



SENATE FISCAL OFFICE
REPORT

**GOVERNOR'S FY2027
AND
FY2026 SUPPLEMENTAL
BUDGET**

2026-H-7127 AND 2026-H-7126

BUDGET ANALYSIS

APRIL 16, 2026

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Table of Contents

2026-H-7127

Executive Summary	7
Departmental Summaries	
Statewide Adjustments	57
Department of Administration	61
Office of Energy Resources	85
Department of Business Regulation	91
Cannabis Control Commission	99
Department of Labor and Training	103
Department of Revenue	117
Legislature	127
Lieutenant Governor	129
Office of the Secretary of State	131
Office of the General Treasurer	139
Board of Elections	145
Ethics Commission	147
Office of the Governor	149
Rhode Island Commission for Human Rights	151
Public Utilities Commission	153
Executive Office of Commerce	155
Executive Office of Housing	167
Executive Office of Health and Human Services	173
Department of Children, Youth, and Families	189
Department of Health	203
Department of Human Services	217
Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals	235
Governor's Commission on Disabilities	251
Commission on the Deaf and Hard of Hearing	255
Office of the Child Advocate	257
Office of the Mental Health Advocate	259
Elementary and Secondary Education	261
Public Higher Education	281
Rhode Island State Council on the Arts	301
Rhode Island Atomic Energy Commission	307

Rhode Island Historical Preservation and Heritage Commission	309
Office of the Attorney General	313
Department of Corrections	319
Judiciary	333
Military Staff	339
Rhode Island Emergency Management Agency	343
Department of Public Safety	347
Office of the Public Defender	361
Department of Environmental Management	363
Coastal Resources Management Council	369
Department of Transportation	373
Rhode Island Public Transit Authority	395

Special Reports

Personnel	415
Revenue	435
Municipal Aid	445
Education Aid	457
FY2026 Supplemental Budget	475

FY2027 Budget Articles (2026-H-7127)

Article 1: Relating to Making Appropriations in Support of FY2027	495
Article 2: Relating to State Funds	501
Article 3: Relating to Government Reform and Reorganization	503
Article 4: Relating to Debt Management Act Joint Resolutions	509
Article 5: Relating to Taxes and Fees	511
Article 6: Relating to Capital Development Program	529
Article 7: Relating to Education	537
Article 8: Relating to Medical Assistance	541
Article 9: Relating to Leases	547
Article 10: Relating to Health and Human Services	549
Article 11: Relating to Affordability	553
Article 12: Relating to Effective Date	563

FY2026 Supplemental Budget Articles (2026-H-7126)

Article 1: Relating to Making Revised Appropriations in Support of FY2026	567

Summary Tables	575



EXECUTIVE SUMMARY

Executive Summary

The Governor's FY2027 Budget recommendation totals \$5,954.7 million in general revenue; \$145.4 million greater than the FY2026 Budget as Enacted. The recommendation includes \$14,859.0 million in all funds; an increase of \$522.6 million from the FY2025 Budget as Enacted.

Expenditures by Source	FY2025 Unaudited	FY2026 Enacted	FY2026 Governor	Change to Enacted	FY2027 Governor	Change to Enacted
General Revenue	\$5,534.3	\$5,809.4	\$5,825.0	\$15.6	\$5,954.7	\$145.4
Federal Funds	5,045.2	5,108.5	5,508.9	400.4	5,506.0	397.5
Restricted Receipts	365.6	458.5	557.1	98.5	459.8	1.3
Other Funds	2,603.9	2,960.0	3,277.1	317.1	2,938.5	(21.5)
Total	\$13,548.9	\$14,336.4	\$15,168.1	\$831.7	\$14,859.0	\$522.6

Expenditures by Function	FY2025 Unaudited	FY2026 Enacted	FY2026 Governor	Change to Enacted	FY2027 Governor	Change to Enacted
General Government	\$2,259.3	\$2,301.5	\$2,679.7	\$378.2	\$2,346.8	\$45.3
Human Services	6,063.9	6,476.6	6,509.9	33.4	6,654.4	177.9
Education	3,448.5	3,616.8	3,636.7	20.0	3,654.3	37.6
Public Safety	776.7	879.5	960.6	81.1	883.7	4.2
Natural Resources	140.2	179.3	178.8	(0.5)	185.1	5.8
Transportation	860.5	882.8	1,202.3	319.5	1,134.8	252.0
Total	\$13,548.9	\$14,336.4	\$15,168.1	\$831.7	\$14,859.0	\$522.6

FTE Authorization*	15,772.8	15,921.8	15,937.8	16.0	16,001.8	80.0

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

* The Governor recommends the elimination of the FTE cap for the University of Rhode Island. The numbers above included the FY2026 enacted amount of FTE for URI for both the FY2026 revised budget and FY2027. Removing those 2,671 positions results in a proposed FTE cap of 13,331 for FY2027.

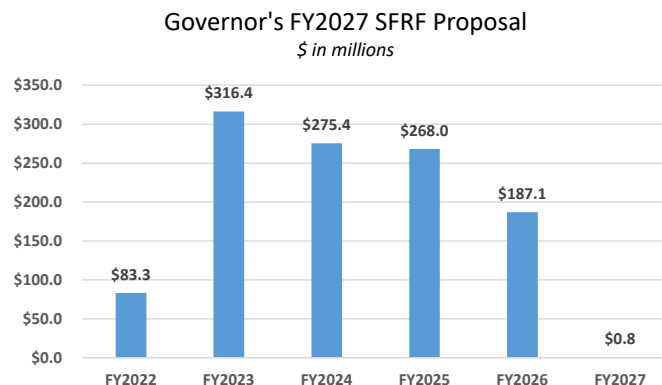
The Governor submitted two budget bills this year: the FY2027 proposal and a distinct FY2026 Supplemental Budget. The Governor's proposal for the current year (FY2026) increases the estimated year-end surplus from \$1.0 million, to \$96.2 million. The increase is driven by a higher opening surplus, significant reappropriations, and increased revenue estimates.

The FY2027 Budget is \$522.6 million more than the FY2026 Budget as Enacted. Significant drivers of the increase include growth in health and human services spending, including Medicaid, increased education aid, and state employee contracts.

ARPA STATE FISCAL RECOVERY FUNDS

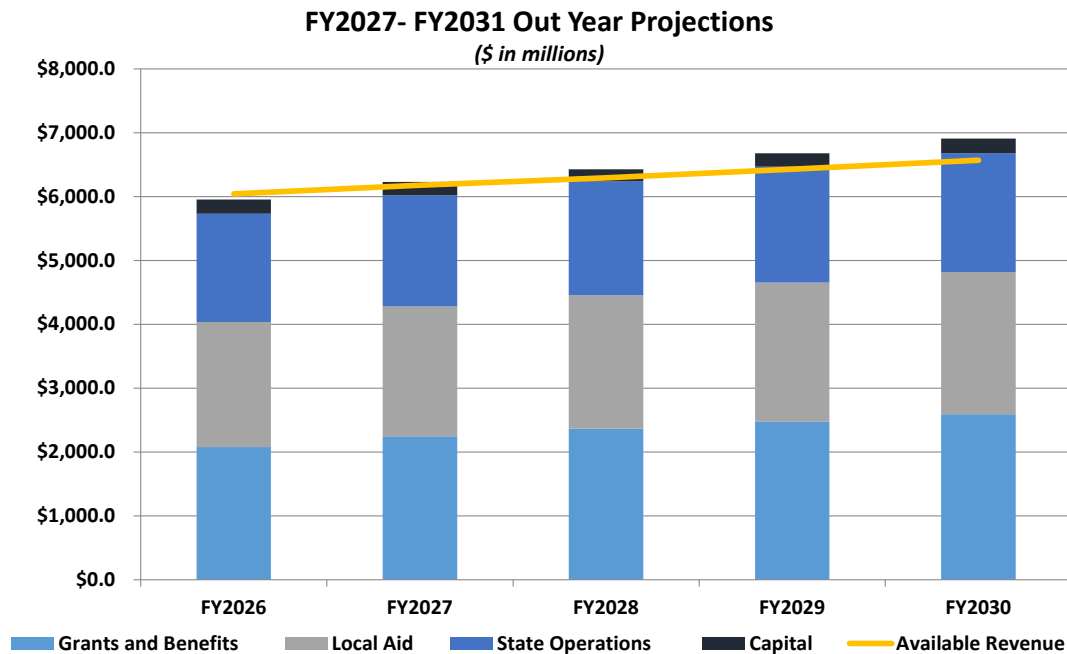
The Governor's budget appropriates \$187.1 million in FY2026 and the final \$821,564 in FY2027, for total SFRF spending and appropriations of \$1,131.1 million in FY2022 through FY2027. In FY2026, \$185.3 million (99 percent) of the Governor's recommendation are funds reappropriated for the same purposes from FY2025.

This represents the entirety of the State's federal allocation. The appendix has a table of all SFRF projects and funding by fiscal year.

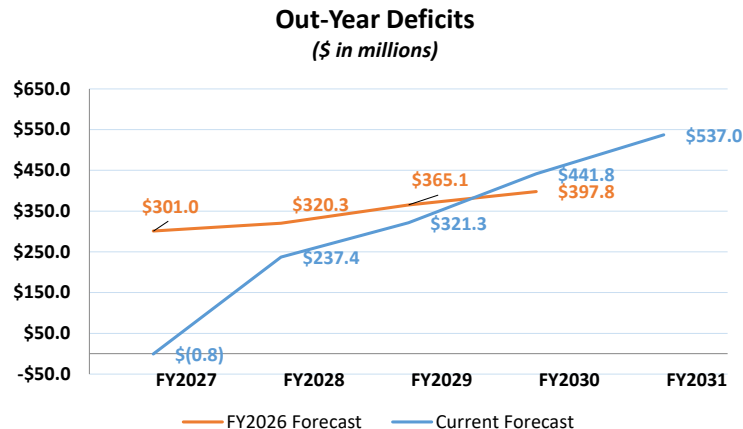


FIVE-YEAR FORECAST

The Budget projects out-year deficits increasing from \$237.4 million in FY2028 to \$537.0 million in FY2031 (7.8 percent of spending). Projected average annual revenue growth of 2.4 percent, coupled with a projected average annual increase in expenditures of 3.5 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.



Out-year deficit projections vary from what was forecast one year ago. Near term (FY2028 and FY2029) have reduced out-year deficits, however, FY2030 and FY2031 show significant increases. Major drivers of the longer-term deficits include anticipated impacts from federal fund reductions and impacts from H.R. 1, as well as future phases of several tax proposals included in the Governor's budget. The two largest components of the budget—social service grants and benefits, and education aid—are also projected to increase at rates greater than projected revenue increases.

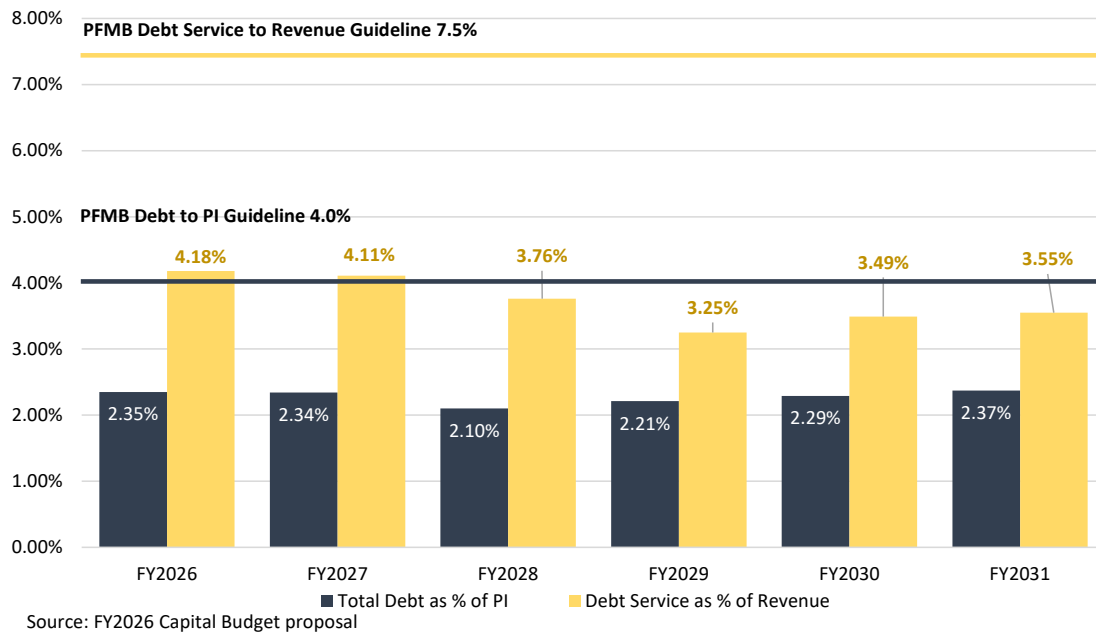


TAX-SUPPORTED DEBT

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 PMFB guidelines as it relates to debt as a percentage of personal income (PI); additionally, it is anticipated to remain below the PMFB debt service as a percentage of general revenue threshold of 7.5 percent.

The following chart shows current and projected debt service metrics from FY2026 through FY2031. 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.

FY2020 closed with \$90.7 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 Supplemental Budget included a \$120.0 million repayment to the RICAP fund.

The Governor's proposal projects a Rainy Day Fund balance of \$303.2 million at the end of FY2026, increasing to \$307.0 million in FY2027. Of note, these balances do not reflect funds in the State Supplemental Budget Reserve Account, discussed below.

Supplemental Budget Reserve Account: The Governor and General Assembly created a supplementary budget reserve fund in FY2024, with the potential to later amend the state constitution to increase the 5.0 percent revenue cap on the existing fund balance. As part of the FY2024 appropriations act, the State transferred \$55.0 million in surplus funding by July 14, 2023, into a "State Supplemental Budget Reserve Account". Expenditures from the supplemental account are subject to the same limitations as the existing Rainy Day Fund, and deposits are subject to appropriation.

In the FY2024 Budget as Enacted, the General Assembly added language to direct one-half of any year-end revenue surplus to the Supplemental Budget Reserve Account. Despite ending multiple years with balances that would have been transferred to the supplemental reserve, the law has been suspended each time to forego the transfer and use the revenues for other purposes.

GENERAL REVENUE SURPLUS STATEMENT

	FY2024 Audited	FY2025 Preliminary Audit	FY2026 Enacted	FY2026 Governor	FY2027 Governor
Opening Surplus					
Free Surplus	\$412,262,973	\$326,355,037	\$230,213,058	\$241,634,407	\$96,181,104
Adjustment to Opening Surplus	\$23,811,475	\$703,083			
Reappropriated Surplus	45,152,130	34,569,423		38,796,839	
Subtotal	\$481,226,578	\$361,627,543	\$230,213,058	\$280,431,246	\$96,181,104
Total Revenues	\$5,418,703,841	\$5,612,012,441	\$5,766,583,094	\$5,822,900,000	\$6,043,486,806
To Cash Stabilization Fund	(175,124,919)	(178,800,524)	(179,903,885)	(181,936,032)	(184,190,037)
From Cash Stabilization Fund					
Total Available Resources	\$5,724,805,500	\$5,794,839,460	\$5,816,892,267	\$5,921,395,214	\$5,955,477,873
Total Expenditures	5,236,111,578	5,535,537,980	5,809,363,121	5,825,010,910	5,954,722,537
Total Surplus	488,693,922	259,301,480	7,529,146	96,384,304	755,336
Intrafund Transfers to restricted receipts	(91,000,000)	(520,212)	(6,500,000)	(203,200)	
Transfer to Retirement System	(21,649,978)				
Transfer to Supp. State Budget Reserve Fund	(21,649,978)				
Repeal of surplus transfer to Supp. State Budget Reserve Fund	6,530,494	21,649,978			
Reappropriations	(34,569,423)	(38,796,839)			
Free Surplus	\$326,355,037	\$241,634,407	\$1,029,146	\$96,181,104	\$755,336
Rainy Day Fund	\$291,874,865	\$298,000,873	\$299,839,808	\$303,226,720	\$306,983,395

Revenue Changes

The Governor's FY2027 Budget increases net general revenue collections by an estimated \$336.9 million over November 2025's FY2027 revenue estimate. New revenue initiatives include a new personal income tax bracket for taxpayers with annual income of over one million dollars, the phase out on the taxation of social security income, a new refundable child tax credit, a cigarette tax increase, decoupling from certain federal income tax rules, and the reauthorization of the hospital license fee.

Governor's Recommended General Revenue Initiatives	
Hospital and Medicaid Initiatives	\$232.4
New Personal Income Tax Bracket	67.1
Tax Amnesty	26.3
Decoupling from Federal R&D Expensing Rules	22.6
Refundable Child Tax Credit	(14.7)
Cigarette and Other Tobacco Initiatives	8.0
Social Security Income Exemption	(3.0)
Utility Ratepayer Savings	(2.3)
Pawtucket TIF Debt Service Rescheduling	0.5
Total	\$336.9

\$ in millions

Totals may vary due to rounding.

Hospital and Medicaid Initiatives

\$232.4 million

The Governor recommends a net \$232.4 million increase related to revenue changes associated with certain EOHHS initiatives. The revenue is almost entirely attributable to the reenactment of the Hospital License Fee, which by law is enacted annually. These initiatives and their impact are summarized in the table below. Details on these proposals are elaborated on in the agency expenditure and article sections of this report.

Hospital and Medicaid Initiatives - Fiscal Impact	
Initiative	Fiscal Impact
Hospital License Fee	\$232,549,633
OHIC Rate Increase	517,651
GLP-1 Coverage Removal	(405,888)
Nursing Home Rate Reduction	(192,248)
Federally Qualified Health Center Rate Reduction	(58,899)
Substance Abuse Residential Services Rate Freeze	(30,336)
Inpatient/Outpatient Hospital Rate Reduction	(7,267)
Total	\$232,372,646

New Personal Income Tax Bracket

\$67.1 million

The Governor recommends a fourth personal income tax bracket beginning tax year 2027 that taxes income over \$1.0 million at a rate of 8.99 percent. The current uniform personal income tax brackets for tax year 2026 are:

For Tax Year 2026	
Income Between...	Is Taxed at...
\$0 and \$82,050	3.75%
\$82,050 and \$186,450	4.75%
\$186,450 and above	5.99%

According to budget documents, Rhode Island taxpayers with federally adjusted gross income (AGI) of \$1.0 million or more in tax year 2022 (most recent full data set) represented 0.3 percent taxpayers and 12.5 percent of all AGI.

The proposal is estimated to generate an additional \$67.1 million in FY2027 and grow to \$135.3 million in FY2028. The Office of Revenue Analysis (ORA) notes in budget documents that there is considerable debate around taxpayer behavior when personal income tax policy is changed. This is particularly true around tax increases and taxpayers' efforts to reduce their tax liabilities through relocation, shifting income, etc. ORA therefore approached its fiscal impact estimate conservatively, using an "elasticity of income" (ETI) calculation that considers a 1.0 percent increase in the tax rate producing an overall income reduction of 1.0 percent.

Tax Amnesty

\$26.3 million

The Governor recommends a tax amnesty program for a 75-day period ending February 15, 2027. Under the program, civil, and criminal penalties for non-compliance with state tax laws would be forgiven, and interest owed will be reduced by 25.0 percent. It is estimated that \$26.3 million of additional one-time revenue collections would result from the amnesty period.

The State implemented tax amnesty programs in FY2018, FY2013, and FY2007. The Office of Revenue Analysis (ORA) used collections data from those previous amnesty periods that were used to develop the FY2027 fiscal impact.

Tax Amnesty Fiscal Impact	
Tax Type	Fiscal Impact
Personal Income	\$8,797,480
Departmental Receipts	8,053,306
Sales and Excise	4,531,705
Business Taxes	4,140,177
Estate Tax	825,325
Total	\$26,347,993

The Governor recommends \$750,000 in operating and contract services expenditures to implement the program in FY2027.

