	32,782,818	5,027,889
Executive Office of Commerce	37,720,671	215,497,595	117,246,439	(98,251,156)	65,086,374	(150,411,221)
Labor and Training	1,733,251,000	1,712,347,502	2,431,191,834	718,844,332	647,721,222	(1,064,626,280)
Revenue	484,422,555	706,722,852	754,666,517	47,943,665	706,383,257	(339,595)
Legislature	43,046,435	46,122,617	47,016,046	893,429	47,399,661	1,277,044
Lieutenant Governor	1,142,645	1,145,231	1,148,918	3,687	1,186,120	40,889
Secretary of State	12,238,928	15,098,672	15,121,354	22,682	11,928,764	(3,169,908)
General Treasurer	40,414,386	44,517,242	44,631,776	114,534	44,210,243	(306,999)
Board of Elections	2,542,338	3,972,921	3,977,937	5,016	2,619,337	(1,353,584)
Ethics Commission	1,803,368	1,900,201	1,905,942	5,741	1,928,833	28,632
Office of the Governor	6,605,944	6,459,015	6,480,485	21,470	6,729,552	270,537
Commission for Human Rights	1,768,408	1,869,372	1,874,536	5,164	1,945,690	76,318
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>\$4,176,965,723</b>	<b>\$758,760,865</b>	<b>\$2,081,336,335</b>	<b>(\$1,336,868,523)</b>
<b>Health and Human Services</b>						
Office of Health and Human Services	\$2,603,777,245	\$2,983,643,790	\$3,034,203,357	\$50,559,567	\$3,035,864,147	\$52,220,357
Children, Youth, and Families	252,061,930	254,721,923	255,901,053	1,179,130	264,524,831	9,802,908
Health	193,164,062	578,629,413	642,276,424	63,647,011	364,387,772	(214,241,641)
Human Services	633,159,965	686,895,593	711,044,703	24,149,110	645,854,077	(41,041,516)
BHDDH	457,029,197	486,081,675	503,830,662	17,748,987	415,887,707	(70,193,968)
Commission on Disabilities	1,475,214	1,583,171	1,584,649	1,478	1,524,032	(59,139)
Deaf & Hard of Hearing	673,997	650,270	651,960	1,690	775,242	124,972
Office of the Child Advocate	1,028,374	1,233,388	1,237,225	3,837	1,179,668	(53,720)
Office of the Mental Health Advocate	620,923	630,982	632,932	1,950	646,303	15,321
<b>Total</b>	<b>\$4,142,990,907</b>	<b>\$4,994,070,205</b>	<b>\$5,151,362,965</b>	<b>\$157,292,760</b>	<b>\$4,730,643,779</b>	<b>(\$263,426,426)</b>
<b>Education</b>						
Elementary and Secondary Education	\$1,460,534,749	\$1,665,179,791	\$1,682,070,042	\$16,890,251	\$1,612,616,376	(\$52,563,415)
Public Higher Education	1,207,508,647	1,274,773,440	1,261,921,547	(12,851,893)	1,234,870,549	(39,902,891)
Council on the Arts	3,339,291	3,448,552	4,581,718	1,133,166	3,817,667	369,115
Atomic Energy Commission	1,309,910	1,515,857	1,989,154	473,297	1,475,053	(40,804)
Historical Preservation	2,145,441	2,675,751	2,780,446	104,695	2,851,625	175,874
<b>Total</b>	<b>\$2,674,838,038</b>	<b>\$2,947,593,391</b>	<b>\$2,953,342,907</b>	<b>\$5,749,516</b>	<b>\$2,855,631,270</b>	<b>(\$91,962,121)</b>
<b>Public Safety</b>						
Attorney General	\$34,645,642	\$33,796,154	\$36,174,477	\$2,378,323	\$34,536,605	\$740,451
Corrections	257,819,456	254,739,746	255,044,899	305,153	242,825,795	(11,913,951)
Judiciary	122,732,908	122,127,405	123,725,708	1,598,303	130,917,785	8,790,380
Military Staff	31,377,208	46,162,220	40,771,582	(5,390,638)	41,109,910	(5,052,310)
Emergency Management Agency	78,934,802	45,266,961	59,785,166	14,518,205	21,400,088	(23,866,873)
Public Safety	131,446,108	133,890,732	133,907,209	16,477	137,581,245	3,690,513
Public Defender	12,211,072	12,756,318	12,905,816	149,498	13,584,454	828,136
<b>Total</b>	<b>\$669,167,196</b>	<b>\$648,739,536</b>	<b>\$662,314,857</b>	<b>\$13,575,321</b>	<b>\$621,955,882</b>	<b>(\$26,783,654)</b>
<b>Natural Resources</b>						
Environmental Management	\$84,311,124	\$109,286,166	\$109,747,134	\$460,968	\$104,708,906	(\$4,577,260)
Coastal Resources Management	5,617,683	5,204,812	5,217,341	12,529	5,503,090	298,278
<b>Total</b>	<b>\$89,928,807</b>	<b>\$114,490,978</b>	<b>\$114,964,475</b>	<b>\$473,497</b>	<b>\$110,211,996</b>	<b>(\$4,278,982)</b>
<b>Transportation</b>						
Transportation	\$608,713,567	\$607,343,003	\$691,287,048	\$83,944,045	\$770,689,099	\$163,346,096
<b>Grand Total</b>	<b>\$11,017,709,651</b>	<b>\$12,730,441,971</b>	<b>\$13,750,237,975</b>	<b>\$1,019,796,004</b>	<b>\$11,170,468,361</b>	<b>(\$1,559,973,610)</b>