Decoupling from Federal R&D Expensing Rules

\$22.6 million

The Governor includes \$22.6 million in additional business corporations tax revenue in FY2027 based on a proposal to not adopt certain new federal rules related to how a business' income is determined for tax purposes. Rhode Island's income tax laws piggyback off the federal Internal Revenue Service's rules and statutes. This includes the definition of net income for state business corporations tax purposes, inclusive of all the various modifications to taxable income that are allowed at the federal level. In 2025, Congress enacted significant changes to the federal tax structure that include a modification relating to how businesses can treat research and development (R&D) costs. Since 2017, businesses have been required to amortize R&D over a five-year period.

Under new federal law, starting in tax year 2025 businesses are allowed to expense all of these costs in the first year. This leads to a much-reduced net taxable income for a business in that first year. The effect on taxable income however moderates over time as the costs are expensed earlier. The FY2026 Budget as Enacted decoupled from this new provision for FY2025. The Division of Taxation and the ORA estimate that this action preserved \$65.8 million in TY2025. Article 5 of the Governor's proposed budget permanently extends this decoupling as it relates to R&D expensing. This is estimated to increase general revenue by \$22.6 million in both FY2026 and FY2027. As indicated, the fiscal impact reduces in the out-years, to \$10.9 million in FY2028 down to \$2.0 million by FY2031.

Refundable Child Tax Credit**(\$14.7 million)**

The Governor proposes a new refundable child tax credit for certain eligible taxpayers to be used to offset personal income taxes or, in certain circumstances increase personal income. The proposal is estimated to result in a revenue loss of \$14.7 million in FY2027. Out-year impacts are summarized below.

Fiscal Year	Fiscal Impact
FY2027	(\$14,701,176)
FY2028	(29,657,570)
FY2029	(30,329,465)
FY2030	(31,186,604)
FY2031	(32,129,540)

The proposal would replace the current dependent deduction allowed under state law, with a refundable credit for Rhode Island resident taxpayers with dependents 18 years old or younger. The credit is estimated to be approximately \$325 per child in tax year 2027 (based on a statutory calculation that takes the current dependent deduction and multiplies it by 5.99 percent). The new credit would be adjusted annually for inflation.

Refundability: Under the current dependent deduction, taxpayers may reduce their taxable income by \$5,250 (as of TY2026) per dependent. This exemption only benefits taxpayers that have enough income to generate a tax liability. The proposal would benefit those individuals with insufficient income to warrant a tax liability through the refundability provisions.

Cigarette and Other Tobacco Initiatives**\$8.0 million**

The Governor recommends several tobacco-related revenue initiatives in FY2027, resulting in \$8.0 million in additional revenue. These are summarized below.

Cigarette and Other Tobacco Initiatives - Fiscal Impact	
Initiative	Fiscal Impact
Cigarette Tax Increase	\$4,540,374
Floor Tax	2,467,926
Eliminate Stamp Discount	762,064
Cigar Tax Cap Increase	621,090
Sales Tax Elasticity	(433,335)
Total	\$7,958,119

Cigarette Tax Increase: The Governor recommends increasing the excise tax on a pack of 20 cigarettes from \$4.50 to \$5.25 per pack. The Office of Revenue Analysis (ORA) estimates that, based on a September 1, 2026, implementation date, the proposal will generate \$4.5 million of net revenue in FY2027 and \$4.5 million in out-year FY2028. There is also an estimated \$433,335 loss in sales tax revenue associated with the cigarette tax increase. This is the result of price elasticity on the demand for packs of cigarettes.

Floor Tax: The Governor also recommends imposing a one-time inventory floor stock tax of \$0.75 per pack of 20 cigarettes. The tax will be based on the number of cigarettes taxpayers have in stock on September 1, 2026. The Office of Revenue Analysis (ORA) estimates the proposal will generate \$2.5 million in FY2027 and not impact FY2026, due to the implementation date.

Eliminate Stamp Discount: The Governor recommends eliminating the discount that is provided to licensed distributors when buying excise tax stamps. The State currently authorizes licensed distributors to purchase cigarette tax stamps at 98.75 percent of the stamp's face value. Article 5 of the Governor's recommended budget amends RIGL 44-20-19 to eliminate the discount and require distributors to pay the stamp's full price, effective September 1, 2026. ORA estimates that the proposal will generate \$762,064 in partial year FY2027 and \$974,262 in out-year FY2028.

Cigar Tax Cap Increase: The Governor recommends increasing the maximum cap on the excise tax on cigars from \$0.50 per cigar to \$2.00. Currently, the State imposes an excise tax on cigars at a rate of 80.0 percent of their wholesale cost, with a maximum cap of \$0.50 per cigar. Article 5 of the Governor's FY2027 recommended budget amends RIGL 44-20-13.2 to increase the cap to \$2.00 per cigar, effective September 1, 2026, and applying only to cigars with a wholesale price of \$2.50 or above. ORA estimates that the proposal will generate \$621,090 in partial year FY2027 and \$901,107 in out-year FY2028.

Social Security Income Exemption

(\$3.0 million)

The Governor proposes phasing out the taxation of social security income over the course of three tax years. This proposal is estimated to reduce available revenue as follows:

Fiscal Year	Fiscal Impact
FY2027	(\$2,976,997)
FY2028	(14,638,767)
FY2029	(41,282,869)
FY2030	(60,090,887)
FY2031	(61,907,752)

Rhode Island is one of eight states that taxes social security income to some degree. The State does exempt all social security income from personal income taxation under very specific circumstances. To be eligible for the exemption, a taxpayer must have:

- Federal adjusted gross income that includes federally taxable income from Social Security.
- Reached “full retirement age” as defined by the Social Security Administration.
- Federal adjusted gross income that is below a certain amount (see following table).

Social Security Modification - Income Limits by Tax Year		
Filing Status	2024	2025
Single	\$104,200	\$107,000
Married Filing Jointly	130,250	133,750
Head of Household	104,200	107,000
Married Filing Separately	104,225	107,000

If the taxpayer does not meet the above criteria, then social security income is taxed at the state level.

Proposed Changes: The Governor's proposal phases in the complete exemption of social security income from state income tax

- **Phase 1:** For tax year 2027, the proposal eliminates the “full retirement age” requirement under the current modification but not the income requirement. This is estimated to benefit 9,200 resident and 1,900 non-resident filers.
- **Phase 2:** For tax year 2028, the income levels of taxpayers eligible for the modification would increase so that approximately half of the taxpayers subject to taxation currently, would no longer be. This is estimated to provide tax relief to an additional 11,600 resident and 1,900 non-resident filers.

Phase 2 Income Thresholds

Filing Status	2028
Single	\$165,200
Married Filing Jointly	206,550
Head of Household	165,200
Married Filing Separately	165,200

- **Phase 3:** For tax year 2029 and beyond, the income threshold for the modification would be eliminated, resulting in no Rhode Island taxpayer paying personal income tax on social security income. This is estimated to benefit another 11,200 resident and 4,400 non-resident filers.

Utility Ratepayer Savings**(\$2.3 million)**

The Governor proposes several energy affordability initiatives in FY2027. These are summarized in the following table along with the amount of savings to the ratepayer for each. Greater detail on these initiatives may be found in the article section of this report.

Energy Affordability Initiatives - CY2027 Ratepayer Savings

Initiative	Ratepayer Savings
Renewable Energy Standard	\$63.8
Energy Efficiency	23.5
Paving Expenses	16.0
Alternative Compliance Payments	5.0
Long-term Contracting Incentive	2.5
ISO New England Incentive	0.2
Net Metering	0.0
Total	\$111.0

\$ in millions

The ratepayer savings result in a reduction in utility companies' gross earnings. These earnings are taxed by the State at 4.4 percent. The ORA estimates the reduction in public utility gross earnings tax receipts from electric companies based on the Governor's proposals will be \$2.3 million in FY2027 and \$4.8 million in FY2028.

Pawtucket TIF Debt Service Rescheduling**\$503,713**

The Governor includes an additional \$503,713 in available general revenue in FY2027 based on a reduction in debt service costs related to the Centerville Bank (Tidewater) Stadium Project in Pawtucket. In February 2024, the Pawtucket Redevelopment Agency (PRA) issued a 30-year, \$54.0 million bond at 7.5 percent with total debt service of \$131.7 million. Although these were appropriation-back bonds, the rates obtained reflected risks associated with whether the stadium would ever be placed in service. This risk was eliminated in August 2025, when the stadium began operations. The PRA, along with the State worked with bondholders to refinance the debt in December 2025, reducing the total debt service down to \$116.6 million, saving \$15.1 million over the term. The debt service is in part paid with tax revenue generated by economic activity associated with the Pawtucket Tax Incremental Financing (TIF) district where the stadium project is located. Since less of the revenue is needed for debt service, more is available as general revenue. The breakdown of the savings by tax type for FY2027 is shown in the table.

Pawtucket TIF Reschedule Fiscal Impact	
Tax Type	Fiscal Impact
Sales and Use	\$272,005
Personal Income	213,071
Business Corporations	18,637
Total	\$503,713

FY2026 SUPPLEMENTAL CHANGES

The Budget includes a \$27.1 million increase in revenues above November 2025's FY2026 revenue estimate. Initiatives impacting FY2026 revenue are summarized below.

Governor's Recommended General Revenue Initiatives	
Decoupling from Federal R&D Expensing Rules	\$22.6
Reserve Transfers	4.5
Total	\$27.1

\$ in millions

Totals may vary due to rounding.

Decoupling from Federal R&D Expensing Rules

\$22.6 million

The Governor includes \$22.6 million in additional business corporations tax revenue in FY2026 based on a proposal to not adopt certain new federal rules related to how a business' income is determined for tax purposes. Since 2017, businesses have been required to amortize R&D over a five-year period. Under new federal law, starting in tax year 2025 businesses are allowed to expense all these costs in the first year. This leads to a much-reduced net taxable income for a business in that first year. The effect on taxable income however moderates over time as the costs are expensed earlier. The FY2026 Budget as Enacted decoupled from this new provision for FY2025. The Division of Taxation and the ORA estimate that this action preserved \$65.8 million in TY2025. Article 5 of the Governor's proposed budget permanently extends this decoupling as it relates to R&D expensing. This is estimated to increase general revenue by \$22.6 million in both FY2026 and FY2027. As indicated, the fiscal impact reduces in the out-years, to \$10.9 million in FY2028 down to \$2.0 million by FY2031.

Reserve Transfers

\$4.5 million

The Governor recommends transferring \$2.5 million from the reserves of the Rhode Island Health and Education Building Corporation (RIHEBC) in FY2026. According to OMB, the quasi-public agency had an unrestricted fund balance at the close of FY2025 of \$10.8 million. The Governor also recommends transferring \$2.0 million from the reserves of the Rhode Island Infrastructure Bank (RIIB) to the general fund in FY2026. OMB indicates that RIIB had unrestricted balances at the close of FY2025 of \$33.3 million.

Lastly, the Governor recommends a one-time transfer of \$5.0 million to general revenue from the marijuana trust fund, which has generated revenues exceeding what is required to administer the adult-use cannabis market. According to budget documents these funds will support the 988 Suicide Prevention Hotline (\$1.0 million) and the State's certified community behavioral health centers (\$4.0 million). The budget documents also indicate that this is treated as an intra-fund transfer from a restricted receipt account to general revenue within the general fund and therefore is to be recorded as a "fund balance adjustment" within the general fund and not recorded as additional general revenue.

Reserve Transfers	
Organization	Fiscal Impact
Marijuana Trust Fund	[\$5,000,000]
Rhode Island Health and Education Building Corporation	2,500,000
Rhode Island Infrastructure Bank	2,000,000
Total	\$4,500,000

FY2027 Expenditure Changes by Agency

Administration: The Governor recommends \$248.0 million in general revenue expenditures (\$410.4 million all funds) for the Department in FY2027, decreasing general revenue expenditures by \$1.3 million. All fund expenditures decreased \$20.3 million reflecting reduced federal SFRF and ARPA funds for pandemic and recovery items and activities.

- **Debt Service:** The Governor includes \$18.0 million in general revenue for debt service, reflecting a decrease of \$8.3 million to support the projected debt service on the new general obligation bonds.
- **Central Falls School Project:** The Governor includes \$10.8 million in general revenue for debt service to support the \$93.5 million in bonds issued for the Central Falls school project.
- **RICAP Projects:** The Budget includes \$20.0 million for infrastructure improvements at the Pastore Campus; \$17.4 million for renovations to the State House; \$2.0 million for the Long-Term Acute Care Hospital on the Zambarano Campus; and \$2.3 million for renovations to structures at the Zambarano Campus.
- **Retirement Savings Contributions:** The Budget includes \$3.9 million in general revenue, reflecting an increase of \$3.2 million in general revenue from the previous year, for additional retirement contributions into the state retirement fund, pursuant to RIGL 36-10-2(e)(1) for state employees and RIGL 36-10-2(e)(2) for the state share for teachers.
- **Purchasing:** The Budget shifts \$1.6 million in general revenue personnel costs to a contract assessment restricted receipt account. The account was established using a 0.33 percent assessment on all contracts issued by Purchasing. There is a corresponding increase in restricted receipts.
- **Covid-19 Reserve and Contingency:** The Budget removes \$2.5 million in general revenue for Federal Emergency Management Agency (FEMA) reserve and contingency payments; the balance of funding is appropriated in the current fiscal year.
- **General Officer Transition Costs:** The Budget adds \$464,000 in general revenue for transitions costs associated with the 2026 General Election.
- **DCAMM Project Managers:** The Governor recommends general revenue personnel savings of \$2.1 million by shifting the personnel costs for DCAMM Project Managers from a general revenue expense and charging the personnel expenses directly to the RICAP project costs.
- **FTE positions:** The Governor recommends a net decrease of 2.0 FTE positions to the department, including 1.0 FTE position transfer to the Department of Environmental Management and the elimination of an Associate Director position within the Office of Management and Budget.
- **SFRF and ARPA Funds:** The Budget includes \$1.4 million in federal SFRF and ARPA funds for pandemic and recovery items and activities.

ARP SFRF, ERA, and CPF Response	FY2026 Enacted	FY2027 Governor	Change
ARP CPF: Administration (OMB)	\$530,582	\$668,915	\$138,333
ARP ERA: Emergency Rental Assistance	33,000,000	-	(33,000,000)
ARP SFRF: Pandemic Recovery Office (OMB)	1,436,547	682,668	(753,879)
Total	\$34,967,129	\$1,351,583	(\$33,615,546)

- **Emergency Rental Assistance:** The Budget reflects the exhaustion of \$33.0 million for the State's COVID-19 emergency rental assistance program administered in partnership with RI Housing.
- **Pandemic Recovery Office:** The Budget includes \$682,668 from the ARPA SFRF funds to finance the personnel and operations of the Pandemic Recovery Office.

- **CPF Administration:** The Budget includes \$668,915 from the ARPA Capital Projects Fund to administer the federal Capital Projects Fund.

Office of Energy Resources: The Governor recommends \$86.7 million in all funds for the Department in FY2027, an increase in all funds of \$10.3 million. There are no general revenue expenses recommended for FY2027.

- **E-Bike Program:** The Governor does not include funding to maintain the Erika Niedowski Memorial E-Bike Rebate Program.
- **Weatherization Program Transfer:** The Office of Energy Resources (OER) and the Department of Human Services (DHS) propose to transfer the Weatherization Assistance Program (WAP) from DHS back to OER as well as a portion of the federal Low-Income Home Energy Assistance Program (LIHEAP). This reflects an increase of \$10.9 million in federal funds and 4.0 FTE positions to OER.

To implement the transfer, OER and DHS would enter an interagency memorandum of understanding (MOU) to transfer the LIHEAP funds specifically for the U.S. Department of Energy (DOE) WAP components. Approximately 12.0 percent of the LIHEAP grant is allocated to WAP. These funds are used for state administration (10.0 percent of the total), Community Action Agency personnel, health & safety measures, equipment, training & technical assistance, program supplies, and indirect costs.

- **Electric Leaf Blower Rebates:** The Governor does not recommend funding of the electric leaf blower rebate program. The program was intended to encourage commercial landscapers to use zero-emission technology in order to reduce air and noise pollution.
- **Solar for All:** The Budget does not include funds for the Solar for All (SFA) program resulting from passage of the federal H.R. 1 legislation that made these funds unavailable to the State. This reflects a reduction of \$10.0 million for grants and awards for the new solar program.

The SFA program was to include a community solar program that was to be linked to low-income customers' utility bills and be a program that was to provide electrical upgrades and rooftop solar installations for low-income households.

- **National Electric Vehicle Infrastructure Formula Program:** The Budget includes \$14.6 million in other funds reflecting an increase of \$9.9 million as compared to the FY2026 Budget as Enacted. The increase reflects \$124,439 for salary and benefits and \$9.8 million for grant funding. This is an operating transfer of federal fund awards to the State under the National Electric Vehicle Infrastructure Formula Program (NEVI Formula), to provide funding to strategically deploy electric vehicle (EV) charging infrastructure and to establish an interconnected network to facilitate data collection, access, and reliability.

Department of Business Regulation: The Budget includes \$26.4 million in general revenue for the Department of Business Regulation in FY2027, a net \$611,700 increase over the enacted level. The increase is primarily related to expenses associated with additional FTE positions and increases to the Department's operating expenditures.

- **Contractor's Registration and Licensing Board – FTE Positions:** The Governor recommends \$211,235 in general revenue to support 2.0 new FTE positions, 1.0 enforcement aide and 1.0 Administrative Officer, for the Contractor's Registration and Licensing Board to aid in the implementation of the new Residential Construction and Structural Remodeling Licensing program enacted in 2025.
- **Statewide Adjustments:** The Governor recommends an increase of \$211,621 in general revenue for personnel adjustments and agency charges for centralized services.

Cannabis Control Commission: The Budget includes \$7.9 million in restricted receipts for the Cannabis Control Commission in FY2027, a net \$660,862 increase over the enacted level. The increase is primarily

related to expenses associated with additional FTE positions and increases to the Department's operating expenditures.

- **Additional Personnel for Cannabis Control Commission:** The Governor recommends \$344,710 in restricted receipts to support 2.0 FTE positions, 1.0 Senior Legal Council and 1.0 Data Analyst II.

Executive Office of Commerce: The Governor includes \$29.5 million in general revenue funding in FY2027 to support economic development programming within the Executive Office of Commerce (EOC) and the Rhode Island Commerce Corporation. This is a net \$4.0 million less than the enacted level. The reduction is primarily related to one-time investments in FY2026 that do not reoccur in FY2027. Important FY2027 budget initiatives include:

- **Economic Development Bond:** The Governor recommends including a ballot question for November 2026 requesting \$115.0 million in general obligation bonds for economic development initiatives including:
 - **Site Development:** \$70.0 million for land acquisition, remediation, infrastructure and utility construction, and industrial site preparation and development. Eligible uses include but are not limited to large scale industrial development within Quonset Business Park and the I-195 District.
 - **Growth Industry Infrastructure:** \$45.0 million for infrastructure, projects, and investments in Rhode Island's ocean, defense, life sciences, data analytics, and related industries. Eligible uses include but are not limited to facilities and projects that advance business and job growth in the life sciences.
- **Rebuild RI:** The Governor recommends \$6.1 million in general revenue funding for the Rebuild RI Tax Credit and Sales Tax Exemption program in FY2027 and \$10.1 million in general revenue in FY2026. 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. Article 3 of the Budget increases the current aggregate cap on credits/exemptions from \$225.0 million to \$250.0 million.
- **Reauthorization of Incentives:** Article 3 reauthorizes the EOC's incentive programs for an additional year by extending the statutory sunset provisions placed on them from December 31, 2026, to December 31, 2027.
- **Innovation Initiatives:** The Governor recommends \$1.3 million to support various innovative initiatives in FY2027. This includes \$250,000 of general revenue for a second year of support for the new RI Innovation Ecosystem program that is intended to strengthen collaboration between higher education institutions and private industry to develop talent pipelines and innovative businesses. The State's existing Innovation Voucher/Network Matching grant program receives the \$1.0 million balance.
- **Main Street RI Streetscape Program:** The Governor recommends \$1.0 million of general revenue in FY2027 to support State's Main Street RI Streetscape Program. The program provides loans, matching grants, and other forms of financing to municipalities and other organizations to upgrade streetscapes in local business districts. Projects include refurbishing facades, improved lighting, and signage.
- **Destination Marketing:** The Governor includes \$1.5 million in general revenue in FY2025 to continue to market Rhode Island tourism out-of-state in a manner that supports airline routes out of Rhode Island T.F. Green International Airport. This is \$100,000 more than FY2026. This program has previously been funded with SFRF and Commerce Corporation matching funds.
- **RI Industrial Recreational Building Authority Obligation:** The Governor includes \$105,094 in general revenue in FY2027 to meet a statutorily mandated moral obligation related to the Rhode Island Industrial Recreational Building Authority (RIIRBA).

Department of Housing: The Governor recommends \$52.4 million to support affordable housing and homelessness initiatives in FY2027, including \$8.3 million in general revenue (\$1.9 million more than the enacted level). Important FY2027 budget initiatives include:

- **Housing and Community Opportunity:** The Governor recommends including a ballot question for November 2026 requesting \$120.0 million in general obligation bonds to support community revitalization, increase production and infrastructure for affordable and middle-income housing, and promote home ownership. At least \$25.0 million is reserved for the development of housing designated for home ownership.
- **Emergency Shelter Operations:** The Governor recommends \$1.7 million in general revenue to support the three state-owned shelters in FY2027.

Department of Labor and Training: The Governor recommends \$18.3 million of general revenue (\$693.1 million in all funds) to support the Department of Labor and Training in FY2027. The recommendation represents a general revenue increase of \$152,938 (\$60.9 million increase in all funds) relative to the FY2026 enacted level. The Budget includes 461.7 FTE positions in FY2027, consistent with the enacted level. Significant budgetary initiatives include the following:

- **Real Jobs Rhode Island:** The Governor recommends \$6.1 million of general revenue to fund the Real Jobs Rhode Island program, consistent with the FY2026 enacted level. The Real Jobs FY2025 Performance Overview indicates that since the program's inception in FY2015, Real Jobs has successfully trained or provided placement assistance to 49,300 job seekers, including 7,680 individuals in FY2025.
- **Uninsured Protection Fund Exemption:** The Governor recommends the exemption of the Uninsured Protection Fund, administered by the Department of Labor and Training, from the 15.0 percent indirect cost recovery assessment in Article 2. Due to a technical revision, the Office of Management and Budget indicates that exempting the fund will not have a fiscal impact.

Department of Revenue: The Budget includes \$413.0 million in general revenue for the Department of Revenue (DOR) in FY2027, a net \$442,752 decrease from the enacted level. The decrease is primarily related to a year-over-year formula reduction in the Payment-in-Lieu-of-Taxes state aid program (it is fully funded at the statutory rate). This change and other major budget initiatives include:

- **Tax Amnesty:** The Governor recommends a tax amnesty program for a 75-day period ending February 15, 2027. Under the program, civil, and criminal penalties for non-compliance with state tax laws would be forgiven, and interest owed will be reduced by 25.0 percent. It is estimated that \$26.3 million of additional one-time revenue collections would result from the amnesty period. The Governor also recommends \$750,000 in operating and contract services expenditures to implement the program in FY2027.
- **State Aid:** The Governor includes \$326.2 million in general revenue for the State Aid programs, a \$981,119 increase over the enacted level. This increase is attributable to required additional funding under the property revaluation program to accommodate a larger volume of revaluation. Some State Aid program highlights are here with greater details provided in the Local Aid section of this report.
 - **Tangible Property Reimbursement:** The Governor recommends \$25.9 million in tangible property tax relief in FY2026 and FY2027 approximately level with the enacted amount.
 - **Distressed Communities Relief Fund:** The Governor recommends \$14.9 million in FY2027 for the State's Distressed Communities Relief Fund state aid program. This is level with the enacted amount and its distribution amounts in FY2027 are estimates and are subject to revision once the final Census data is available in 2026.

- **Motor Vehicle Excise Tax Reimbursement:** The Governor recommends \$239.6 million in total general revenue reimbursement funding for cities and towns, \$2,817 more than the FY2026 enacted level. The General Assembly repealed the motor vehicle excise tax in the FY2023 Budget as Enacted. Municipalities are reimbursed annually for lost revenue. The Governor also recommends eliminating the sales tax inflator for FY2028 and beyond (it would remain in effect for FY2027). The proposal, contained in Article 5, would set the annual reimbursement at the FY2025 or FY2026, whichever is higher. Eliminating this calculation would reduce general revenue expenditures by \$4.8 million in FY2027 and \$9.7 million in FY2028.
- **Payment in Lieu of Taxes (PILOT):** The Governor budgets \$49.0 million for the State's Payment In Lieu of Taxes (PILOT) program in FY2027, \$2.3 million less than the FY2026 enacted amount. Current law requires reimbursement of 27.0 percent of forgone tax revenue but allows for a ratable reduction if the appropriation is less than this amount. According to the budget documents the budgeted amount represents 27.0 percent.

Legislature: The Governor includes \$61.3 million in general revenue funding in FY2027 for the General Assembly. This is \$2.5 million over the enacted level.

General Treasurer: The Governor recommends \$4.4 million in general revenue expenditures (\$26.3 million all funds) for the Office of the General Treasurer in FY2027, reflecting an increase of \$343,231 in general revenue expenditures.

- **New 1.0 Retirement Aide Position:** The Budget includes Treasury's request to add a 1.0 Retirement Aide position to support the customer service operations in the State Retirement System. This position would be fully funded by restricted receipts. Treasury requested the additional FTE position to support the growing demands of the retirement operations, to meet the needs of retirees and employees effectively and efficiently explaining the retirement system programs and benefits.

Board of Elections: The Budget adds \$1.7 million in general revenue reflecting personnel, purchased services, and operating expenditures for voter operating supplies and expenses required in the upcoming general election and \$3.0 million for the Campaign Matching Public Funds program.

Executive Office of Health and Human Services: The Budget includes \$1,549.5 million from general revenues (\$4,409.0 million all funds) for the Executive Office of Health and Human Services (EOHHS) in FY2027. This represents a general revenue increase of \$59.1 million (\$182.5 million all funds) when compared to the FY2026 Budget as Enacted. In addition, the Budget increases the FTE authorization to 252.0, an increase of 9.0 new FTE positions. The major changes include the following:

- **Office of the Health Insurance Commissioner's (OHIC) Rate Review:** The Governor recommends \$15.2 million in general revenue and \$24.7 million in federal funds (\$40.0 million all funds) within EOHHS to phase-in the rate increases from the OHIC Rate Review over two years, effective October 1, 2026, and caps the gross rate increase at the **lower** of either the OHIC recommendation or the Medicare rate.
- **H.R. 1 RIBridges System Compliance (1.0 new FTE position):** The Budget includes \$12.9 million in general revenue (\$32.7 million all funds) for software modifications necessary to comply with H.R. 1. Of this total, \$10.0 million, including \$4.0 million in general revenue, and 1.0 new FTE position, to coordinate the interagency work associated with H.R. 1 compliance, is within EOHHS.
- **Glucagon-like Peptide-1 (GPL-1) Coverage Removal:** To realize \$6.3 million in general revenue savings (\$20.3 million all funds), the Governor recommends eliminating Medicaid coverage for GLP-1 medications, except if prescribed to treat type 2 diabetes.
- **Disproportionate Share Hospital (DSH) Payments to Hospitals:** In anticipation of an increase in uncompensated care due to H.R. 1, the Budget includes an increase of \$10.0 million in DSH payments to non-government-owned hospitals, including \$4.2 million in general revenue and \$5.8 million in

federal funds. This increase brings total DSH payments to non-government-owned hospitals to \$11.0 million. Payments to government-owned hospitals remain at the FY2026 level of \$12.9 million.

- **Align Medicaid Inflationary Rate increases to Hospitals, Nursing Homes, and Federally Qualified Health Centers (FQHCs) to Revenue Growth:** As a cost containment measure, the Governor reduces the annual inflationary increases on rates paid to hospitals, nursing facilities, and FQHCs to 2.5 percent to match state revenue growth, saving \$3.7 million in general revenue (\$9.9 million all funds) relative to the November Caseload Estimating Conference (CEC). The November CEC adopted inpatient and outpatient inflationary rate increases to hospitals of 3.3 percent for fee-for-service and 2.6 percent for managed care, to nursing facilities of 3.2 percent, and to FQHCs of 3.4 percent.
- **H.R. 1 SNAP Administrative Cost Share:** The Budget includes \$2.2 million in general revenue for increased costs due to the shift of the SNAP administrative cost share from 50/50 to 75/25.
- **eLTSS Case Management IT System:** The Budget includes an additional \$1.6 million general revenue and \$9.4 million in federal funds (\$11.0 million total) for continued IT system support, and management of the long-term services and support IT system (eLTSS). Of the total amount, \$183,599 would support the salary and benefits of 1.0 FTE Interdepartmental Project Manager within the existing FTE cap, including \$45,901 in general revenue and \$10.8 million would support professional services.
- **Medicaid Management Information System (MMIS):** The Budget includes a \$1.6 million increase in general revenue and \$8.5 million federal funds to support the Medicaid Management Information System. The State's existing MMIS was originally implemented in 1993. Over the years, the State's MMIS has continued to be adapted to meet the needs of the State, but in order to come into compliance with the Centers for Medicare and Medicaid Services (CMS) requirements, the State must adopt a modular system. The existing MMIS system will run in tandem with the new MES modules until the transition is completed.
- **H.R. 1 Compliance (7.0 FTE positions):** The Governor recommends \$1.2 million in general revenue and \$1.2 million in federal funds to support 7.0 new FTE positions and contracted services support to comply with new H.R. 1 requirements.
- **H.R. 1 Community Engagement:** The Governor recommends \$1.0 million in general revenue increase facilitate capacity-building for SNAP and Medicaid beneficiaries to meet the volunteering, educational, and/or work requirements required to meet the new community engagement requirements.
- **Personal Care Attendants:** The Budget includes \$995,037 in general revenue to support wage increases for Personal Care Attendants.
- **H.R. 1 Parent Caregiver Premium Assistance Program:** To ease the impact of premium increases in the Rhode Island Marketplace, the Governor recommends an increase of \$342,177 in general revenue (\$805,122 in all funds) for the Parent and Caregiver Premium Assistance Program.
- **Substance Use Disorder (SUD) Residential Services Rate Freeze:** The Governor recommends eliminating the annual inflationary adjustment to Medicaid reimbursements rates for Substance Use Disorder (SUD) residential services, instead of increasing the rates by the percentage change in CPI-U for medical care in New England as provided in the Rhode Island Medicaid State Plan. Freezing the rates at FY2026 levels would realize a savings of \$669,761 in general revenue and \$914,817 in federal funds (\$1.6 million in all funds). Instead of the annual increase, the Governor proposes to include the SUD rates in the biennial OHIC rate review process. This proposal requires a state plan amendment which, if delayed, could reduce the estimated savings.

- **Planned Parenthood State Directed Grant:** According to the Executive Summary, the Budget includes \$600,000 in general revenue for a one-time grant to support healthcare services.
- **Thundermist Family Medicine Residency Program:** In support of primary care in Rhode Island, the FY2026 Budget as Enacted Budget included \$500,000 in general revenue as the state share to support the Thundermist Health Center's Family Medicine Residency Program. These funds were only available if the residency program received funding in federal budget for FFY 2026. Since federal funding was not provided the Governor recommends other funds to support this program in FY2027.
 - **RI Ecosystem and HealthFacts RI:** The Budget provides an additional \$321,262 in general revenue (\$1.1 million all funds) to support contract services for the RI Data Ecosystem, a partially integrated data system that cleanses, connects, and de-identifies diverse data systems to allow for the tracking of individuals across different data sets. The system development has been largely funded from federal funds; however, there is a reduction of federal funds in FY2027.
 - **Home and Community Based Services (HCBS) Compliance:** The Budget provides \$162,576, including \$40,645 in general revenue, to support the salary and benefits for 1.0 Health Program Administrator FTE position, from within the existing FTE authorization, and \$782,544, including \$220,300 in general revenue for contract professional services to support the ongoing implementation of Conflict-Free Case Management (CFCM) as required under the Corrective Action Plan with the Center for Medicare and Medicaid Services (CMS).
 - **Primary Care Assessment:** The Budget includes \$290,500 for FY2027 and \$193,667 for FY2026 in general revenue funded professional services to support the collection of the primary care assessment included in Article 10 of the FY2026 Budget as Enacted, beginning January 1, 2026.
 - **Olmstead FTE Transfer from DOH to EOHHS (1.0 new FTE position):** The Budget transfers 1.0 FTE Chief of Special Projects position from the Department of Health to EOHHS, adding \$148,446 in general revenue and \$49,482 in federal funds to support the related salary and benefits. Provisory language in Article 1 of the FY2026 Budget as Enacted, specified that \$150,000 of the general revenue appropriation to Central Management is for an Olmstead Plan Coordinator.
- **CCBHC and MRSS Staff:** The Budget includes \$143,705 in general revenue and \$90,342 in federal funds to support the contracted services of a Mobile Response and Stabilization Services (MRSS) Director and a Community Behavioral Health Clinic (CCBHC) Program Manager.
- **Opioid Crisis Response Funding:** The Budget includes \$4.6 million in restricted receipts for FY2027 and \$22.8 million in FY2026 for continued support of new and ongoing initiatives to address the opioid and substance use disorder crisis in Rhode Island.
- **Federal Rural Health Transformation (RHTP) Grant:** On December 29, 2025, the Center for Medicare & Medicaid Services (CMS) announced the award of \$156.2 million to Rhode Island in 2026 as the first year of a five-year program to expand and enhance health care in rural communities. The funds from this award are not included in the budget recommendation; however, an amendment is expected as spending plans are further developed.

Department of Children, Youth, and Families: The Budget includes \$268.3 million in general revenue for the Department of Children, Youth and Families (DCYF) in FY2027, a net \$5.5 million increase over the enacted level. The increase is primarily related to expenses associated with the maintenance of the Psychiatric Residential Treatment Facility, the Children's Behavioral Health Decree, and a 2.1 percent increase in operating expenditures.

- **Children's Behavioral Health Consent Decree:** The Governor recommends \$4.4 million in general revenue and \$5.4 million in all funds for expenditures in relation to the consent decree, which the State entered into with the Department of Justice and intends to remedy the State's compliance with the ADA

and section 504 through the implementation of an agreed upon multi-year remedial plan. The agreement includes 5.0 Social Service Analysts and 1.0 Caseload Worker Supervisor II.

- **Psychiatric Residential Treatment Facility:** The Governor recommends \$1.0 million in general revenue for the maintenance of the newly acquired property, formerly known as the St. Mary's Home for Children, psychiatric residential treatment facility. The State purchased the facility for \$760,000 in 2026 to establish a new PRTF to serve youths with psychiatric needs.
- **Family Care Community Partnerships (FCCP) Flex Fund Reduction:** The Governor recommends a \$600,000 general revenue reduction by decreasing the Family Care Community Partnership Flex Funds by 8.5 percent. FCCP Flex Funds are used as a catch-all for unforeseen expenses related to the care of children in DCYF custody.
- **Family Care Community Partnerships (FCCP) Region Establishment:** The Governor formally establishes in statute the current FCCP regional service coverage policy of DCYF. The Department contracts with one FCCP provider in each defined region of the State to provide critical prevention resources. Codifying these requirements ensures that the Department can continue to receive Medicaid reimbursement for this service when it implements a new Medicaid rate payment methodology.
- **Discretionary Expenditure Reduction:** The Governor recommends a general revenue reduction of \$1.3 million, reducing non-essential discretionary spending across the agency, which includes stopping all non-essential travel, training, and discontinuing office events, reducing non-essential supplies and other non-essential services.
- **Overtime Reduction:** The Governor recommends \$950,000 in general revenue savings and \$1.1 million in all funds through the reduction of overtime hours with the achievement of accreditation as well as better management.

Department of Health: The Budget includes \$42.5 million in general revenue for the Department of Health in FY2027, a net \$1.8 million increase over the enacted level. The increase is primarily related to expenses associated with the Nursing Home Minimum Staffing and supporting operations at the new State Health Laboratory.

- **Environmental Food Specialist:** The Governor recommends \$251,252 in general revenue to support 1.0 new FTE position to implement the Rhode Island Kratom Act, which was signed into law in 2025 and requires RIDOH to monitor, license, and regulate kratom product sales.
- **Chief of Office of Special Projects:** The Governor recommends a shift of 1.0 FTE position which supports the Olmstead program. The position will be transferred to EOHHS and align with funding sources in the Office.
- **My License Office Replacement:** The Governor recommends \$2.1 million in general revenue to replace RIDOH's current professional medical licensing software, which reaches its end of life in 2027.
- **Laboratory Facility:** The Governor recommends a \$1.1 million general revenue increase (\$1.9 million in all funds) for the new State Health Laboratory operating expenses.
- **Durable Medical Equipment Contract:** The Governor proposes a \$500,000 general revenue increase for the contracted storage, maintenance, repair, and deployment of the States durable medical equipment. The current contract is funded by COVID-19 funds which are set to expire in 2026.
- **Center for Health Facilities Regulation Centers (HFRC) for Medicare and Medicaid Services (CMS) Funding Deficit:** The Governor recommends a restricted receipt increase of \$291,628, derived from the Organizations' indirect cost recovery account, to cover the anticipated gap in federal funding support from CMS. The Department utilizes indirect cost recovery funds for state-supported operational costs to federal programs or activities.

In accordance with RIGL 34-4-23.1, the Department applies for federal indirect cost recoveries through an indirect cost proposal, which is submitted directly to the U.S. Department of Health and Human Services (DHHS). To receive this reimbursement, the DOH submits an indirect cost proposal requesting federal approval of the indirect rate for the upcoming fiscal year.

- **Nursing Home Minimum Staffing:** The Governor proposes a general revenue increase of \$200,000 to support costs associated with implementing the Nursing Home Staffing and Quality Care Act. The amended bill takes effect in 2026 and requires the Department to enforce staffing requirements for all RI nursing homes. The contracted services include collecting and analyzing data to calculate penalties for noncompliant nursing facilities.
- **Tuberculosis Clinic Miriam Hospital:** The Governor recommends a general revenue decrease of \$315,000 that supported Miriam's tuberculosis clinic to achieve general revenue savings. The Clinic sees about 8,500 patients annually and is trained in caring for highly contagious patients. The Clinic also addresses treatment plans for noncontagious patients. This decrease could result in a \$226,000 federal funds decrease, sourced from the Center of Disease Control and Prevention. Additionally, the funding cut could jeopardize the RISE Clinic, as Miriam may find that managing the clinic is no longer financially feasible.
- **Academic Institute Reorganization:** The Governor recommends a general revenue decrease of \$300,560 (\$363,619 all funds) to reflect ongoing reorganization within RIDOH's academic institute. This decrease represents the institute's active and ongoing operational needs.
- **Opioid Crisis Response Funding:** The Governor recommends \$4.5 million in restricted receipts for continued support of existing and new initiatives in Rhode Island's response to opioid and substance abuse crisis. This includes \$1.3 million from Opioid Stewardship Funds and \$3.3 million in abatement funds.

Department of Human Services: The Budget includes \$151.8 million in general revenue for the Department of Human Services in FY2027, a net \$15.8 million increase over the enacted level. The increase is primarily related to expenses associated with 39.0 new FTE positions, investments to comply with H.R. 1, supporting the community food bank, and investing \$3.0 million in funding to reopen the foxtrot neighborhood at the RI Veterans Home.

- **H.R. 1 Response:** The Governor recommends a total of \$4.2 million in general revenue to employ a multifaceted strategic plan to lower Rhode Island's SNAP payment error rate, ensure accurate and efficient eligibility verification and customer service delivery, and simplify the navigation of new federal compliance mandates.
 - **Call Center Accuracy and Modernization Improvements:** The Governor recommends \$3.0 million in general revenue (\$4.9 million all funds) to finance technology improvements at the DHS Call Center; increase customer facing staff by 15.0 FTE positions to effectively handle the expected call volume increase; and, add 3.0 FTE administrative positions to strengthen interagency coordination.
 - **Office of Program Integrity:** The Governor recommends \$503,321 in general revenue, and \$878,448 in all funds to create an Office of Program Integrity (OPI), which includes 6.0 FTE positions to shift DHS from reactive corrections to preventative oversight across SNAP, Medicaid, TANF, CCAP, and related programs.
 - **Enhanced Training:** The Governor recommends \$708,311 in general revenue, and \$1.2 million in all funds, to finance technology modernization, new training support roles, and increased program accuracy. This includes 5.0 FTE positions to create and administer targeted training

in high-error areas, build out a unified statewide training program for all DHS programs, and utilize real time dashboards to monitor and adjust staff training.