## GENERAL REVENUE EXPENDITURES

General Government	FY2020 Final	FY2021 Enacted	FY2021 Governor	Change from		
				Enacted	FY2022 Governor	
Administration	\$219,395,038	\$313,013,170	\$216,692,413	(\$96,320,757)	\$243,186,421	(\$69,826,749)
Business Regulation	15,696,309	17,469,427	17,490,565	21,138	19,610,673	2,141,246
Executive Office of Commerce	17,781,117	40,293,523	39,922,765	(370,758)	41,983,131	1,689,608
Labor and Training	14,025,683	14,120,999	14,131,759	10,760	17,743,117	3,622,118
Revenue	210,230,634	127,228,613	127,372,076	143,463	267,240,855	140,012,242
Legislature	41,474,794	44,283,435	44,408,645	125,210	45,617,236	1,333,801
Lieutenant Governor	1,142,645	1,145,231	1,148,918	3,687	1,186,120	40,889
Secretary of State	9,305,239	12,289,333	12,310,802	21,469	9,561,067	(2,728,266)
General Treasurer	2,965,895	2,986,194	2,993,826	7,632	3,318,690	332,496
Board of Elections	2,536,699	3,972,921	3,977,937	5,016	2,619,337	(1,353,584)
Ethics Commission	1,803,368	1,900,201	1,905,942	5,741	1,928,833	28,632
Office of the Governor	5,493,030	6,459,015	6,480,485	21,470	6,729,552	270,537
Commission for Human Rights	1,229,235	1,348,206	1,352,181	3,975	1,523,272	175,066
Public Utilities Commission	-	-	-	-	-	-
<b>Total</b>	<b>\$543,079,686</b>	<b>\$586,510,268</b>	<b>\$490,188,314</b>	<b>(\$96,321,954)</b>	<b>\$662,248,304</b>	<b>\$75,738,036</b>
<b>Health and Human Services</b>						
Office of Health and Human Services	\$896,330,861	\$974,945,186	\$945,814,563	(\$29,130,623)	\$1,023,836,423	\$48,891,237
Children, Youth, and Families	170,737,346	170,860,311	169,068,174	(1,792,137)	183,428,005	12,567,694
Health	38,272,964	110,254,084	32,755,109	(77,498,975)	30,582,755	(79,671,329)
Human Services	87,201,151	105,775,008	104,980,469	(794,539)	124,742,316	18,967,308
BHDDH	243,500,368	248,855,733	249,527,573	671,840	220,346,513	(28,509,220)
Governor's Commission on Disabilities	996,865	1,072,008	1,073,478	1,470	1,084,261	12,253
Governor's Commission on the Deaf	496,573	507,816	509,463	1,647	612,440	104,624
Office of the Child Advocate	865,115	1,005,223	1,008,314	3,091	1,044,909	39,686
Office of the Mental Health Advocate	620,923	630,982	632,932	1,950	646,303	15,321
<b>Total</b>	<b>\$1,439,022,166</b>	<b>\$1,613,906,351</b>	<b>\$1,505,370,075</b>	<b>(\$108,536,276)</b>	<b>\$1,586,323,925</b>	<b>(\$27,582,426)</b>
<b>Education</b>						
Elementary and Secondary Education	\$1,194,967,211	\$1,282,515,073	\$1,282,395,978	(\$119,095)	\$1,328,096,253	\$45,581,180
Public Higher Education	231,444,861	237,951,191	238,008,109	56,918	244,078,083	6,126,892
Council on the Arts	2,002,855	2,002,026	2,004,658	2,632	2,088,105	86,079