- **H.R. 1 SNAP Administrative Cost Share:** The Governor recommends \$7.1 million in general revenue to finance the State's increased administrative cost share, which shifted from 50/50 state and federal funding to 75/25 state and federal funding.
- **Office of the Health Insurance Commissioner's Rate Review:** The Governor recommends a general revenue increase of \$100,000 within the Office of Healthy Aging in FY2027 to increase rate reimbursement for social and human services conducted within OHA. The increase comes after an OHIC study, which recommended a \$200,000 increase to the rates. The Governor recommends a phased implementation where 50.0 percent is implemented in FY2027 and the remaining 50.0 percent will be added in FY2028.
- **Rhode Island Community Food Bank and Community Organizations:** The Governor recommends a general revenue increase of \$1.0 million to support the Rhode Island Community Food Bank, of which \$250,000 will be dedicated to other local community food pantries. The Governor also recommends an additional \$25,000 for three community organizations: Higher Ground, Oasis International, and New Bridges for Haitian Success.
- **Senior Centers:** The Governor recommends \$200,000 in general revenue to support senior centers across Rhode Island, increasing funding from \$1.6 million to \$1.8 million. This represents \$9.0 per senior.
- **Child Support Enforcement Case Management System Transition:** The Governor recommends \$156,000 in all funds to transition the child support enforcement case management system off the mainframe platform.
- **Weatherization Assistance Program Transfer:** The Governor recommends transferring \$10.9 million in federal funds and 4.0 FTE positions from DHS to the Office of Energy Resources. These funds and positions support the weatherization assistance program. The transfer will unify all energy efficiency programming.
- **Caseload Estimating Conference:** The Governor recommends \$28.8 million in general revenue to support caseload programs within DHS including RI Works, CCAP, State Supplemental Security Income, and General Public Assistance.
- **Rhode Island Veterans Home Foxtrot Neighborhood Reopening:** The Governor recommends \$3.0 million in general revenue (\$3.1 million in all funds) to finance the partial reopening of the Foxtrot neighborhood. The request includes 24.0 new FTE positions, 22.0 of which provide direct care. These positions would allow 16.0 beds, or 50.0 percent, to open by the end of FY2027.

Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals: The Governor's Budget includes \$334.1 million in general revenues (\$755.7 million all funds) for the Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals (BHDDH). This represents an increase of \$15.3 million in general revenue as compared to the FY2026 Budget as Enacted. Significant budget initiatives for FY2027 include:

- **988 Hotline:** The Governor recommends \$1.0 million in general revenue and \$5.0 million in all funds in FY2027 to support the State's 988 National Suicide Prevention Hotline program. Article 10 of the Budget codifies the hotline and provides BHDDH with the statutory authority to administer it. The hotline has been operational since July 2022 and was implemented to ensure that Rhode Island maintains compliance with the National Suicide Hotline Designation Act of 2020 and the Federal Communications Commission adopted rules to ensure that all citizens receive a consistent level of crisis

behavioral health services. The Governor proposes to fund this expenditure with \$1.0 million in excess reserves from the Marijuana Trust fund that will be transferred to the general fund.

- **Forensic Services:** The Governor includes \$416,000 for increased contracted forensic services spending. BHDDH is required to conduct all psychiatric evaluations ordered by the judicial courts. According to the Department, the number of evaluations ordered in FY2025 was 47.0 percent more than what occurred in FY2021. BHDDH is projecting the average number of evaluations to increase by four per week.
- **OHIC Rate Review:** The Governor recommends \$7.7 million in general revenue (\$18.3 million all funds) to meet the projected increase in developmentally disability service provider Medicaid rates. The recommendation is the first half of a two-year rate phase-in. The new rates begin October 1, 2026.
- **Caseload Adjustment:** The Budget includes \$201.0 million in general revenue (\$469.0 million all funds) to reflect the caseload adopted at the November 2025 Caseload Estimating Conference. This increase captures continued growth in residential services. General revenue funding is increased year-over-year by \$6.4 million.
- **Opioid Crisis Response (restricted receipts):** The Governor recommends \$1.3 million in restricted receipt Opioid Stewardship Funds and \$2.7 million in Statewide Opioid Abatement Funds for the continuation of new and existing initiatives related to the opioid and substance abuse crisis in Rhode Island.

Office of the Mental Health Advocate: The Governor's Budget includes \$1.1 million in general revenues for the Office of the Mental Health Advocate, a decrease of \$5,455 in general revenue as compared to the FY2025 Budget as Enacted.

Elementary and Secondary Education: The Governor increases funding in the Department by \$1.6 million in general revenue (a net decrease of \$2.1 million all funds) and provides 1.0 new FTE Hearing Officer positions. The major changes include the following:

- **Education Aid Funding Formula:** The Governor recommends a net increase of \$23.7 million in education aid, relative to the FY2026 Budget as Enacted, including the funding formula distribution and categorical aid. Article 7 modifies the education aid funding formula by increasing the student success factor weight for each child whose family income is at or below 185.0 percent of the federal poverty guidelines from 40.0 percent to 43.0 percent.
- **Learn365RI:** The Governor recommends \$2.0 million in general revenue to support out-of-school programming with a focus on critical skill development. Of the total, \$100,000 will go to the Rhode Island Afterschool Network, Teach for America Ignite, and Onward We Learn365RI tutoring Initiative.
- **Central Falls:** The Governor recommends a decrease of \$920,552 in education aid and that Central Falls School District transition finances and governances back to local control.
- **School Housing Aid:** The Governor recommends \$102.9 million for the school housing aid program, a decrease of \$17.0 million. Article 7 increases the project cost threshold requiring a project manager and a commissioning agent from \$1.5 million to \$10.0 million, subject to inflation, and caps the cost at 3.0 percent of total project costs, for projects completing after July 1, 2026. For projects commencing

FY2027 Governor's Education Aid		
Change from		
Categorical	Enacted	Total Funding
Formula Formula	\$17.8	\$1,222.0
Central Falls	(0.9)	53.7
Davies	2.6	21.1
Met School	1.7	14.7
Transportation	-	12.5
Early Childhood	-	28.9
High-Cost Special Education	2.5	20.0
Career & Tech. Schools	-	4.5
Regionalization Bonus	-	-
Group Home Aid	0.0	3.6
Total	\$23.7	\$1,380.9
\$ in millions		

after July 1, 2026, in excess of \$10.0 million, the prime contractor for the project must receive prequalification from the Division of Purchases in order to qualify for state funding.

- **Teacher Retirement:** Teacher retirement decreases by \$7.8 million, providing \$130.2 million total.
- **School Breakfast and Lunch:** 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. In addition, the Budget includes \$812,952 in general revenue to provide free school meals to all students in public schools eligible for reduced-price meals.

Public Higher Education: The Budget includes \$341.2 million in general revenue for Public Higher Education in FY2027, a net \$14.0 million increase over the enacted level. The increase is primarily related to expenses associated with increases in operating support, RI Promise and Hope Scholarship awards, and debt service increases.

- **University of Rhode Island:** The Governor recommends a general revenue increase of \$4.2 million, of which \$2.9 million is intended to cover rising costs for personnel and operating current services, and \$1.3 million is intended to cover billings for centralized services.
- **Rhode Island College:** The Governor recommends a \$2.0 million general revenue increase of which \$1.8 million is intended to cover rising costs for personnel and operating current services, and \$240,675 covers billings for centralized services.
- **Community College of Rhode Island:** The Governor recommends a \$2.0 million general revenue increase of which \$1.6 million is intended to cover rising costs for personnel and operating current services, and \$362,294 covers billings for centralized services.
- **Rhode Island Promise Scholarship:** The Governor recommends a general revenue increase of \$694,490 for the continued support of the Rhode Island Promise Scholarship, bringing total funding in FY2027 to \$8.1 million.
- **Hope Scholarship:** The Governor recommends a general revenue increase of \$1.6 million for the continued support of the Hope Scholarship, bringing total funding in FY2027 to \$7.1 million

Debt Service: The Governor recommends a general revenue increase of \$2.6 million for general obligation bond debt service, attributable to updated debt schedules from the institutions, including \$1.3 million for URI, \$1.2 million for RIC, and \$163,334 for CCRI.

Office of the Attorney General: The Governor recommends \$39.4 million of general revenue (\$51.8 million in all funds) to support the Office of the Attorney General in FY2027. The recommendation represents a \$1.1 million general revenue increase (\$640,872 decrease in all funds) relative to the FY2026 enacted level. The Governor recommends 268.1 FTE positions in FY2027, consistent with the enacted level.

Department of Corrections: The Governor recommends \$350.7 million in all funds for the Department of Corrections in FY2027, with \$335.0 million allocated from general revenue. The recommendation represents a net reduction of \$15.7 million in total funding for the Department relative to the FY2026 enacted level, including an \$11.0 million increase to general revenue. The Governor recommends 1,461.0 FTE positions, consistent with the enacted level. Significant initiatives include the following:

- **RIBCO Contract Step Increase:** The Governor recommends \$2.1 million of general revenue in both FY2026 and FY2027 to fund the Rhode Island Brotherhood of Correctional Officers (RIBCO) pay scale step increase. The most recent contract reduced the number of pay scale steps from 15 to 13, resulting in pay increases for approximately 250 members. OMB indicates the step changes in combination with the cost-of-living adjustment represent approximately \$5.3 million across FY2026 and FY2027. In aggregate, the FY2027 Governor's Recommended Budget provides the Department

with \$261.3 million of general revenue for personnel expenditures, reflecting an increase of \$9.6 million from the FY2026 Budget as Enacted.

- **Opioid Crisis Response Funding:** The Governor recommends \$1.3 million in restricted receipts from the Opioid Stewardship Fund in FY2027 and \$1.5 million in FY2026 for the continued support of the Department's response to the opioid and substance abuse crisis. The FY2027 recommendation reflects a \$50,000 reduction from the FY2026 enacted level, while the FY2026 recommendation reflects a \$193,379 increase.
- **State Criminal Alien Assistance Program (SCAAP) Funding:** The Governor recommends the Department utilize \$1.0 million of SCAAP federal funds in both FY2026 and FY2027 to offset an equivalent amount of overtime expenditures for personnel in the Intake Services Center. The recommendation for both FY2026 and FY2027 is \$317,186 below the FY2026 Budget as Enacted appropriation.
- **Absenteeism Policy:** The Governor recommends a \$983,599 general revenue reduction related to the Department's updated absenteeism policy and the expected reduction in overtime expenditures. The Department revised the absenteeism policy in 2019, adjusting the disciplinary path for absenteeism, which was challenged by RIBCO. The Courts determined that the policy may be implemented without negotiating with the union, which the Department implemented in September 2025. The \$983,599 in savings reflects a 12.0 percent reduction in sick hours taken by correctional officers in FY2025. The Department believes that with an increased ability to take disciplinary actions against those who violate the absenteeism policy, there will be less abuse of sick time by personnel. The Department further notes that this is the first iteration of the policy change, and the fiscal impact remains undetermined.

Judiciary: The Budget includes \$139.5 million in general revenue (\$165.5 million all funds), an increase of \$6.0 million in general revenue (\$6.3 million all funds) relative to the FY2026 Budget as Enacted.

Department of Public Safety: The Governor recommends \$174.8 million in all funds for the Department of Public Safety in FY2027, with \$136.7 million allocated from general revenue. The recommendation represents a \$23.1 million decrease in total funding (\$3.9 million increase of general revenue) relative to the FY2026 enacted level. Significant budgetary adjustments include the following:

- **Additional 4.0 FTE Positions:** The Governor recommends increasing the Department's FTE authorization to 638.0 positions in FY2027, representing 4.0 additional FTE positions when compared to the FY2026 enacted level of 634.0. The positions include:
 - **3.0 FTE Increase to E-911:** The Governor recommends 2.0 FTE E-911 Telecommunicator positions and 1.0 FTE E-911 Shift Supervisor position in FY2027. The additional positions will address the deficiencies in the E-911 metrics, reduce personnel burnout and turnover, and minimize the number of calls in the queue. The E-911 program is funded exclusively with receipts collected through the E-911 surcharge.
 - **1.0 FTE Increase to State Police:** The Governor recommends 1.0 FTE Data Processing Systems Manager position for the State Police program. The position is a transfer from the Department of Administration's Division of Enterprise Technology Strategy and Services (ETSS) and is stationed at the RI State Police Headquarters to exclusively support the Department of Public Safety. The ETSS currently bills the Department for this position and the Governor recommends transferring the position to the Department of Public Safety in both the FY2026 Revised and FY2027 Recommended Budgets. The transfer of the position to the Department creates a general revenue savings of \$1,286 in the FY2026 Revised Budget and a general revenue increase of \$4,309 in FY2027.
- **Body Worn Camera and Taser Contract Renewal:** The Governor recommends \$600,000 in general revenue to fund a new 5-year contract for body-worn and vehicle cameras as well as to consolidate the

contracts for unmanned aerial equipment and tasers into a single contract. The State Police's current contract for the Taser 7 system expires in April of 2026. The manufacturer indicates that the system has a five-year useful life and that utilization outside of the recommended period should be for training purposes only, as factors like temperature and humidity may impact the device's performance. The Department indicates that the consolidation and bundling of contracts will create a general revenue savings of \$125,000 across a 5-year period when compared to a la carte replacement.

- **State Police, Capitol Police, and Sheriffs Vehicles:** The Governor recommends repurposing agency general revenue and road detail construction surplus funds to outright purchase vehicles for the State Police, Capitol Police and the Sheriffs Division in FY2026, thereby eliminating repayments to the State Fleet Revolving Loan fund in FY2027. The Governor recommends \$3.0 million of all funds, including \$1.8 million of general revenue and \$1.2 million of Road Detail Construction Reimbursement receipts, for vehicle replacement in the FY2026 Revised Budget. The FY2027 Governor's Recommended Budget includes \$975,167 of general revenue savings due to the repayment elimination and a net general revenue reduction of \$111,000. The following table illustrates the Governor's Recommendation.

Funding Source/Program	FY2026 Enacted	FY2026 Governor	Change to Enacted	FY2027 Governor	Change to Enacted
General Revenue, State Police	\$2,415,000	\$1,215,000	(\$1,200,000)	\$2,415,000	\$0
General Revenue, Capitol Police	181,500	181,500	-	60,500	(121,000)
General Revenue, Sheriffs Division	344,000	370,000	26,000	354,000	10,000
Other Funds, State Police	-	1,200,000	1,200,000	-	-
Total	\$2,940,500	\$2,966,500	\$26,000	\$2,829,500	(\$111,000)

- **Rhode Island State Police Training Academy:** The Governor recommends funding for the Department to conduct a trooper academy consisting of 20 recruits to replace the 20 troopers who will reach mandatory retirement in September 2026. The Budget includes \$2.6 million of general revenue for the Academy in FY2027, reflecting an increase of \$1.7 million from the FY2026 enacted level. The FY2026 Governor's Revised Budget includes \$2.2 million of general revenue for the Academy, representing an increase of \$1.2 million from the enacted level. The Department's FY2026 1st Quarter Report notes that 15 new troopers are expected to graduate in August of 2026.

Office of the Public Defender: The Governor recommends \$18.9 million in all funds for the Office of the Public Defender in FY2027, with \$18.8 million allocated from general revenue. The recommendation represents an increase of \$587,210, all of which is general revenue. The Governor recommends 105.0 FTE positions in FY2027, reflecting a 1.0 increase from the enacted level. Significant budgetary adjustments include the following:

- **Assistant Public Defender, 1.0 FTE Position:** The Governor recommends an increase to the Office's FTE authorization and \$186,985 of general revenue to support the salary and benefits of 1.0 new Assistant Public Defender I position. The Office's FY2027 budget request indicates that staffing levels have not kept up with caseloads, resulting in non-executive attorney staff turnover of almost 60.0 percent since 2020.

Department of Environmental Management: The Governor increases general revenue funding relative to the FY2026 Budget as Enacted by \$2.2 million, a net increase of \$1.4 million in all funds, and adds 1.0 FTE position. In addition to the following, the Budget maintains funding for the Local Agriculture and Seafood Act (LASA) grants (\$500,000), the Seafood Marketing Collaborative (\$100,000), and Litter-Free Rhody (\$100,000).

- **Online Permitting Application Portal:** The Budget includes \$752,000 in general revenue to support the maintenance and operating costs of the Department's online application portals for construction permitting

and business licensing. The implementation costs were covered by IT funds that are not available in FY2027.

- **Big River Management Area (1.0 new FTE position):** Article 3 transfers administrative and regulatory authority over the Big River Reservoir lands from the Water Resources Board (WRB) in the Department of Administration (DOA) to the Department of Environmental Management (DEM). Language is included to clarify that the transfer does not affect the WRB's authority over fresh water resource management as provided in RIGL 46-15, entitled "Water Resources Management", and 46-15.1, entitled "Water Supply Facilities". The transfer includes 1.0 FTE position and \$148,296 in general revenue.

Coastal Resources Management Council: The Budget provides \$4.3 million in general revenue (\$19.2 million all funds), an increase of \$419,959 in general revenue (\$4.3 million) all funds relative to FY2026 Budget as Enacted).

Department of Transportation: The Governor recommends \$1,134.8 million in all funds to support the Department of Transportation, including \$779.2 million of federal funds, \$351.1 million of other funds and \$4.5 million in restricted receipts. The recommendation represents a net increase of \$252.0 million from the FY2026 enacted level, reflecting \$304.6 million of additional federal funds offset by reductions of \$51.0 million in other funds and \$1.6 million in restricted receipts. The Governor recommends 757.0 FTE positions in FY2027, an increase of 2.0 from the enacted level. Significant budgetary adjustments include the following:

- **RhodeWorks Truck Tolling Implementation:** The Budget includes \$20.0 million of revenue in FY2027 and \$40.0 million in out-year FY2028 from the reinstatement of the RhodeWorks program. The assumption reflects \$10.0 million of toll receipts collected each quarter. The RhodeWorks truck tolling program was established in 2016 and permitted the collection of tolls on six highways throughout the State. In 2022, the State was ordered to cease collections due to the constitutionality of the program's regulations. In December 2024, the federal First Circuit Court of Appeals ruled in favor of the State, granting the program's reinstatement. The FY2026 Budget as Enacted directed the Department to resume collections and included \$10.0 million of receipts in FY2026 and assumed \$40.0 million would be collected in FY2027, at a rate of \$10.0 million per quarter. The Governor includes \$20.0 million of toll revenue in FY2027, reflecting a revenue loss of \$30.0 million over the two-year period due to the delayed implementation.
- **Increased Highway Maintenance Account Funding for RIPTA:** In Article 2, the Governor recommends the Department of Transportation transfer an additional \$9.3 million of Highway Maintenance Account (HMA) receipts to RIPTA in FY2027 and annually thereafter. RIPTA receives two transfers of HMA funds each year, a percentage transfer of available proceeds and a fixed transfer of \$5.0 million. The Budget increases the fixed transfer by \$9.3 million, providing the Authority with a \$14.3 million fixed transfer annually. The Governor resolves the Authority's \$13.8 million budget deficit through the increased HMA funding in Article 2, \$3.5 million of RICAP funds in Article 1, and \$1.0 million of cruise operator fees in Article 5. The following table compares the HMA collections and fund transfers in the FY2026 Budget as Enacted and the FY2027 Governor's Recommended.