Atomic Energy Commission	1,002,739	1,059,645	1,063,124	3,479	1,068,650	9,005
Historical Preservation & Heritage Comm.	1,351,213	1,562,984	1,564,237	1,253	1,562,034	(950)
<b>Total</b>	<b>\$1,430,768,879</b>	<b>\$1,525,090,919</b>	<b>\$1,525,036,106</b>	<b>(\$54,813)</b>	<b>\$1,576,893,125</b>	<b>\$51,802,206</b>
<b>Public Safety</b>						
Attorney General	\$28,045,698	\$29,581,867	\$29,673,840	\$91,973	\$29,884,934	\$303,067
Corrections	185,063,804	163,246,644	118,452,254	(44,794,390)	233,115,486	69,868,842
Judiciary	101,864,401	103,483,394	103,771,550	288,156	108,788,654	5,305,260
Military Staff	6,717,016	3,275,354	3,280,158	4,804	2,608,853	(666,501)
Emergency Management Agency	66,323,909	2,713,353	2,415,075	(298,278)	2,655,619	(57,734)
Public Safety	77,870,719	67,430,637	45,525,632	(21,905,005)	105,755,411	38,324,774
Public Defender	12,112,369	12,680,653	12,719,301	38,648	13,508,789	828,136
<b>Total</b>	<b>\$477,997,916</b>	<b>\$382,411,902</b>	<b>\$315,837,810</b>	<b>(\$66,574,092)</b>	<b>\$496,317,746</b>	<b>\$113,905,844</b>
<b>Natural Resources</b>						
Environmental Management	\$42,861,538	\$42,769,969	\$42,611,952	(\$158,017)	\$46,637,374	\$3,867,405
Coastal Resources Management Council	2,831,187	2,580,300	2,588,632	8,332	2,852,347	272,047
<b>Total</b>	<b>\$45,692,725</b>	<b>\$45,350,269</b>	<b>\$45,200,584</b>	<b>(\$149,685)</b>	<b>\$49,489,721</b>	<b>\$4,139,452</b>
<b>Transportation</b>						
Transportation	\$858,467	-	-	-	-	-
<b>Grand Total</b>	<b>\$3,937,419,839</b>	<b>\$4,153,269,709</b>	<b>\$3,881,632,889</b>	<b>(\$271,636,820)</b>	<b>\$4,371,272,821</b>	<b>\$218,003,112</b>

## PERSONNEL

	FY2020	FY2021	FY2021	Change	FY2022	Change
	Actual	Enacted	Governor	from	Governor	from
				Enacted		Enacted
<b>General Government</b>						
Administration	647.7	647.7	647.7	-	649.7	2.0
Business Regulation	161.0	161.0	161.0	-	176.0	15.0
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	-	574.5	(28.0)
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>2,471.4</b>	<b>29.5</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	-	627.5	10.0
Health	499.6	513.6	513.6	-	517.6	4.0
Human Services	1,038.1	1,038.1	1,038.1	-	1,042.4	4.3
BHDDH	1,189.4	1,188.4	1,188.4	-	1,047.1	(141.3)
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>3,446.6</b>	<b>(125.0)</b>
<b>Education</b>						
Elementary and Secondary Education	325.1	325.1	325.1	-	325.1	-
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>4,221.4</b>	<b>3.0</b>
<b>Public Safety</b>						
Attorney General	239.1	239.1	239.1	-	243.1	4.0
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>3,240.0</b>	<b>50.0</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>15,089.2</b>	<b>(35.5)</b>