HMA Fund Transfers	FY2026 Enacted	FY2027 Governor	Change
RIDOT	\$95,634,295	\$95,344,789	(\$289,506)
RIPTA	16,181,588	26,482,754	10,301,166
General Fund	5,885,047	6,411,976	526,929
Total HMA Collections	\$117,700,930	\$128,239,519	\$10,538,589

Source: Office of Revenue Analysis, November 2025

- **\$0.02 Reduction to the Motor Fuel Tax Rate:** The Governor recommends reducing the motor fuel tax rate by \$0.02, from \$0.40 to \$0.38 per gallon (excluding the Environmental Protection Fee) in Article 11. The State utilizes \$0.02 per gallon to fund debt service on motor fuel bonds. The Office of Management and Budget indicates that as of December 2025, the State has defeased all outstanding motor fuel bonds. The November 2025 estimate from the Office of Revenue Analysis projects each cent of the gas tax to yield \$4.3 million, indicating the initiative will reduce FY2027's motor fuel revenue by \$8.6 million. The following table compares the motor fuel tax collections and transfers included in the FY2026 Budget as Enacted and the FY2027 Governor's Recommended Budget.

Motor Fuel Tax	FY2026 Enacted	FY2027 Governor	Change
Department of Transportation	\$96,992,489	\$95,884,729	(\$1,107,761)
Rhode Island Public Transit Authority*	51,220,753	50,635,756	(584,997)
Rhode Island Turnpike and Bridge Authority	15,257,246	15,082,991	(174,255)
GARVEE Motor Fuel Bond Debt Service	8,718,426	-	(8,718,426)
Office of Healthy Aging**	4,359,213	4,309,426	(49,787)
Total	\$176,548,127	\$165,912,901	(\$10,635,226)

*RIPTA figures include the \$0.005/gallon share of the Environmental Protection Fee

**Funding is appropriated directly to the Office.

Source: Office of Revenue Analysis, November 2025

- **Rhode Restore:** The Governor recommends \$10.0 million of gas tax receipts to fund the Rhode Restore program in FY2027, reflecting an \$3.5 million increase from the FY2026 enacted level of \$6.5 million. The Rhode Restore program, previously titled the Municipal Road Grant program, provides municipalities with funding to improve locally owned roads and infrastructure.
- **Bridge Inspection Oversight, 2.0 FTE Positions:** The Governor recommends an increase to the Department's FTE authorization and \$356,492 of federal funds to support the salary and benefits of 2.0 new Chief Civil Engineer positions. The positions will further support the Department's bridge division on inspection oversight.

FY2026 Supplemental

Administration: The Governor includes \$234.3 million in general revenue expenditures (\$632.8 million all funds) for the Department in FY2026, decreasing general revenue expenditures by \$15.0 million, but resulting in increasing all fund expenditures by \$202.2 million.

- **SFRF and ARPA Funds:** The Budget includes \$112.3 million in federal SFRF and ARPA funds including \$83.2 million for Municipal and Higher Ed Matching Grant program, to renovate or construct community wellness centers that meet the U. S. Treasury's guidance for workforce development, education, and health maintenance; and \$18.4 million for the State's COVID-19 emergency rental assistance program administered in partnership with RI Housing.
- **Debt Service:** The Budget decreases general revenue by \$26.3 million, reflecting a delay in issuing the planned general obligation bond issuance.
- **RICAP Projects:** The Budget includes \$34.2 million for infrastructure improvements at the Pastore Campus; \$23.3 million for renovations to structures at the Zambarano Campus; \$7.1 million for Group Home consolidation; and \$6.4 million for the proposed new Long-Term Acute Care Hospital on the Zambarano Campus

Office of Energy Resources: The Governor recommends \$77.6 million in all funds for the Department in FY2026, including \$275,313 in general revenue for the E-Bike rebate program and the Electric Leaf Blower Rebate program.

- **E-Bike Program:** The Budget provides \$56,111 in general revenue to maintain the Erika Niedowski Memorial E-Bike Rebate Program. The FY2025 Final Budget required any unexpended balance be reappropriated into FY2026.
- **Electric Leaf Blower Rebate:** The Budget includes \$219,202 in general revenue to fund the electric leaf blower rebate program. The FY2025 Final Budget required any unexpended balance be reappropriated into FY2026.
- **National Electric Vehicle Infrastructure Formula Program:** The Budget includes \$14.6 million in other funds reflecting an increase of \$9.9 million as compared to the FY2026 Budget as Enacted. The increase reflects \$118,738 for salary and benefits and \$9.8 million for grant funding. This is an operating transfer of federal fund awards to the State under the National Electric Vehicle Infrastructure Formula Program (NEVI Formula), to provide funding to strategically deploy electric vehicle (EV) charging infrastructure and to establish an interconnected network to facilitate data collection, access, and reliability.

Department of Business Regulation: The Budget includes \$25.6 million in general revenue for the Department of Business Regulation in FY2026, a net \$123,231 decrease from the enacted level. The decrease is primarily related to savings in contracted services and projected turnover.

Cannabis Control Commission: The Budget includes \$7.3 million in restricted receipts for the Cannabis Control Commission in FY2026, a net \$17,033 decrease over the enacted level. The change is primarily due to Statewide adjustments and a one-time transfer from the marijuana trust fund.

- **Marijuana Trust Fund Transfer:** The Governor recommends a one-time transfer of \$5.0 million to general revenue from the Marijuana Trust Fund, which has generated revenues exceeding what is required to administer the adult-use cannabis market. These funds will support the FY2027 budget initiatives put forth by the Governor including:
 - 988 Lifeline (\$1.0 million)
 - Certified Community Behavioral Health Centers (\$4.0 million)

Department of Labor and Training: The Governor recommends \$18.9 million of general revenue (\$658.1 million in all funds) to support the Department of Labor and Training in FY2026. The recommendation represents a general revenue increase of \$697,999 (\$25.8 million increase in all funds) relative to the FY2026 enacted level. The Budget includes 461.7 FTE positions in FY2026, consistent with the enacted level. Significant budgetary initiatives include the following:

- **Reappropriations:** The Governor recommends \$645,780 of general revenue be reappropriated to the Department, including \$565,780 for the Skills RI Healthcare Workforce Training program and \$80,000 to support the Firefighters' Relief Fund.
- **Police and Firefighter Relief Funds:** The Governor recommends an additional \$118,792 of general revenue to fully cover benefits under the Police Relief Fund and Firefighter Relief Fund in FY2026. The Department requested additional funding to provide a one-time death benefit of \$168,814 from the Fire Relief Fund, indicating that the account lacked sufficient funding to cover the expense.
- **ARPA SFRF Projects:** The Governor recommends a combined \$66,704 of American Rescue Plan Act, State Fiscal Recovery Funds (ARPA SFRF) for the Department of Labor and Training in FY2026 for two projects. The Budget includes \$65,508 for the Enhanced Real Jobs program and \$1,196 for the Unemployment Insurance Trust Fund Contribution project.

General Treasurer: The Budget includes \$5.4 million in general revenue expenditure (\$26.9 million all funds) for the Office of the General Treasurer in FY2026, reflecting a net increase of \$787,041 in general revenue expenditures. All fund expenditures have a net increase of \$918,946.

- **Medical Debt Relief Program:** The Budget includes the reappropriation of \$880,999 for the for the Medical Debt Relief Program that was established in the FY2025 Budget as Enacted and administered by the Office of the General Treasurer for the purpose of contracting with a non-profit corporation to purchase, cancel, or otherwise forgive medical debt upon established requirements including that the individual be a citizen of the State and has a federal adjusted gross income is 400.0 percent or less than the federal poverty line, or whose debt is more than 5.0 percent of the individuals adjusted gross income. According to the State's RIFANs accounting system, a total of \$119,101 was expended by Undue Medical Debt in FY2025. This leaves a balance of \$880,999 to be reappropriated into FY2026.

Executive Office of Health and Human Services: The Budget includes \$1,477.2 million from general revenues (\$4,255.3 million all funds) for the Executive Office of Health and Human Services (EOHHS) in FY2026. This represents a general revenue decrease of \$13.2 million in general revenue (\$1.2 million all funds) when compared to the FY2026 Budget as Enacted. The major changes include the following:

- **Medicaid Management Information System (MMIS):** The Budget includes a \$1.7 million increase in general revenue (\$4.8 million all funds) to support the Medicaid Management Information System. The State's existing MMIS was originally implemented in 1993. Over the years, the State's MMIS has continued to be adapted to meet the needs of the State, but in order to come into compliance with the Centers for Medicare and Medicaid Services (CMS) requirements, the State must adopt a modular system. The existing MMIS system will run in tandem with the new MES modules until the transition is completed.
- **Government Efficiency Grant:** The Budget includes \$2.0 million in federal funds to facilitate capacity building for SNAP and Medicaid beneficiaries to meet the volunteering, educational, and/or work requirements required to meet the new community engagement requirements.

Department of Children, Youth, and Families: The Budget includes \$262.8 million in general revenue for the Department of Children, Youth and Families (DCYF) in FY2027, a net \$19,575 decrease over the enacted level. The decrease is primarily related to expenses associated with statewide adjustments and projected turnover savings of \$924,064.

- **Children's Behavioral Health Consent Decree – FTE Positions:** The Governor recommends \$317,230 in general revenue and \$417,416 in all funds, as well as 6.0 FTE positions for consent decree, which the State entered into with the Department of Justice and intends to remedy the States' compliance with the ADA and section 504 through the implementation of an agreed upon multi-year remedial plan. The agreement includes 5.0 Social Service Analysts and 1.0 Caseload Worker Supervisor II.

Department of Health: The Budget includes \$41.9 million in general revenue for the Department of Health in FY2027, a net \$1.1 million increase over the enacted level. The increase is primarily related to expenses associated with the Nursing Home Minimum Staffing and supporting operations at the new State Health Laboratory.

- **Reappropriation – Primary Care Training Sites:** The Governor recommends \$502,422 in general revenue for the reappropriation of unspent funds from FY2025 to support the implementation of primary care training sites.
- **Reappropriation – RI Rental Registry:** The Governor recommends \$364,000 in general revenue for the reappropriation of unspent funds from FY2025 for the implementation and public outreach necessary for full scaling and compliance of the Statewide rental registry.
- **Laboratory Facility:** The Governor recommends a \$1.1 million general revenue increase (\$2.4 million in all funds) for the new State Health Laboratory operating expenses.
- **Center for Health Facilities Regulation Centers (HFRC) for Medicare and Medicaid Services (CMS) Funding Deficit:** The Governor recommends a restricted receipt increase of \$735,185, derived from the Organization's indirect cost recovery account, to cover the anticipated gap in federal funding support from CMS. The Department utilizes indirect cost recovery funds for state-supported operational costs to federal programs or activities.

In accordance with RIGL 34-4-23.1, the Department applies for federal indirect cost recoveries through an indirect cost proposal, which is submitted directly to the U.S. Department of Health and Human Services (DHHS). To receive this reimbursement, the DOH submits an indirect cost proposal requesting federal approval of the indirect rate for the upcoming fiscal year.

- **Opioid Crisis Response Funding:** The Governor recommends \$10.6 million in restricted receipts for continued support of existing and new initiatives in Rhode Island's response to opioid and substance abuse crisis. This includes \$2.0 million from Opioid Stewardship Funds, \$8.5 million in abatement funds, and \$91,530 in McKinsey Settlement Funds.

Department of Human Services: The Budget includes \$137.2 million in general revenue for the Department of Human Services in FY2026, a net \$1.1 million increase over the enacted level. The increase is primarily related to expenses associated with 39.0 new FTE positions, investments to comply with H.R. 1, and reappropriations.

- **H.R. 1 Response:** The Governor recommends a total of \$811,260 in general revenue (\$1.6 million in all funds) to finance 10.0 FTE positions and technology upgrades to begin work to lower the State's SNAP payment error rate (PER).
- **Reappropriation Digitalization Project:** The Governor recommends the reappropriation of \$250,000 in general revenue for the digitization project in the Office of Veterans Services.
- **Reappropriation Office of Healthy Aging:** The Governor recommends the reappropriation of \$10,000 in general revenue for delayed invoicing for the Volunteer Guardianship Program.
- **Caseload Estimating Conference:** The Governor recommends \$28.6 million in general revenue to support caseload programs within DHS including RI Works, CCAP, State Supplemental Security Income, and General Public Assistance.

Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals: The Governor's Budget includes \$327.1 million in general revenues (\$744.9 million all funds) for the Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals (BHDDH) in FY2026. This represents an increase of \$8.3 million in general revenue as compared to the FY2026 Budget as Enacted. Significant budget initiatives for FY2027 include:

- **Caseload Adjustment:** The Budget includes \$199.5 million in general revenue (\$459.4 million all funds) to reflect the caseload adopted at the November 2025 Caseload Estimating Conference. This increase captures continued growth in residential services. General revenue funding represents an increase of \$4.8 million over the enacted level.
- **988 Hotline:** The Governor recommends \$4.4 million in federal funds in FY2026 to support the State's 988 National Suicide Prevention Hotline program, including \$2.4 million in State Fiscal Recovery Funds.

Commission on Disabilities: The Budget includes \$2.3 million in general revenue (\$2.7 million in all funds) reflecting an increase of \$914,652 in general revenue.

- **Livable Home Modification Grant Program:** The Governor recommends the reappropriation of \$890,565 in unspent funds from FY2025 for home modification grants.

Rhode Island Commission on the Deaf and Hard of Hearing: The Budget includes \$767,663 in general revenue for the Commission on the Deaf and Hard of Hearing in FY2026, a net \$18,570 decrease from the enacted level. The decrease is primarily related to expenses associated with a \$102,200 shift in interpreter costs to restricted receipts and a \$74,632 general revenue increase in operating costs. .

- **Office Renovations:** The Governor recommends \$58,729 in general revenue in FY2026 for the Commission's office renovations and equipment. The Renovation includes new cubicles, carpet, telecom equipment, and electrical equipment.

Elementary and Secondary Education: The Budget increases general revenue funding in the Department by \$1.3 million (a net increase of \$1.6 million all funds). The Governor recommends the reappropriation of \$2.7 million for Learn365RI after-school grants and \$1.9 million for a settlement involving special education services.

Office of the Attorney General: The Governor recommends \$38.4 million of general revenue (\$52.9 million in all funds) to support the Office of the Attorney General in FY2026. The recommendation represents a \$145,464 general revenue increase (\$438,500 increase in all funds) relative to the FY2026 enacted level. The Governor recommends 268.1 FTE positions in FY2026, consistent with the enacted level.

Department of Corrections: The Governor recommends \$368.2 million in all funds for the Department of Corrections in FY2026, with \$325.7 million allocated from general revenue. The recommendation represents an increase of \$1.8 million in total funding for the Department relative to the FY2026 enacted level, including \$1.7 million of additional general revenue. The Governor recommends 1,461.0 FTE positions, consistent with the enacted level. Significant initiatives include the following:

- **Reappropriations:** The Governor recommends \$581,138 of general revenue be reappropriated to the Department for critical healthcare workforce incentives. The Department indicates the funding will be used to address the constant need of medical staff and support Pathways Training, equipment allowances, mentoring, and recruitment bonuses.
- **Opioid Crisis Response Funding:** The Governor recommends \$1.5 million in restricted receipts from the Opioid Stewardship Fund in FY2026 for the continued support of the Department's response to the opioid and substance abuse crisis. The Governor's recommendation reflects an increase of \$193,379 from the FY2026 enacted level.

- **State Criminal Alien Assistance Program (SCAAP) Funding:** The Governor recommends the Department utilize \$1.0 million of SCAAP federal funds in FY2026 to offset an equivalent amount of overtime expenditures for personnel in the Intake Services Center. The recommendation is \$317,186 below the FY2026 Budget as Enacted appropriation.

Judiciary: The Budget includes \$135.6 million in general revenue (\$160.4 million all funds), an increase of \$2.0 million in general revenue (\$1.1 million all funds) relative to the FY2026 Budget as Enacted, including the reappropriation of \$1.9 million in unspent general revenue from FY2025 into FY2026.

Emergency Management: The Budget includes \$7.6 million in general revenue expenditures (\$57.0 million all funds) for the Rhode Island Emergency Management Agency in FY2026, reflecting an increase of \$186,926 in general revenue expenditures and \$13.4 million in all funds.

- **FIFA World Cup:** The Governor recommends \$250,000 in general revenue for security expenses with the FIFA World Cup. It is expected that several of the teams playing at the Gillette Stadium in Foxboro, MA, will reside and train in Rhode Island.

Department of Public Safety: The Governor recommends \$215.3 million in all funds for the Department of Public Safety in FY2026, with \$142.2 million allocated from general revenue. The recommendation represents a \$17.5 million increase in total funding (\$9.4 million of general revenue) relative to the FY2026 enacted level. Significant budgetary adjustments include the following:

- **Body-Worn Camera Project Reappropriation:** The Governor recommends \$9.0 million of general revenue be reappropriated to the Department for the continued administration of the Body-Worn Camera project. Current law requires the project's unspent funding to be automatically reappropriated to the next fiscal year.
- **Reappropriations:** The Governor recommends \$256,247 of general revenue be reappropriated to the Department, including \$158,089 for the Family Services of Rhode Island "GO Team" grant, \$51,718 for delayed procurements for the Division of Sheriffs, and \$46,440 for various equipment and materials for the State Police.
- **1.0 FTE Increase to State Police:** The Governor recommends 1.0 FTE Data Processing Systems Manager position for the State Police program. The position is a transfer from the Department of Administration's Division of Enterprise Technology Strategy and Services (ETSS) and is stationed at the RI State Police Headquarters to exclusively support the Department of Public Safety. The ETSS currently bills the Department for this position, and the Governor recommends transferring the position to the Department of Public Safety in the FY2026 Revised Budget. The transfer of the position to the Department creates a general revenue savings of \$1,286.
- **State Police, Capitol Police, and Sheriffs Vehicles:** The Governor recommends repurposing agency general revenue and road detail construction surplus funds to outright purchase vehicles for the State Police, Capitol Police, and the Sheriffs Division in FY2026, thereby eliminating repayments to the State Fleet Revolving Loan fund in FY2027. The Governor recommends \$3.0 million of all funds, including \$1.8 million of general revenue and \$1.2 million of Road Detail Construction Reimbursement receipts, for vehicle replacement in the FY2026 Revised Budget. The FY2027 Governor's Recommended Budget includes \$975,167 of general revenue savings due to the repayment elimination and a net general revenue reduction of \$111,000. The following table illustrates the Governor's Recommendation.

Funding Source/Program	FY2026 Enacted	FY2026 Governor	Change	FY2027 Governor	Change
General Revenue, State Police	\$2,415,000	\$1,215,000	(\$1,200,000)	\$2,415,000	\$0
General Revenue, Capitol Police	181,500	181,500	-	60,500	(121,000)
General Revenue, Sheriffs Division	344,000	370,000	26,000	354,000	10,000
Other Funds, State Police	0	1,200,000	1,200,000	-	-
Total	\$2,940,500	\$2,966,500	\$26,000	\$2,829,500	(\$111,000)

- **Rhode Island State Police Training Academy:** The Governor recommends \$2.2 million of general revenue for the Department to conduct a State Police Training Academy in FY2026, consisting of 15 recruits, representing an increase of \$1.3 million from the FY2026 enacted level of \$979,925. The Department's FY2026 1st Quarter Report notes that 15 new troopers are expected to graduate in August of 2026.
- **Support for Survivors of Domestic Violence:** The Governor recommends \$4.5 million of ARPA SFRF for the Department's Support for Survivors of Domestic Violence project in FY2026, reflecting a reappropriation of unspent funding from the previous fiscal year.

Office of the Public Defender: The Governor recommends \$18.3 million in all funds for the Office of the Public Defender in FY2026, with \$18.2 million allocated from general revenue. The recommendation represents an increase of \$11,095, all of which is general revenue. The Governor recommends 105.0 FTE positions in FY2026, consistent with the enacted level.

Coastal Resources Management Council: The Governor increases general revenue funding relative to the FY2026 Budget as Enacted by \$269,201, a net decrease of \$192,265 in all funds, with no change in FTE positions. The change is due primarily to the addition of \$288,857 in general revenue to reflect updated federal administrative cost sharing projections.

Department of Transportation: The Governor recommends \$1,202.3 million in all funds to support the Department of Transportation in FY2026 including \$610.2 million of federal funds, \$590.2 million in other funds and \$1.9 million in restricted receipts. The recommendation represents a net increase of \$319.5 million from the FY2026 enacted level, including increases of \$135.6 million in federal funds and \$188.0 million in other funds, offset by a \$4.2 million reduction to restricted receipts. The increased other funds reflect the Department's carry-forward funding as well as a \$14.4 million reappropriation of motor fuel revenue. The Budget includes \$7.1 million of motor fuel bond residuals, which are not expenditures and have been removed in the \$1,202.3 million total. The Governor recommends 755.0 FTE positions in FY2026, consistent with the enacted level. Significant budgetary adjustments include the following:

- **RhodeWorks Truck Tolling Implementation:** The Governor removes \$10.0 million of toll revenue in FY2026 due to a delay in the implementation of the program. The RhodeWorks truck tolling program was established in 2016 and permitted the collection of tolls on six highways throughout the State. In 2022, the State was ordered to cease collections due to the constitutionality of the program's regulations. In December 2024, the federal First Circuit Court of Appeals ruled in favor of the State, granting the program's reinstatement. The FY2026 Budget as Enacted directed the Department to resume collections and included \$10.0 million of receipts from the final quarter in FY2026. The Budget assumed \$10.0 million of toll receipts would be collected each quarter. The Governor includes \$20.0 million of toll revenue in FY2027, reflecting a revenue loss of \$30.0 million over the two-year period due to the delayed implementation.
- **Highway Maintenance Account Collections Adjustment:** The Budget includes \$119.2 million of Highway Maintenance Account (HMA) receipts, reflecting an increase of \$1.5 million from the FY2026 enacted level. The following table compares the HMA collections and transfers included in the FY2026 Budget as Enacted and the FY2026 Governor's Revised Budget.

HMA Fund Transfers	FY2026 Enacted	FY2026 Governor	Change
RIDOT	\$95,634,295	\$96,874,921	\$1,240,626
RIPTA	16,181,588	16,319,436	137,847
General Fund	5,885,047	5,957,598	72,551
Total HMA Collections	\$117,700,930	\$119,151,954	\$1,451,024

Source: Office of Revenue Analysis, November 2025

- **Motor Fuel Tax Collections Adjustment:** The Budget includes \$175.7 million of gas tax receipts in FY2026, reflecting a decrease of \$888,854 from the FY2026 enacted level. The following table compares the collections and distribution totals for the gas tax in the FY2026 Budget as Enacted and the FY2026 Governor's Revised Budget.

Motor Fuel Tax	FY2026 Enacted	FY2026 Governor	Change
Department of Transportation	\$96,992,489	\$96,504,169	(\$488,321)
Rhode Island Public Transit Authority*	51,220,753	50,962,876	(257,877)
Rhode Island Turnpike and Bridge Authority	15,257,246	15,180,431	(76,815)
GARVEE Motor Fuel Bond Debt Service	8,718,426	8,674,532	(43,894)
Office of Healthy Aging**	4,359,213	4,337,266	(21,947)
Total	\$176,548,127	\$175,659,273	(\$888,854)

*RIPTA figures include the \$0.005/gallon share of the Environmental Protection Fee

**Funding is appropriated directly to the Office.

Source: Office of Revenue Analysis, November 2025

- **Rhode Restore:** The Governor recommends \$6.5 million of gas tax receipts to fund the Rhode Restore program in FY2026, consistent with the FY2026 enacted level. The Rhode Restore program, previously titled the Municipal Road Grant program, provides municipalities with funding to improve locally owned roads and infrastructure.
- **ARPA SFRF Projects:** The Governor recommends a combined \$28.3 million of American Rescue Plan Act, State Fiscal Recovery Funds (ARPA SFRF) for the Department of Transportation in FY2026, all of which represent unspent project funding from the previous fiscal year. The Budget includes \$11.4 million for the Municipal Roads Grant Program as well as \$16.9 million for the Washington Bridge Project.

Articles

FY2027

Article 1: Relating to Making Appropriations in Support of FY2027

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 13,330.8 FTE positions reflecting a net decrease of 2,591.0 FTE positions as compared to the authorized level set in the FY2026 Budget as Enacted. These figures reflect the Governor's recommendation to eliminate the authorized FTE cap of 2,292.2 FTE positions for the University of Rhode Island and 378.8 FTE positions for the URI sponsored research positions. If the recommendation is not accepted, then the total authorized cap would be 16,001.8 reflecting a net increase of 80.0 FTE positions.
- Details Community Service Objective (CSO) grant funding recipients and amounts.
- 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 FY2028. In addition, the Office of the Postsecondary Commissioner shall provide \$8.1 million be allocated to the Rhode Island Promise Scholarship program, and \$7.1 million be allocated to the Rhode Island Hope Scholarship Program, \$455,000 to support the Onward We Learn, \$100,000 to the Rhode Island School for Progressive Education, \$151,410 to support the State's membership in the New England Board of Higher Education, and \$75,000 to Best Buddies Rhode Island.
- 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 \$500,000 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.
- 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, the Secretary of Housing, State Budget Officer, and the chairs of the House and Senate Finance Committees on the number of housing units produced and funding.
- Clarifies that the federal funds do not include federal funds or assistance appropriated, authorized, allocated, or apportioned to the State from the State Fiscal Recovery Fund and Capital Projects Fund pursuant to the American Rescue Plan Act of 2021. Requires that all unexpended or unencumbered balances relating to the State Fiscal Recovery Fund and Capital Projects Fund be reappropriated to FY2028 and made available for the same purposes.

Extends the quarterly reporting period to October 31, 2026, for the Pandemic Recovery Office to identify programs that are at risk of significant under spending or noncompliance with federal or state requirements. The reports are provided to the Speaker of the House, the Senate President, and the chairpersons of the House and Senate Finance Committees. Commencing with the report due on April 30, 2025, the report will be made on a biannual basis until October 31, 2026. The report must include an assessment on how programs that are at risk can be remedied.

In the event, that any State Fiscal Recovery Fund program underspends its appropriation or receives program income as defined by U.S. Treasury and that would put the state at risk of forfeiture of federal

funds, the Governor may propose to reclassify funding from the at-risk program to other eligible uses as determined by U.S. Treasury. This proposal shall be referred to the General Assembly. If the amount of underspend and/or receipt of program income for a state fiscal recovery fund program is less than or equal to \$1.0 million and less than or equal to 20.0 percent of its total appropriation, the Governor's proposed reclassification shall take effect immediately. If the amount of underspend and/or receipt of program income for a state fiscal recovery fund program is greater than \$1.0 million or 20.0 percent of its total appropriation, the Governor's proposed reclassification shall go into effect thirty days hence after its referral to the General Assembly by the Governor, unless rejected by formal action of the House and Senate acting concurrently within that time.

- 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 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, the Commerce Corporation 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.

Article 2: Relating to State Funds

This article exempts the Rhode Island Uninsured Protection Fund from the indirect cost recovery assessment and increases the transfer of Highway Maintenance Account (HMA) receipts to the Rhode Island Public Transit Authority (RIPTA) by \$9.3 million, from the enacted amount of \$5.0 million to \$14.3 million.

- **Uninsured Protection Fund:** Section 1 of the article amends RIGL 31-4-27 to exempt the Uninsured Protection Fund from the 15.0 percent indirect cost recovery assessment. The Uninsured Protection Fund (UPF), administered by the Department of Labor and Training, provides workers compensation benefits to employees who were injured while working for an employer that failed to carry valid workers' compensation insurance. The Office of Management and Budget (OMB) indicates that exempting the UPF from the assessment will not have a fiscal impact due to a technical revision.
- **RIPTA's Highway Maintenance Account Increase:** Section 2 of the article amends RIGL 39-18.1-5 to increase RIPTA's annual fixed share of HMA receipts from the enacted amount of \$5.0 million to \$14.3 million, for FY2027 and annually thereafter. RIPTA currently receives two statutory transfers of HMA funds annually, a percentage transfer of available proceeds, and a fixed transfer of \$5.0 million. Article 11 of the FY2026 Budget as Enacted increased RIPTA's percentage share from 5.0 percent to 10.0 percent, which is classified as State Subsidies in the Authority's budgetary materials. RIPTA's fixed transfer of \$5.0 million supports the Reduced Fare program and debt service. Of the \$5.0 million in HMA funds, the FY2027 Budget classifies \$3.9 million as Passenger Revenue and the remaining \$1.1 million as Other Revenue, as it is utilized to service the Authority's debt.
- **Deficit Resolution:** The Governor recommends sufficient funding to resolve RIPTA's \$13.8 million deficit in FY2027. The Governor provides RIPTA with \$9.3 million of HMA funds in Article 2, \$1.0 million of cruise fee receipts in Article 5, and \$3.5 million of RICAP funds in Article 1. The following table illustrates the recommended initiatives to resolve RIPTA's \$13.8 million deficit.

Funds Recommended to Resolve RIPTA's Deficit	
RIPTA's FY2027 Budget Deficit	(\$13.8)
HMA Increase from \$5.0mm to \$14.3mm	9.3
RICAP Funds (Bus Match)	3.5
Newport Cruise Fees	1.0
Remaining Deficit	\$0.0
<i>\$ in millions.</i>	

Article 3: Relating to Government Reform and Reorganization

Article 3 makes several changes to the organization of state government. Specifically, the article:

- **Executive Veto Power:** Amends the State Constitution pursuant to Section 1 Article XIV to allow the Governor the power of line-item veto to reduce or eliminate expenditures in the budget, as well as to disapprove non-appropriation items such as articles, sections, or subsections, with certain limitations. The General Assembly may override each veto separately by a vote of three-fifths of the members present on non-appropriation items, or by two-thirds of the members present on appropriation items.
- **Proper Management of Unused Paint:** Modifies the paint recycling program to require the representative organization to submit an updated plan for review and approval every five years, beginning with an update due December 31, 2026. Currently, a third-party organization, known as PaintCare, represents paint manufacturers in operating the paint recycling program, and setting recycling fees to fund operating expenses as well as cash reserve. PaintCare operates in twelve states and in the District of Columbia. The program in Rhode Island began in June 2014. The fee is \$0.35 on pint and quart containers, \$0.75 on gallon containers, and \$1.60 on five-gallon containers.
- **Green Buildings Advisory Council:** Amends RIGL 37-24-5 to transfer the administrative authority for the Green Buildings Advisory Council (GBAC) and the Green Buildings Act (GBA) from the Department of Administration (DOA) to the Department of Business Regulation (DBR). When the Green Buildings Advisory Council was established, the State Building Code Commission was within the Department of Administration, but has since transferred to the Department of Business Regulation. The Department of Administration no longer possesses staff to facilitate the needs of the GBAC. The article requires the DOA to commission a report to analyze costs and benefits of Leadership in Energy and Environmental Design (LEED) certification compared to equivalent standards.
- **Weatherization Assistance Program:** Transfers the administration and management of the Weatherization Assistance Program (WAP) and 4.0 FTE positions as well as a portion of the federal Low-Income Home Energy Assistance Program (LIHEAP) from the Department of Human Services to the Office of Energy Resources. The WAP program was originally under the OER when the Office was a program in the Department of Administration and was transferred to DHS in 2013. This proposal reflects a transfer of \$10.9 million in federal funds and 4.0 federally-funded FTE positions to OER.
- **Economic Development Incentive Changes:** Section 8 of Article 3 increases the maximum aggregate amount of combined Rebuild Rhode Island tax credits and sales tax exemptions from \$225.0 million to \$250.0 million. Sections 8-15 and Section 18 reauthorize the EOC's various incentive programs for an additional year by extending the statutory sunset provisions placed on them from December 31, 2026, to December 31, 2027.
- **Big River Management Area:** Transfers administrative and regulatory authority over the Big River Reservoir lands from the Water Resources Board (WRB) to the Department of Environmental Management (DEM). Language is included to clarify that the transfer does not affect the WRB's authority over freshwater resource management as provided in RIGL 46-15, entitled "Water Resources Management", and 46-15.1, entitled "Water Supply Facilities".

- **Energy Benchmarking:** Amends RIGL 42-140-13, the Rhode Island Energy Resources Act, to establish new implementation and reporting requirements for energy benchmarking and performance standards of state-owned buildings. Beginning March 29, 2029, and recurring annually afterwards, state departments shall report to the Office of Energy Resources (OER) on energy use data for each state-owned building and facility listing the fuel used and total emissions. The article requires the OER to provide technical and financial assistance to municipalities implementing energy benchmarking of municipal-owned public buildings
- **Freshwater Lake Management Program:** Amends RIGL 46-31.1, regarding the legislative findings section of the Bays, Rivers and Watersheds Fund's authorizing statute, to include lakes and add a definition for the terms lake and pond. The article adds language authorizing the use of the Bays, Rivers and Watersheds Fund to support the Freshwater Lake Management Program.
- **Bays, Rivers and Watershed Fund:** The article amends RIGL 46-33-1 repealing language referencing a nonexistent Rhode Island lake management fund. The article adds language to the Freshwater Lake Management Program under RIGL 46-33-2 authorizing the use of sums allocated by the General Assembly from the Fund for use in providing financial assistance for lake management.

Article 4: Relating to Debt Management Act Joint Resolutions

This article proposes new authorizations for revenue that do not require voter approval, also known as a Kushner Resolution. The authorizations provided include the following:

- **Rhode Island College – Residential Life Renovations:** The article approves financing of up to \$20.6 million for the renovation of five residence halls at Rhode Island College. The project addresses critical infrastructure improvements that will enhance the on-campus experience for the resident students. Debt service payments will be supported by revenue derived from the College's residential life auxiliary student fees. Total debt will not exceed \$36.5 million over a 20-year term.
- **University of Rhode Island – Repaving Hardscape Improvements:** The article approves financing of up to \$20.0 million to support the re-pavement and reconstruction of major parking facilities, roadways, walkways, and associated infrastructure on the University's Kingston, Narragansett Bay, and Alton Jones campuses. Total debt service repayments will be paid from University unrestricted revenues and enterprise parking funds, and will not exceed \$34.9 million over a 20-year term.
- **University of Rhode Island – Automotive and Administrative Services:** The article approves financing for up to \$14.4 million to support proper working space for automotive services and new space for mail and printing services by building an addition to the central warehouse for mail/printing and providing a new automotive repair building to replace the existing one. Total debt service repayments will not exceed \$25.2 million over a 20-year term, and will be paid with University unrestricted revenue.

Article 5: Relating to Taxes and Fees

This article establishes an additional personal income tax bracket, phases out the taxation of social security income, provides for a refundable child tax credit, makes certain changes to tobacco-related excise taxes including increasing the cigarette tax, and makes several other additional tax and fee changes. Specifically, the article:

- **New Personal Income Tax Bracket:** Establishes a fourth personal income tax bracket beginning tax year 2027 that taxes income over \$1.0 million at a rate of 8.99 percent. The current uniform personal income tax brackets for tax year 2026 are:

For Tax Year 2026

Income Between...	Is Taxed at...
\$0 and \$82,050	3.75%
\$82,050 and \$186,450	4.75%
\$186,450 and above	5.99%

The proposal is estimated to generate an additional \$67.1 million in FY2027 and grow to \$135.3 million in FY2028. The Office of Revenue Analysis (ORA) notes in budget documents that there is considerable debate around taxpayer behavior when personal income tax policy is changed. This is particularly true around tax increases and taxpayers' efforts to reduce their tax liabilities through relocation, shifting income, etc. ORA therefore approached its fiscal impact estimate conservatively, using an "elasticity of income" (ETI) calculation that considers a 1.0 percent increase in the tax rate producing an overall income reduction of 1.0 percent.

- **Social Security Income Exemption:** Phases out the taxation of social security income over the course of three tax years. Rhode Island is one of eight states that taxes social security income to some degree. The State does exempt all social security income from personal income taxation under very specific circumstances. To be eligible for the exemption, a taxpayer must have:
 - Federal adjusted gross income that includes federally taxable income from Social Security.
 - Reached "full retirement age" as defined by the Social Security Administration.
 - Federal adjusted gross income that is below a certain amount (see following table).

Social Security Modification - Income Limits by Tax Year		
Filing Status	2024	2025
Single	\$104,200	\$107,000
Married Filing Jointly	130,250	133,750
Head of Household	104,200	107,000
Married Filing Separately	104,225	107,000

If the taxpayer does not meet the above criteria, then social security income is taxed at the state level.

- **Proposed Changes:** The article phases in the complete exemption of social security income from state income tax
 - **Phase 1:** For tax year 2027, the proposal eliminates the "full retirement age" requirement under the current modification but not the income requirement. This is estimated to benefit 9,200 resident and 1,900 non-resident filers.
 - **Phase 2:** For tax year 2028, the income levels of taxpayers eligible for the modification would increase so that approximately half of the taxpayers subject to taxation currently, would no longer be. This is estimated to provide tax relief to an additional 11,600 resident and 1,900 non-resident filers.

Phase 2 Income Thresholds	
Filing Status	2028
Single	\$165,200
Married Filing Jointly	206,550
Head of Household	165,200
Married Filing Separately	165,200

- **Phase 3:** For tax year 2029 and beyond, the income threshold for the modification would be eliminated, resulting in no Rhode Island taxpayer paying personal income tax on social security income. This is estimated to benefit another 11,200 resident and 4,400 non-resident filers.

This proposal is estimated to reduce available revenue as follows:

Fiscal Year	Fiscal Impact
FY2027	(\$2,976,997)
FY2028	(14,638,767)
FY2029	(41,282,869)
FY2030	(60,090,887)
FY2031	(61,907,752)

- **Refundable Child Tax Credit:** Establishes a new refundable child tax credit for certain eligible taxpayers to be used to offset personal income taxes or, in certain circumstances, increase personal income. The proposal would replace the current dependent deduction allowed under state law, with a refundable credit for Rhode Island resident taxpayers with dependents 18 years old or younger. The credit is estimated to be approximately \$325 per child in tax year 2027 (based on a statutory calculation that takes the current dependent deduction and multiplies it by 5.99 percent). The new credit would be adjusted annually for inflation.
- **Refundability:** Under the current dependent deduction, taxpayers may reduce their taxable income by \$5,250 (as of TY2026) per dependent. This exemption only benefits taxpayers that have enough income to generate tax liability. Under the new proposal if eligible individuals receive credits in amounts greater than their tax liability, the difference is provided back to the taxpayers essentially as a cash payment.

The proposal is estimated to result in a revenue loss of \$14.7 million in FY2027. Out-year impacts are summarized below.

Fiscal Year	Fiscal Impact
FY2027	(\$14,701,176)
FY2028	(29,657,570)
FY2029	(30,329,465)
FY2030	(31,186,604)
FY2031	(32,129,540)

- **Tax Amnesty:** Provides a tax amnesty program for a 75-day period ending February 15, 2027. Under the program, civil, and criminal penalties for non-compliance with state tax laws would be forgiven, and interest owed will be reduced by 25.0 percent. It is estimated that \$26.3 million of additional one-time revenue collections would result from the amnesty period. The State implemented tax amnesty programs in FY2018, FY2013, and FY2007. The Office of Revenue Analysis (ORA) used collections data from those previous amnesty periods that were used to develop the FY2027 fiscal impact.

Tax Amnesty Fiscal Impact	
Tax Type	Fiscal Impact
Personal Income	\$8,797,480
Departmental Receipts	8,053,306
Sales and Excise	4,531,705
Business Taxes	4,140,177
Estate Tax	825,325
Total	\$26,347,993

The Budget includes \$750,000 in operating and contract services expenditures to implement the program in FY2027.

- **Decoupling from H.R. 1 R&D Expensing:** Decouples State’s policy from certain new federal rules related to how a business’ income is determined for tax purposes. Rhode Island’s income tax laws piggyback off the federal Internal Revenue Service’s rules and statutes. This includes the definition of net income for state business corporations tax purposes, inclusive of all the various modifications to taxable income that are allowed at the federal level. In 2025, Congress enacted significant changes to the federal tax structure that include a modification relating to how businesses can treat research and development (R&D) costs. Since 2017, businesses have been required to amortize R&D over a five-year period.