## MUNICIPAL AID: DIRECT AID

Municipality	FY2022 Direct Local Aid to Cities and Towns						Total FY2022 Governor's Proposed	Change from FY2021
	Total FY2021 Municipal Aid	Payment in Lieu of Taxes	Distressed Communities Relief Fund*	Motor Vehicle Excise Tax*	Library Grant-in- Aid†	Library Construction Aid*		
Barrington	\$3,610,292	\$17,094	-	\$3,566,139	\$365,527	107,551	\$4,056,310	\$446,018
Bristol	3,379,692	1,327,172	-	1,474,839	190,810	292,294	3,285,114	(94,577)
Burrillville	3,391,621	98,835	-	3,204,281	186,270	231,931	3,721,316	329,696
Central Falls	1,818,505	-	220,713	1,532,474	31,902	-	1,785,089	(33,416)
Charlestown	575,185	-	-	516,867	53,533	-	570,399	(4,786)
Coventry	3,365,030	-	-	3,141,355	197,001	-	3,338,356	(26,675)
Cranston	22,729,715	4,778,876	2,685,555	14,740,627	664,578	-	22,869,637	139,922
Cumberland	3,349,789	-	-	3,073,980	308,514	29,844	3,412,338	62,549
East Greenwich	1,920,447	729,131	-	865,992	123,871	49,190	1,768,184	(152,263)
East Providence	5,854,365	260,127	-	5,600,113	447,125	53,991	6,361,355	506,990
Exeter	1,050,280	-	-	1,174,231	60,044	29,901	1,264,176	213,896
Foster	934,586	-	-	1,027,831	34,393	-	1,062,224	127,638
Glocester	1,240,900	-	-	1,205,509	81,660	-	1,287,169	46,269
Hopkinton	925,728	-	-	896,335	37,216	-	933,552	7,824
Jamestown	317,950	-	-	182,168	109,968	-	292,136	(25,815)
Johnston	5,914,385	-	-	6,502,131	126,270	-	6,628,400	714,016
Lincoln	2,288,200	-	-	2,395,450	217,473	-	2,612,923	324,724
Little Compton	158,461	-	-	105,149	37,355	-	142,504	(15,957)
Middletown	945,177	-	-	794,581	126,831	45,005	966,418	21,241
Narragansett	784,479	-	-	526,083	87,158	-	613,241	(171,237)
Newport	3,160,726	1,601,050	-	672,750	415,522	-	2,689,322	-471,404
New Shoreham	250,608	-	-	94,711	91,679	63,325	249,714	(893)
North Kingstown	2,058,497	1,080	-	2,015,597	301,066	-	2,317,743	259,246
North Providence	7,581,698	-	987,908	6,697,585	201,533	-	7,887,025	305,327
North Smithfield	2,380,828	-	-	2,662,361	80,421	-	2,742,782	361,954
Pawtucket	14,174,807	3,501	1,490,485	12,271,628	421,641	-	14,187,255	12,448
Portsmouth	1,164,380	-	-	1,079,761	117,111	-	1,196,871	32,492
Providence	72,370,185	34,027,865	5,265,375	26,298,168	1,319,744	646,446	67,557,598	-4,812,586
Richmond	774,088	-	-	756,231	26,826	-	783,056	8,969
Scituate	702,425	-	-	574,145	109,928	-	684,074	(18,352)
Smithfield	4,405,414	860,981	-	3,880,588	317,166	-	5,058,736	653,322
South Kingstown	2,040,196	209,069	-	1,659,007	242,750	-	2,110,827	70,630
Tiverton	1,031,551	-	-	526,855	127,469	299,621	953,945	(77,606)
Warren	1,142,716	-	-	1,106,897	64,909	-	1,171,806	29,090
Warwick	12,496,805	1,528,261	-	13,018,239	736,708	-	15,283,208	2,786,403
Westerly	3,544,083	185,126	-	2,944,189	316,166	253,767	3,699,248	155,165
West Greenwich	679,807	-	-	655,354	48,116	-	703,470	23,663
West Warwick	4,108,528	-	953,745	3,008,286	171,836	-	4,133,868	25,340
Woonsocket	8,695,032	461,334	780,677	7,036,751	200,324	-	8,479,087	(215,945)
<b>Total</b>	<b>\$207,317,160</b>	<b>\$46,089,504</b>	<b>\$12,384,458</b>	<b>\$139,485,237</b>	<b>\$8,798,411</b>	<b>\$2,102,866</b>	<b>\$208,860,476</b>	<b>\$1,543,316</b>

† Providence's amount includes the Statewide Reference Library Grant.

## MUNICIPAL AID: INDIRECT AID

## FY2022 Indirect Local Aid to Cities and Towns

Municipality	FY2021 Total Indirect Aid	Public Service Corp. Tax	Meals and Beverage Tax	Hotel Tax	Airport Impact Fees*	FY2021 Total Indirect Aid	Change from FY2021 Enacted
Barrington	\$345,981	\$201,493	\$153,880	\$2,780	-	\$358,152	\$12,172
Bristol	699,147	276,918	418,434	51,623	-	746,976	47,829
Burrillville	378,404	204,918	188,080	147	-	393,145	14,741
Central Falls	365,113	241,398	133,569	644	-	375,610	10,498
Charlestown	294,250	96,898	153,885	63,940	-	314,723	20,472
Coventry	879,958	430,622	440,888	64,299	-	935,809	55,851
Cranston	2,777,168	1,011,274	1,869,562	63,065	-	2,943,901	166,733
Cumberland	901,551	431,581	509,611	296	-	941,488	39,938
East Greenwich	752,885	162,821	638,322	1,992	-	803,135	50,250
East Providence	1,546,509	590,964	992,030	59,059	-	1,642,054	95,545
Exeter	188,097	84,468	112,271	158	-	196,897	8,800
Foster	74,295	58,400	16,997	323	-	75,720	1,424
Glocester	196,325	125,319	75,076	2,647	-	203,042	6,717
Hopkinton	146,829	101,020	49,019	822	-	150,861	4,032
Jamestown	155,041	68,451	69,817	24,913	-	163,181	8,140
Johnston	1,001,768	364,114	687,593	5,891	-	1,057,598	55,829
Lincoln	996,304	269,570	689,309	100,165	25,000	1,084,045	87,741
Little Compton	107,261	43,654	48,817	21,665	-	114,135	6,874
Middletown	1,473,186	200,247	727,856	818,563	42,340	1,789,006	315,820
Narragansett	966,882	193,671	633,511	231,650	-	1,058,832	91,949
Newport	3,652,246	308,404	2,236,694	1,867,151	-	4,412,249	760,002
New Shoreham	781,645	10,300	376,441	497,291	31,017	915,049	133,403
North Kingstown	989,226	326,401	583,266	82,817	64,987	1,057,471	68,245
North Providence	802,342	404,268	429,163	2,542	-	835,973	33,631
North Smithfield	447,667	153,803	316,492	3,161	-	473,457	25,790
Pawtucket	1,814,591	893,702	945,009	73,820	-	1,912,530	97,940
Portsmouth	483,353	216,936	272,819	17,897	-	507,652	24,299
Providence	8,102,120	2,234,814	5,282,907	1,453,471	-	8,971,192	869,072
Richmond	226,244	94,980	135,881	6,800	-	237,661	11,417
Scituate	193,512	132,057	61,911	6,301	-	200,270	6,757
Smithfield	1,147,895	269,396	824,897	140,083	25,000	1,259,376	111,481
South Kingstown	1,327,392	382,796	876,322	192,530	-	1,451,648	124,256
Tiverton	471,827	196,984	280,088	22,854	-	499,926	28,099
Warren	410,742	130,625	302,209	1,646	-	434,480	23,738
Warwick	4,948,808	1,009,817	2,801,253	850,723	780,829	5,442,623	493,814
Westerly	1,602,553	281,776	864,129	681,839	40,863	1,868,607	266,054
West Greenwich	262,374	76,958	129,623	99,216	-	305,797	43,424
West Warwick	805,500	360,627	410,149	100,210	-	870,986	65,485
Woonsocket	1,074,237	517,357	569,172	47,533	-	1,134,062	59,825
<b>Total</b>	<b>\$43,791,229</b>	<b>\$13,159,804</b>	<b>\$26,306,952</b>	<b>\$7,662,525</b>	<b>\$1,010,036</b>	<b>\$48,139,317</b>	<b>\$4,348,088</b>

Source: Office of Revenue Analysis, November 2020

\* Airport Impact Aid distributions are Senate Fiscal Office Estimates are based on May 2020 landing data. Final distribution levels will be adjusted based on updated May 2021 data.