Under new federal law, starting in tax year 2025 businesses are allowed to expense all of these costs in the first year. This leads to a much-reduced net taxable income for a business in that first year. The effect on taxable income however moderates over time as the costs are expensed earlier. The FY2026 Budget as Enacted decoupled from this new provision for FY2025. The Division of Taxation and the ORA estimate that this action preserved \$65.8 million in TY2025. Article 5 permanently extends this decoupling as it relates to R&D expensing. This is estimated to increase general revenue by \$22.6 million in both FY2026 and FY2027. As indicated, the fiscal impact reduces in the out-years, to \$10.9 million in FY2028 down to \$2.0 million by FY2031.

- **Cigarette and Other Tobacco Initiatives:** Includes several tobacco-related revenue initiatives:
 - **Cigarette Tax Increase:** The article increases the excise tax on a pack of 20 cigarettes from \$4.50 to \$5.25 per pack. The Office of Revenue Analysis (ORA) estimates that, based on a September 1, 2026, implementation date, the proposal will generate \$4.5 million of net revenue in FY2027 and \$4.5 million in out-year FY2028. There is also an estimated \$433,335 loss in sales tax revenue associated with the cigarette tax increase. This is the result of price elasticity on the demand for packs of cigarettes.
 - **Floor Tax:** The article imposes a one-time inventory floor stock tax of \$0.75 per pack of 20 cigarettes. The tax will be based on the number of cigarettes taxpayers have in stock on September 1, 2026. The Office of Revenue Analysis (ORA) estimates the proposal will generate \$2.5 million in FY2027 and not impact FY2026, due to the implementation date.
 - **Eliminate Stamp Discount:** The article eliminates the discount that is provided to licensed distributors when buying excise tax stamps. The State currently authorizes licensed distributors to purchase cigarette tax stamps at 98.75 percent of the stamp’s face value. Article 5 of the Governor’s recommended budget amends RIGL 44-20-19 to eliminate the discount and require distributors to pay the stamp’s full price, effective September 1, 2026. ORA estimates that the proposal will generate \$762,064 in partial year FY2027 and \$974,262 in out-year FY2028.
 - **Cigar Tax Cap Increase:** The article increases the maximum cap on the excise tax on cigars from \$0.50 per cigar to \$2.00. Currently, the State imposes an excise tax on cigars at a rate of 80.0 percent of their wholesale cost, with a maximum cap of \$0.50 per cigar. Article 5 of the Governor’s FY2027 recommended budget amends RIGL 44-20-13.2 to increase the cap to \$2.00 per cigar, effective September 1, 2026, and applying only to cigars with a wholesale price of \$2.50 or above. ORA estimates that the proposal will generate \$621,090 in partial year FY2027 and \$901,107 in out-year FY2028.
 - **Fiscal Impact:** The fiscal impact of the above initiatives in FY2027 is summarized in the following table:

Cigarette and Other Tobacco Initiatives - Fiscal Impact	
Initiative	Fiscal Impact
Cigarette Tax Increase	\$4,540,374
Floor Tax	2,467,926
Eliminate Stamp Discount	762,064
Cigar Tax Cap Increase	621,090
Sales Tax Elasticity	(433,335)
Total	\$7,958,119

- **State Aid to Municipalities – Car Tax – Elimination of Sales Tax Adjustment:** Eliminates the annual sales tax growth adjustment that is provided to municipalities as part of the Motor Vehicle Excise Tax State Aid program. The adjustment is applicable to fiscal year FY2027 and beyond. Article 5 leaves the adjustment in place for FY2026 and eliminates it starting in FY2027. Reimbursements to municipalities will be equal to the greater of the reimbursements in FY2026 or FY2027. This proposal is estimated to yield \$4.8 million in saving in FY2027 and grows to \$9.7 million in FY2028.
- **Newport Cruise Fee:** Increases the landing and boarding fees imposed on cruise vessels landing in Newport by \$5.00 and dedicates the additional revenue to the Rhode Island Public Transit Authority (RIPTA). The State authorizes the city of Newport to charge cruise vessels a \$10 landing fee for each passenger that disembarks, as well as a \$10 boarding fee for each passenger entering the ship. The article increases both fees by \$5.00 each and requires that the additional revenue is transferred to RIPTA to support the Authority's operations in Newport and on Aquidneck Island, to take effect upon passage. ORA estimates that the proposal will generate \$1.0 million for the Authority in FY2027.

Article 6: Relating to Capital Development Program

This article authorizes the issuance of and outlines terms and processes for various general obligation bonds, totaling \$600.0 million, to be placed on the ballot for voter approval in November 2026. The projects are broken down into the following questions.

- **Question 1 Higher Education Facilities:** Approval of this Question would allow the issuance of \$215 million in general obligation bonds to support projects constructing or improving higher educational facilities including:
 - **University of Rhode Island Integrated Health Building:** \$105.0 million for the construction of the new integrated health building on the University's Kingston campus to advance health education, clinical training, and workforce development.
 - **Rhode Island College Adams Library:** \$50.0 million for the construction of a student success and career readiness center, in addition to renovations at Adams Library.
 - **Community College of Rhode Island Workforce Innovation Center:** \$60.0 million to construct a new workforce innovation center, which will support workforce readiness and address critical workforce shortages, located at the colleges Knight Campus in Warwick.
- **Question 2: Housing and Community Opportunity:** Approval of this question would allow the issuance of \$120.0 million in general obligation bonds to support community revitalization, increase production and infrastructure for affordable and middle-income housing, and promote home ownership. At least \$25.0 million is reserved for the development of housing designated for home ownership.
- **Question 3: Economic Development:** Approval of this question would allow the issuance of \$115.0 million in general obligation bonds for economic development initiatives including:

- **Site Development:** \$70.0 million for land acquisition, remediation, infrastructure and utility construction, and industrial site preparation and development. Eligible uses include but are not limited to large scale industrial development within Quonset Business Park and the I-195 District.
- **Growth Industry Infrastructure:** \$45.0 million for infrastructure, projects, and investments in Rhode Island's ocean, defense, life sciences, data analytics, and related industries. Eligible uses include but are not limited to facilities and projects that advance business and job growth in the life sciences.
- **Question 4 Career and Technical Education:** Approval of this question would allow the issuance of \$50.0 million to support local education agencies for the creation of new and improvement of existing career and technical education programs.
- **Question 5 Green Economy and Clean Energy Bonds:** Approval of this question would allow the issuance of a \$50.0 million bond supporting green economy and clean energy initiatives including:
 - **Brownfields Remediation:** \$3.0 million for matching grants to public, private, and non-profits organization for brownfield remediation.
 - **Facility Improvements:** \$8.0 million for the renovation, repair, development and construction of new and existing facilities and parks.
 - **Local Recreation Grants:** \$1.0 million for matching grants to municipalities to acquire, develop, or rehabilitate local recreational facilities.
 - **Marine Infrastructure Development:** \$1.0 million to provide asset protection and emergency repair for recreational, office, and marine infrastructure.
 - **Resilient Rhody Infrastructure Fund:** \$20.0 million to provide financial assistance to local governments for restoring and improving resiliency infrastructure, vulnerable habitats, and restoring rivers and stream floodplains.
 - **Narragansett Bay Watershed Restoration:** \$7.0 million to restore and protect the water quality and enhance the economic viability and environmental sustainability of Narragansett Bay and the State's watersheds.
 - **Energy Efficiency:** \$10.0 million for activities for energy efficient infrastructure.
- **Question 6 Cultural Economy:** Approval of this question would allow the issuance of \$50.0 million in Cultural Economy bonds to be allocated as follows:
 - **State History Center (\$45.0 million general obligation):** \$45.0 million for the construction of a new State History Center. The State History will include exhibit and meeting space as well as storing the State's most valuable documents.
 - **State Preservation Grants Program (\$5.0 million general obligation):** \$5.0 million in general obligation bonds for the State Preservation Grant Program. The State Preservation Grant Program was established to improve and/or repair landmarks and historic facilities such as museums, cultural centers, theatres, and public historic sites.

Article 7: Relating to Education

The article modifies the statutes governing the school housing aid program, increases the student success factor weight in the education aid funding formula from 40.0 percent to 43.0 percent for all districts, and eliminates the sunset of the Hope Scholarship Program at Rhode Island College.

- **School Housing Aid Program:** For projects completing after July 1, 2026, the article increases the project cost threshold requiring a project manager and a commissioning agent from \$1.5 million to \$10.0 million, subject to inflation, and caps the cost at 3.0 percent of total project costs. For projects

commencing after July 1, 2026, in excess of \$10.0 million, the prime contractor for the project must receive prequalification from the Division of Purchases in order to qualify for state funding. These changes are projected to generate program savings. Based on preliminary projections for illustrative purposes only, these changes are estimated to provide \$1.5 million in annual savings, including \$800,000 in state savings; however, no savings from this proposal were included in the FY2027 Budget recommendation.

In addition, the article repeals the requirement that surplus funds appropriated to the school housing aid program be deposited into the School Building Authority Capital Fund (Capital Fund) for distribution by the School Building Authority (SBA).

- **Education Aid Student Success Factor:** The education funding formula statute requires that a weight be applied the core instruction per-pupil amount for each child whose family income is at or below 185.0 percent of the federal poverty guidelines. The article increases this weight from 40.0 percent to 43.0 percent.
- **Hope Scholarship:** Article 7 removes the Hope Scholarship sunset and removes all language that designates it as a pilot program, making the Hope scholarship a permanent, state-funded scholarship program for Rhode Island College juniors and seniors. Reporting requirements remain.

Article 8: Medical Assistance

This article modifies current laws governing the Hospital Licensing Fee (HLF) and nursing home payment; Disproportionate Share Hospitals (DSH); Medicaid rates for hospitals and nursing, and the annual Medicaid Resolution. In addition, the article authorizes EOHHS to implement the Achieving Healthcare Efficiency through Accountable Design (AHEAD) and establishes five Family Care Community Partnership (FCCP) catchment regions through the Department of Children, Youth and Families.

- **Hospital Licensing Fee (HLF):** The article includes technical amendments to remove outdated language and continues the fee into FY2027 with no advancement in the base year, thus holding the FY2027 revenue estimate at \$232.5 million, consistent with the FY2026 level and the November 2025 Revenue Estimating Conference.
- **Medicaid Rates for Nursing Facilities and Hospitals:** As a cost containment measure, the article reduces the annual inflationary increases on rates paid to hospitals and nursing facilities to 2.5 percent to match state revenue growth, saving \$2.6 million in general revenue and \$4.0 million in federal funds relative to the November Caseload Estimating Conference (CEC). The CEC adopted inpatient and outpatient inflationary rate increases to hospitals of 3.3 percent for fee-for-service and 2.6 percent for managed care, and to nursing facilities of 3.2 percent.

In addition, the article creates a restricted receipt account, entitled “Nursing Facility Rate Adjustment Wage Pass-through Compliance”, to collect penalties from the wage pass-through penalty provision of the minimum staffing statute and limits appropriations from the account to workforce development and compliance assistance programs.

- **Disproportionate Share Hospital (DSH) Payments:** The article adds a base year to allow payments in FY2027, based on financial data from 2025, in an aggregate amount not to exceed \$23.9 million, including a limit of \$12.9 million to Pool C government-owned hospitals and \$11.0 million to Pool C hospitals. This represents an increase of \$10.0 million, including \$4.2 million in general revenue and \$5.8 million in federal funds, for Pool D hospitals over the FY2026 Budget as Enacted. This section also removes references for FFY2024 DSH payments.
- **Achieving Healthcare Efficiency through Accountable Design (AHEAD):** The article requires the Secretary of Health and Human Services to implement the AHEAD Model Grant program, in coordination with the Health Insurance Commissioner, and report to the General Assembly on the program’s activities by October 31, 2026, and annually thereafter. The reports are to outline activities

and funding from the previous year; any legislative authority needed for implementation; stakeholder interest and participation; and, long-term value of implementing alternative payment models. The Budget includes federal funding of \$581,260 in FY2026 and \$1.4 million in FY2027 for this initiative.

- **Family Care Community Partnerships (FCCP) Region Establishment:** The Governor formally establishes in statute the current FCCP regional service coverage policy of DCYF. The Department contracts with one FCCP provider in each defined region of the State to provide critical prevention resources. Codifying these requirements ensures that the Department can continue to receive Medicaid reimbursement for this service when it implements a new Medicaid rate payment methodology
- **Medicaid Resolution:** The article establishes the legal authority for the Secretary of the Executive Office of Health and Human Services (EOHHS) to review and coordinate amendments to the Medicaid State plan and category II and III changes in the demonstration “with potential to affect the scope, amount, or duration of publicly-funded health care services, provider payments or reimbursement, or access to or the availability of benefits and services provided by Rhode Island general and public laws”. In FY2027, the article provides the EOHHS will seek federal approval for the following changes:
 - Alignment of nursing facility, hospital, and Federally Qualified Health Center (FQHC) rate increases with state revenue growth
 - Elimination of annual rate increases for substance abuse residential services
 - Pursue and implement reimbursements rates resulting from the Children’s Services Rate Setting project
 - Implement Medicaid provider reimbursement rate increases limited to the lower of one half the increase recommended or 100 percent of the Medicare rate
 - Removal of Medicaid coverage for Glucagon-like Peptide-1 (GPL-1), except if prescribed to treat type 2 diabetes
 - Allows EOHHS to pursue any changes that “promote, increase and enhance service quality, access and cost-effectiveness”. Any such action shall not have an adverse impact on beneficiaries or increased expenditures beyond the FY2027 state appropriation

Article 9: Relating to Leases

This article authorizes various lease agreements for office and operating spaces. Pursuant to RIGL 37-6-2, leases meeting certain conditions require the approval from the General Assembly.

- **Rhode Island Department of State:** The article authorizes the Department of State (Secretary of State) to renew its current lease with EGMP 146-148 West River LLC, for a term not to exceed ten years. The current lease for 12,152 square feet of office space is set to expire on July 31, 2026. The property is located at 148 West River Street, Providence, and is currently used as office space for the Department. The article stipulates that the aggregate fixed rent is not to exceed \$2.9 million over the ten-year period

Article 10: Relating to Health and Human Services

Article 10 makes changes to several health and human services programs.

- **988 Hotline:** Sections 1 and 2 of Article 10 codify the State’s 988 National Suicide Prevention Hotline program and provide the Department of Behavioral Health, Developmental Disabilities, and Hospitals (BHDDH) with the statutory authority to administer it. The hotline has been operational since July 2022 and was implemented to ensure that Rhode Island maintains compliance with the National Suicide Hotline Designation Act of 2020 and the Federal Communications Commission adopted rules to ensure that all citizens receive a consistent level of crisis behavioral health services. The Budget includes \$1.0 million in general revenue and \$5.0 million in all funds in FY2027 to run the program.

- **Pay for Success Pilot:** Section 3 of the article extends the State's Pay for Success pilot program from five to six years and allows for alternative official evaluators of the program in the future. The FY2022 Budget as Enacted authorized a five-year pay-for-success pilot program within the Executive Office of Health and Human Services (EOHHS) to provide supportive housing and additional wraparound services to a cohort of 125 individuals experiencing homelessness. Due to a lag in implementation, the program is currently in year three of operations, not year four. Under the original pilot, the Rhode Island Coalition to End Homelessness (Coalition) was designated as the pilot's official evaluator. The article provides the program increased flexibility by permitting the annual evaluation of the pilot to be conducted by another vendor other than the Coalition.
- **Ladders to Licensure:** Section 4 of the article loosens restrictions on the use of funds for the Ladders to Licensure program established in the FY2025 Budget as Enacted, by decreasing the number of grant partnerships required from three to four to at least two and eliminating the need for the grantees to be private sector organizations.

Article 11: Relating to Affordability

This article establishes the Pharmacy Benefit Manager Transparency Reporting and Study Act, reduces the motor fuel tax from \$0.40 per gallon to \$0.38 per gallon, and updates State energy laws to address affordability while supporting emissions reduction and clean energy efforts. This Article also establishes a Health Spending Accountability and Transparency Program within the Office of the Health Insurance Commissioner and authorizes HealthSource RI to establish and regulate a new State affordability program.

- **Pharmacy Benefit Managers:** Article 11 establishes the Pharmacy Benefit Manager Transparency Reporting and Study Act which requires Pharmacy Benefit Managers to provide the Office of the Health Insurance Commissioner with a transparency report detailing financial business information related to practices amongst pharmacy benefit managers in RI. The Office will utilize this information to conduct its own study on PBM's and make recommendations for industry regulations to the General Assembly.
- **Reduction to the Motor Fuel Tax Rate:** The article amends RIGL 31-36-20 to lower the motor fuel tax rate to \$0.38 per gallon at the start of FY2027, reflecting a \$0.02 reduction from the enacted rate of \$0.40 per gallon. Currently, the State assesses a \$0.40 per gallon tax on motor fuel, of which \$0.02 funds debt service for the State's motor fuel bonds. The Office of Management and Budget indicates that the current series of bonds was defeased in December 2025 and the revenue is no longer needed to service their debt. The proposal does not have a fiscal impact for FY2026 but creates revenue losses of \$8.6 million in FY2027 and \$8.5 million in FY2028.
- **Ratepayer Relief:** Sections 3 through 11 amend the State's energy policy in response to increasing electricity costs and recent federal clean-energy incentive changes which have introduced uncertainty into energy markets. Also, according to the Governor's recommendation, these sections attempt "to preserve long-term decarbonization objectives while moderating near-term cost pressures borne by ratepayers and aligning State policy more closely with regional practice." The Governor's projection is these changes will save state ratepayers \$151.0 million in FY2027 and \$1.0 billion over the next 5-years, leaving the average household with an annual savings of \$180 off the energy bills.
 - **Energy Efficiency Programs:** Sections 3 and 5 propose to modernize the State's energy efficiency programs through administrative and budgeting framework adjustments which may reduce administrative costs.

The \$225.0 million cap on the triennial Energy Efficiency Program should reduce annual collections from \$96.0 million to \$75.0 million, a ratepayer savings of approximately \$21.0 million each year.

The Governor proposes to reduce the annual ratepayer-funded energy efficiency allocation to Rhode Island Infrastructure Bank (RIIB) from \$5.0 million to \$2.5 million. This reduction is intended to be offset by increases in other resources available for similar purposes. The Office of Energy Resources (OER) is anticipated to administer alternative compliance payment revenues, and additional funding is expected to be provided through the proposed Green Economy and Clean Energy Bonds included in Article 6.

The Governor proposes to extend the annual \$2.25 million Renewable Energy Fund program through the end of December 2031, and it is intended to support the full deployment of remaining federal solar energy funds leveraged through the State program.

- **ISO New England Membership:** Section 4 will require all eligible electric distribution companies located in Rhode Island, to join or be a member of ISO New England. According to the Budget Office this change is anticipated to result in the elimination of the 50-basis-point Return on Equity incentive associated with such companies' voluntary participation in the regional transmission organization (RTO). The Budget Office estimates this change could result in approximately \$175,000 in annual ratepayer savings.
- **Accounting Standards:** Section 6 requires that public utilities and utility facilities apply generally accepted accounting principles and is intended to ensure reliance upon applicable Federal Energy Regulatory Commission guidance. According to the Budget Office, compliance with this requirement may reduce near-term ratepayer charges, with estimates suggesting \$16.0 million in ratepayer savings in 2027 and approximately \$60.0 million over five years.
- **Renewable Energy Standards:** Sections 7 and 8 make various changes to the State's Renewable Energy Standard (RES) with the goals of reducing upward pressure on renewable energy certification (REC) prices during periods of elevated electricity costs, which may otherwise be passed through to ratepayers, while maintaining the Act on Climate objective of reaching net-zero emissions by 2050. Preliminary third-party estimates provided by OER suggest the proposed changes to the State's RES could reduce ratepayer costs by approximately \$63.8 million in calendar year 2027, and by \$572.2 million over five years.
- **Contracting Requirements:** Section 9 removes a long-term contracting incentive that was originally intended to support early-stage renewable development. Preliminary third-party estimates prepared for OER and provided to the Budget Office suggest this change could reduce annual ratepayer costs by approximately \$2.46 million.
- **Net Metering:** Section 10 makes various changes to the State's net-metering program, by which Rhode Island customers with solar or other on-site generation currently receive bill credits, often near the full retail rate, for excess electricity they export to the grid. Preliminary third-party estimates provided to the Budget Office suggest that the proposed grid access fee could contribute approximately \$20.0 million toward ratepayer relief annually.
- **Regional Power Purchase Agreement:** Section 11 repeals RIGL 39-31-11 of the Affordable Clean Energy Security Act and terminates the regional purchased power agreement incentive for utilities.
- **Health Spending and Transparency Program:** Article 11 establishes the Health Spending and Transparency Program within the Office of the Health Insurance Commissioner to address health care affordability, specifically codifying the cost growth target program. The program was originally launched in 2019 by Executive Order 19-03 and has successfully controlled Rhode Island's health care spending. However, the Office reviewed other State's cost target programs and found that successful cost growth target programs share common statutes.
- **Rhode Island Marketplace Affordability Program Act:** Article 11 establishes the Rhode Island Marketplace Affordability Program, which is a State based subsidy program, appropriating \$9.5 million in general revenue for half a fiscal year which will partially replace the expired advanced premium tax

credits (APTC). The program prioritizes households with incomes below 200.0 percent of the federal poverty line in the first year of the program and is estimated to aid approximately 20,000 individuals.