## EDUCATION AID

## FY2022 Governor's Education Aid - Change to FY2021 Budget as Enacted

Districts	FY2021 Enacted	FY2022 Formula Change	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	(\$13,207)	\$23,849	\$0	\$1,958	\$0	\$2,065,689	\$8,214,204
Burrillville	14,352,095	(374,596)	(29,717)	4,648	1,272	676	-	(397,717)	13,954,378
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	36,310	63,181	(110,446)	-	13,797	-	2,842	69,765,126
Cumberland	20,799,151	(272,060)	30,586	5,934	-	(1,125)	-	(236,666)	20,562,486
East Greenwich	3,490,910	1,015,994	3,584	19,630	-	661	-	1,039,869	4,530,780
East Providence	36,377,563	707,140	4,181	(119,580)	(6,421)	(7,356)	-	577,965	36,955,528
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	817,261	26,097	(30,241)	-	7,901	-	821,018	19,948,303
Lincoln	15,198,685	908,909	-	39,787	(3,054)	3,677	-	949,319	16,148,004
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	13,209	-	25,178	-	154	-	38,542	217,032
North Kingstown	11,867,847	(575,161)	-	9,532	-	746	-	(564,883)	11,302,964
North Providence	25,275,683	1,995,502	62,169	(19,576)	(11,109)	17,225	-	2,044,211	27,319,894
North Smithfield	6,206,522	138,545	3,362	(14,894)	(1,162)	228	-	126,079	6,332,601
Pawtucket	92,823,636	2,636,671	9,725	(52,903)	(8,670)	22,352	-	2,607,175	95,430,811
Portsmouth	3,833,800	(157,071)	-	29,308	94,517	3	-	(33,243)	3,800,557
Providence	272,263,068	10,055,109	(40,281)	(34,535)	(40,956)	(93,598)	-	9,845,739	282,108,808
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	1,473,347	21,784	342,079	(5,132)	(3,862)	-	1,828,218	40,270,154
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	1,391,889	(4,760)	(35,335)	(2,711)	3,912	-	1,352,995	70,344,499
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	1,109,592	41,164	1,171	-	9,388	1,484,109	2,645,424	48,325,494
<b>District Total</b>	<b>\$900,782,012</b>	<b>\$26,349,997</b>	<b>(\$437,396)</b>	<b>\$22,899</b>	<b>(\$100,049)</b>	<b>(\$7,769)</b>	<b>\$1,484,109</b>	<b>\$27,311,792</b>	<b>\$928,093,804</b>
Charter School Total	109,288,557	9,535,605	-	(22,899)	-	973	-	9,513,679	118,802,236
Davies	13,728,646	327,322	-	-	-	1,409	383,600	712,332	14,440,978
Met School	9,356,426	320,126	-	-	-	2,128	(320,126)	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>\$36,607,730</b>	<b>(\$437,396)</b>	<b>\$0</b>	<b>(\$100,049)</b>	<b>\$0</b>	<b>\$1,547,583</b>	<b>\$37,617,870</b>	<b>\$1,072,332,561</b>

<sup>1</sup> Based on March 2020 enrollment, will be updated based on March 2021 data.

<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

## COMMUNITY SERVICE OBJECTIVE GRANTS

Agency	Grant Recipient	FY2021 Enacted	FY2021 GOV REC	Change	FY2022 GOV REC	Change
<b>Administration</b>	City Year - Whole School Whole Child Program	\$130,000	\$130,000	\$0	\$130,000	\$0
<b>Executive Office of Commerce</b>	Polaris Manufacturing Technical Assistance	350,000	350,000	-	350,000	-
	International Trade and Export Programming	476,200	476,200	-	476,200	-
	Minority Entrepreneurship	140,000	140,000	-	140,000	-
	East Providence Waterfront Commission	50,000	50,000	-	50,000	-
		<b>\$1,016,200</b>	<b>\$1,016,200</b>	<b>\$0</b>	<b>\$1,016,200</b>	<b>\$0</b>
<b>Secretary of State</b>	Rhode Island Historical Society	125,000	125,000	-	125,000	-
	Newport Historical Society	18,000	18,000	-	18,000	-
		<b>\$143,000</b>	<b>\$143,000</b>	<b>\$0</b>	<b>\$143,000</b>	<b>\$0</b>
<b>Human Services - Office of Health Aging</b>	Diocese of Providence - Elder Services	325,000	325,000	-	325,000	-
	Alliance for Long Term Care Ombudsman Services	40,000	40,000	-	40,000	-
	Elderly Housing Security	85,000	85,000	-	85,000	-
	Meals on Wheels	530,000	530,000	-	530,000	-
	Senior Center Support	800,000	800,000	-	800,000	-
	Elderly Nutrition	50,000	50,000	-	50,000	-
		<b>\$1,830,000</b>	<b>\$1,830,000</b>	<b>\$0</b>	<b>\$1,830,000</b>	<b>\$0</b>
<b>Human Services</b>	Coalition Against Domestic Violence	300,000	300,000	-	300,000	-
	Project Reach - Boys and Girls Club	250,000	250,000	-	250,000	-
	Day One	217,000	217,000	-	217,000	-
	RI Community Food Bank	175,000	175,000	-	350,000	175,000
	Crossroads Rhode Island	500,000	500,000	-	500,000	-
	Institute for the Study and Practice of Nonviolence	200,000	200,000	-	200,000	-
	Veterans' Organizations	200,000	200,000	-	200,000	-
	Community Action Fund	600,000	600,000	-	600,000	-
		<b>\$2,442,000</b>	<b>\$2,442,000</b>	<b>\$0</b>	<b>\$2,617,000</b>	<b>\$175,000</b>
<b>Education</b>	Hasbro Children's Hospital - Hospital School	90,000	90,000	-	90,000	-
	Child Opportunity Zones	395,000	395,000	-	395,000	-
		<b>\$485,000</b>	<b>\$485,000</b>	<b>\$0</b>	<b>\$485,000</b>	<b>\$0</b>
<b>Office of Postsecondary Commissioner</b>	Rhode Island College Crusade	355,000	355,000	-	355,000	-
	Best Buddies Rhode Island	75,000	75,000	-	75,000	-
		<b>\$430,000</b>	<b>\$430,000</b>	<b>\$0</b>	<b>\$430,000</b>	<b>\$0</b>
<b>University of Rhode Island</b>	Small Business Development Center	350,000	350,000	-	350,000	-
	Polaris Manufacturing Extension Program	-	-	-	-	-
	Special Olympics Rhode Island	50,000	50,000	-	50,000	-
		<b>\$400,000</b>	<b>\$400,000</b>	<b>\$0</b>	<b>\$400,000</b>	<b>\$0</b>
<b>Arts Council</b>	WaterFire Providence	375,000	375,000	-	375,000	-
<b>Historical Preservation</b>	Fort Adam's Trust	30,000	30,000	-	30,000	-
<b>Corrections</b>	Crossroads	1,050,000	1,050,000	-	1,050,000	-
<b>Judicial</b>	Rhode Island Coalition Against Domestic Violence	230,000	230,000	-	230,000	-
	Rhode Island Legal Services	90,000	90,000	-	90,000	-
		<b>\$320,000</b>	<b>\$320,000</b>	<b>\$0</b>	<b>\$320,000</b>	<b>\$0</b>
<b>Environmental Management</b>	Conservation Districts	50,000	50,000	-	50,000	-
		<b>\$50,000</b>	<b>\$50,000</b>	<b>\$0</b>	<b>\$50,000</b>	<b>\$0</b>
	<b>Grand Total</b>	<b>\$8,701,200</b>	<b>\$8,701,200</b>	<b>\$0</b>	<b>\$8,876,200</b>	<b>\$175,000</b>

## Senate Fiscal Office

---

### **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  
Revenue  
RI Commerce Corporation  
RIHMFC (RI Housing)

### **Brittany A. Church**

*Legislative Fiscal Analyst I*

Behavioral Healthcare, 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 I*

Executive Office of Health and Human Services  
Children, Youth, and Families  
Child Advocate

### **Shanna Vecchio-Schubert**

*Legislative Fiscal Analyst I*

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