Article 12: Relating to Effective Date

This article provides that the Act would take effect on July 1, 2026, except as otherwise provided therein.

FY2026 SUPPLEMENTAL

Article 1: Relating to Making Revised Appropriations in Support of FY2026

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 13,266.8 FTE positions reflecting a net decrease of 2,655.0 FTE positions as compared to the authorized level set in the FY2026 Budget as Enacted. These figures reflect the Governor's recommendation to eliminate the authorized FTE cap of 2,292.2 FTE positions for the University of Rhode Island and 378.8 FTE positions for the URI sponsored research positions. If the recommendation is not accepted, then the total authorized cap would be 15,937.8 reflecting a net increase of 16.0 FTE positions.
- Details Community Service Objective (CSO) grant funding recipients and amounts.
- 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 FY2026. In addition, the Office of the Postsecondary Commissioner shall provide \$7.5 million be allocated to the Rhode Island Promise Scholarship program, and \$5.2 million to support the Rhode Island Hope Scholarship Program, \$455,000 to support the Onward We Learn, \$100,000 to the Rhode Island School for Progressive Education, \$151,410 to support the State's membership in the New England Board of Higher Education, and \$75,000 to Best Buddies Rhode Island.
- 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 \$500,000 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.
- Clarifies that the federal funds do not include federal funds or assistance appropriated, authorized, allocated, or apportioned to the State from the State Fiscal Recovery Fund and Capital Projects Fund pursuant to the American Rescue Plan Act of 2021.
- Requires the Rhode Island Health and Educational Building Corporation to transfer \$2.5 million to the State Controller by June 30, 2026.
- Requires the Rhode Island Infrastructure Bank (RIIB) to transfer \$2.0 million to the State Controller by June 30, 2026.
- Requires the Department of Revenue to transfer \$5.0 million from the Marijuana Trust Fund restricted receipt account to the State Controller by June 30, 2026.



DEPARTMENTAL SUMMARIES

Statewide Adjustments

Summary

The Budget includes several statewide initiatives that occur in the agency budgets. Instead of detailing these changes in each agency/program, they are summarized here. Tables are included that outline the changes in each agency budget. Statewide initiatives include personnel adjustments reflecting settled state employee wage agreements and cost of living adjustments in contracts; Accounts and Control internal service fund (ISF) charges; centralized service adjustments for information technology, capital asset management and maintenance, and human resources; and cost allocations for the new Enterprise Resource Planning (ERP) system.

Statwide Services	FY2026 Enacted	FY2026 Governor	FY2027 Governor	Change from Enacted
Centralized Services	\$60,264,804	\$61,822,881	\$58,988,344	(\$1,276,460)
ERP Maintenance and Operations	7,366,332	8,952,165	8,428,938	1,062,606
A&C ISF Charges Support Services & Risk Management	-	-	6,294,396	6,294,396
ETSS Charges	49,682,257	50,300,426	52,533,087	2,850,830
Total	\$117,313,393	\$121,075,472	\$126,244,765	\$8,931,372

Centralized Services Adjustment (all funds)

(\$1.3 million)

The Budget decreases all fund expenditures by \$1.3 million to reflect billed amounts for capital asset management and maintenance and human resources. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. These expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency.

The FY2026 Budget as Enacted includes \$60.3 million in all funds (\$50.7 million general revenue) for

Agency	FY2026 Enacted	FY2026 Governor	FY2027 Governor	Change from Enacted
BHDDH	\$15,756,832	\$17,015,232	\$15,938,323	\$181,491
Coastal Resources Management Council	177,469	141,408	174,185	(3,284)
Department of Administration	8,130,428	8,382,458	9,692,749	1,562,321
Department of Business Regulation	1,021,945	1,021,945	967,286	(54,659)
Department of Children, Youth, and Families	2,101,045	2,101,045	1,819,498	(281,547)
Department of Corrections	9,754,241	9,754,241	7,559,293	(2,194,948)
Department of Environmental Management	1,250,312	1,115,312	1,181,534	(68,778)
Department of Health	2,629,768	2,629,768	2,648,642	18,874
Department of Human Services	5,020,956	5,021,356	6,434,216	1,413,260
Department of Labor and Training	3,029,722	3,249,022	2,354,856	(674,866)
Department of Public Safety	1,182,869	1,182,869	1,102,242	(80,627)
Department of Revenue	3,101,976	3,101,976	2,194,782	(907,194)
Department of Transportation	3,332,040	3,332,040	3,332,040	-
Elementary and Secondary Education	864,258	864,258	685,840	(178,418)
Executive Office of Commerce	9,793	9,793	8,437	(1,356)
Executive Office of Health and Human Services	1,529,780	1,529,780	1,472,945	(56,835)
Executive Office of Housing	386,672	386,672	417,732	31,060
Governor's Commission on Disabilities	9,597	9,597	8,437	(1,160)
Historical Preservation and Heritage Commission	128,391	128,391	167,793	39,402
Military Staff	155,909	155,909	151,866	(4,043)
Office of Attorney General	709	709	-	(709)
Office of Energy Resources	53,746	53,746	51,082	(2,664)
Office of the Child Advocate	76,884	76,884	106,434	29,550
Office of the General Treasurer	189,083	189,083	201,018	11,935
Office of the Mental Health Advocate	105,677	105,677	29,760	(75,917)
Office of the Postsecondary Commissioner	165,924	165,924	120,676	(45,248)
Rhode Island Commission for Human Rights	-	-	85,683	85,683
Rhode Island Council on the Arts	18,411	18,411	16,874	(1,537)
Rhode Island Emergency Management Agency	80,367	79,375	64,121	(16,246)
Total	\$60,264,804	\$61,822,881	\$58,988,344	(\$1,276,460)

centralized services, which is decreased by \$1.3 million (\$1.2 million general revenue) to \$59.0 million in all funds in the FY2027 Budget. There are corresponding decreases of \$353,909 in federal funds and \$293,373 in other funds. These are offset by an increase of \$603,735 in restricted receipts. The table illustrates the general revenue adjustments within each agency.

ERP Maintenance and Operations Billings (all funds)**\$1.1 million**

The Budget includes a statewide all funds increase of \$1.1 million (\$7.0 million general revenue) for costs associated with financing the maintenance and operations of the Enterprise Resource Planning (ERP) system that began January 1, 2025. The Budget includes the appropriations listed under A & C ISF Charges:

ERP Maintenance and Operations and under ETSS Billings-ERP Maintenance and Operations Billing.

ERP is the replacement data management system for the State's decades-old legacy systems for human resources, payroll, grants management, and financial data systems. The current system is outdated and susceptible to various single points of failure, at-risk for security breaches, which leaves decision makers unable to receive accurate information in a timely manner. The costs to maintain the ERP system are charged per employee to state agencies, and the Budget adjusts agency budgets by providing general revenues to cover the costs.

The FY2026 Budget as Enacted included \$7.4 million in all funds for the ERP system (\$8.5 million in general revenue). The FY2026 Revised Budget increases the all fund appropriation to \$9.0 million, reflecting an increase of \$1.6 million from the FY2026 Budget as Enacted.

Agency	FY2026 Enacted	FY2026 Governor	FY2027 Governor	Change from Enacted
BHDDH	\$573,101	\$551,253	\$258,704	(\$314,397)
Board of Elections	8,762	10,986	10,779	2,017
Coastal Resources Management Council	13,769	32,077	32,338	18,569
Commission on the Deaf & Hard of Hearing	4,544	7,906	10,779	6,235
Community College of Rhode Island	-	239,423	239,423	239,423
Department of Administration	660,848	730,764	1,397,910	737,062
Department of Business Regulation	117,022	178,394	183,249	66,227
Department of Children, Youth, and Families	570,376	488,787	355,719	(214,657)
Department of Corrections	552,314	988,601	689,878	137,564
Department of Environmental Management	465,680	449,074	334,160	(131,520)
Department of Health	591,596	291,404	86,235	(505,361)
Department of Human Services	1,176,490	733,396	549,748	(626,742)
Department of Labor and Training	258,398	394,206	388,056	129,658
Department of Public Safety	266,299	734,552	851,569	585,270
Department of Revenue	375,733	458,189	409,615	33,882
Elementary and Secondary Education	270,408	353,578	377,277	106,869
Executive Office of Commerce	9,850	8,346	10,779	929
Executive Office of Health and Human Services	275,189	318,915	409,615	134,426
Executive Office of Housing	30,104	56,221	75,455	45,351
General Assembly	107,866	168,821	97,014	(10,852)
Governor's Commission on Disabilities	5,041	2,200	-	(5,041)
Historical Preservation and Heritage Commission	8,977	17,572	21,559	12,582
Judiciary	405,169	583,670	463,514	58,345
Military Staff	72,761	74,272	64,676	(8,085)
Office of Attorney General	122,147	238,232	226,366	104,219
Office of Energy Resources	-	31,184	43,117	43,117
Office of Lieutenant Governor	4,620	3,520	-	(4,620)
Office of Public Defender	37,926	55,407	21,559	(16,367)
Office of the Child Advocate	5,901	11,425	10,779	4,878
Office of the General Treasurer	187,294	150,225	194,028	6,734
Office of the Governor	17,806	24,844	10,779	(7,027)
Office of the Mental Health Advocate	3,193	1,760	-	(3,193)
Office of the Postsecondary Commissioner	33,677	47,449	53,897	20,220
Public Utilities Commission	-	29,903	10,779	10,779
Rhode Island Atomic Energy Commission	5,681	9,930	10,779	5,098
Rhode Island Cannabis Control Commission	-	18,438	32,338	32,338
Rhode Island College	-	270,100	270,100	270,100
Rhode Island Commission for Human Rights	9,694	6,159	-	(9,694)
Rhode Island Council on the Arts	12,626	10,546	10,779	(1,847)
Rhode Island Emergency Management Agency	38,486	108,469	161,690	123,204
Rhode Island Ethics Commission	6,979	23,718	32,338	25,359
Secretary of State	60,005	38,249	21,559	(38,446)
Total	\$7,366,332	\$8,952,165	\$8,428,938	\$1,062,606

The FY2027 Budget includes an all fund appropriation of \$8.4 million (\$7.0 million general revenue), an all funds increase of \$1.1 million. The following table illustrates the adjustments in each agency.

A & C ISF Charges: Support Services and Risk Management (all funds)**\$6.3 million**

The FY2027 Budget includes three new appropriation lines for the Accounts and Control Internal Service Fund (ISF) program.

The new ISF charges each agency and represents the cost-sharing allocations for centralized administrative services provided by one state agency to others on a cost-reimbursement basis.

These statewide adjustments will fluctuate between agencies based on an agency's personnel adjustments and centralized service needs.

The FY2027 Budget includes a net all fund appropriation of \$6.3 million, of which \$7.6 million is general revenue.

The table to the side illustrates statewide adjustments for the A&C ISF Charges Support Services and for the A&C ISF Charges Risk Management charged to each agency.

The A&C ISF Charges ERP Maintenance and Operations adjustments are included in the previous brief highlighting individual agency charges for the Enterprise Resources Program (ERP).

Agency	FY2026 Enacted	FY2027 Governor	Change from Enacted
BHDDH	\$0	\$643,398	\$643,398
Board of Elections	-	19,184	19,184
Coastal Resources Management Council	-	30,846	30,846
Commission on the Deaf & Hard of Hearing	-	13,660	13,660
Department of Administration	-	203,318	203,318
Department of Business Regulation	-	114,934	114,934
Department of Children, Youth, and Families	-	413,232	413,232
Department of Corrections	-	846,560	846,560
Department of Environmental Management	-	280,654	280,654
Department of Health	-	354,922	354,922
Department of Human Services	-	609,640	609,640
Department of Labor and Training	-	244,442	244,442
Department of Public Safety	-	361,060	361,060
Department of Revenue	-	330,371	330,371
Elementary and Secondary Education	-	217,251	217,251
Executive Office of Commerce	-	14,274	14,274
Executive Office of Health and Human Services	-	143,782	143,782
Executive Office of Housing	-	32,687	32,687
General Assembly	-	170,788	170,788
Governor's Commission on Disabilities	-	14,274	14,274
Historical Preservation and Heritage Commission	-	20,780	20,780
Judiciary	-	450,058	450,058
Military Staff	-	66,445	66,445
Office of Attorney General	-	175,698	175,698
Office of Energy Resources	-	21,639	21,639
Office of Lieutenant Governor	-	16,115	16,115
Office of Public Defender	-	75,038	75,038
Office of the Child Advocate	-	19,184	19,184
Office of the General Treasurer	-	67,673	67,673
Office of the Governor	-	38,825	38,825
Office of the Mental Health Advocate	-	14,888	14,888
Office of the Postsecondary Commissioner	-	39,439	39,439
Public Utilities Commission	-	45,577	45,577
Rhode Island Atomic Energy Commission	-	16,484	16,484
Rhode Island Cannabis Control Commission	-	27,163	27,163
Rhode Island Commission for Human Rights	-	20,412	20,412
Rhode Island Council on the Arts	-	17,343	17,343
Rhode Island Emergency Management Agency	-	34,529	34,529
Rhode Island Ethics Commission	-	18,570	18,570
Secretary of State	-	49,259	49,259
Total	\$0	\$6,294,396	\$6,294,396

ETSS Charges (all funds)**\$2.9 million**

The FY2027 Budget includes several statewide operating adjustments involving the Enterprise Technology Strategy and Services (ETSS) for services provided to state agencies. The Budget includes 18 individual ETSS appropriation lines (not including the ETSS Billing-ERP Maintenance and Operations Billings line).

Each appropriation line reflects a billing for technology services provided by ETSS throughout state government. The FY2027 Budget includes an all fund appropriation of \$52.5 million (\$34.5 million general revenue), reflecting an all funds increase of \$2.9 million (\$2.1 million general revenue).

The table illustrates statewide adjustments for the ETSS Charges billed to each agency.

Agency	FY2026 Enacted	FY2026 Governor	FY2027 Governor	Change from Enacted
BHDDH	\$4,574,885	\$5,073,504	\$5,604,703	\$1,029,818
Board of Elections	159,187	161,017	158,672	(515)
Coastal Resources Management Council	22,923	19,347	14,838	(8,085)
Commission on the Deaf & Hard of Hearing	79,343	92,920	94,072	14,729
Department of Administration	2,749,729	2,050,165	1,399,396	(1,350,333)
Department of Business Regulation	1,252,795	1,241,182	1,313,927	61,132
Department of Children, Youth, and Families	3,792,693	3,911,651	4,434,168	641,475
Department of Corrections	5,654,809	6,143,479	6,683,882	1,029,073
Department of Environmental Management	2,762,461	2,943,965	3,259,041	496,580
Department of Health	4,434,267	4,285,849	4,014,538	(419,729)
Department of Human Services	5,225,534	5,452,163	6,446,524	1,220,990
Department of Labor and Training	4,831,206	4,392,753	4,804,736	(26,470)
Department of Public Safety	537,780	440,706	296,603	(241,177)
Department of Revenue	4,151,662	4,331,298	4,380,552	228,890
Department of Transportation	4,580,694	4,580,694	4,580,694	-
Elementary and Secondary Education	148,572	142,400	32,151	(116,421)
Executive Office of Commerce	55,608	72,818	70,980	15,372
Executive Office of Health and Human Services	2,579,915	2,677,518	2,853,993	274,078
Executive Office of Housing	133,561	157,207	157,828	24,267
General Assembly	70,745	64,243	8,340	(62,405)
Governor's Commission on Disabilities	46,222	52,100	49,078	2,856
Historical Preservation and Heritage Commission	33,266	70,441	61,747	28,481
Judiciary	175,325	102,875	2,994	(172,331)
Military Staff	58,116	54,709	21,175	(36,941)
Office of Attorney General	62,705	61,673	29,685	(33,020)
Office of Energy Resources	115,711	139,305	160,132	44,421
Office of Lieutenant Governor	90,041	103,286	102,295	12,254
Office of Public Defender	14,794	13,873	-	(14,794)
Office of the Child Advocate	52,450	57,508	55,444	2,994
Office of the General Treasurer	213,517	153,937	42,136	(171,381)
Office of the Governor	310,265	331,369	361,735	51,470
Office of the Mental Health Advocate	19,029	19,897	12,256	(6,773)
Office of the Postsecondary Commissioner	17,890	15,796	201	(17,689)
Public Utilities Commission	199,500	218,752	232,025	32,525
Rhode Island Atomic Energy Commission	14,855	13,980	146	(14,709)
Rhode Island Cannabis Control Commission	-	87,573	101,032	101,032
Rhode Island College	9,000	9,000	9,000	-
Rhode Island Commission for Human Rights	127,642	95,195	95,503	(32,139)
Rhode Island Council on the Arts	88,167	96,622	89,156	989
Rhode Island Emergency Management Agency	49,132	174,234	324,709	275,577
Rhode Island Ethics Commission	137,885	144,670	146,586	8,701
Secretary of State	48,376	48,752	26,414	(21,962)
Total	\$49,682,257	\$50,300,426	\$52,533,087	\$2,850,830

Department of Administration

Expenditures By Program	FY2025 Actual	FY2026 Enacted	FY2026 Governor	Change from Enacted		FY2027 Governor	Change from Enacted	
Accounts and Control	\$6.7	\$8.5	\$7.3	(\$1.1)	-13.5%	\$2.5	(\$6.0)	-70.8%
Office of Management and Budget	12.0	14.7	15.2	0.6	3.8%	14.2	(0.5)	-3.5%
Capital Asset Management and Maintenance	9.8	11.0	11.8	0.8	7.7%	9.9	(1.1)	-9.7%
Central Management	34.1	37.6	30.0	(7.6)	-20.2%	4.9	(32.7)	-87.1%
Debt Service Payments	192.8	211.9	198.3	(13.6)	-6.4%	204.4	(7.5)	-3.5%
Energy Resources	(0.4)	-	-	-	-	-	-	-
General	102.2	87.1	272.9	185.9	213.5%	106.4	19.3	22.2%
Human Resources	0.8	0.9	1.0	0.1	9.8%	0.7	(0.2)	-21.1%
Information Technology	1.8	3.0	38.8	35.8	1191.8%	2.1	(0.9)	-29.3%
Legal Services	2.6	2.9	2.9	-	0.0%	3.0	0.1	4.5%
Library and Information Services	3.4	3.8	3.8	0.0	0.3%	3.9	0.1	2.7%
Personnel Appeal Board	0.1	0.2	0.2	(0.0)	-6.3%	0.2	-	0.0%
Placeholder	(0.0)	-	-	-	-	-	-	-
Planning	6.0	7.2	7.3	0.1	1.8%	7.3	0.1	2.0%
Purchasing	5.7	5.9	6.3	0.4	6.1%	6.3	0.4	6.1%
Rhode Island Health Benefits Exchange (HealthSource RI)	30.7	29.9	32.0	2.1	6.9%	42.0	12.1	40.3%
Statewide Personnel and Operations	0.4	3.9	2.6	(1.2)	-	0.5	(3.4)	-
Division of Equity, Diversity, and Inclusion	1.8	2.4	2.4	0.0	0.4%	2.3	(0.1)	-4.0%
Total	\$410.3	\$430.6	\$632.8	\$202.2	47.0%	\$410.4	(\$20.3)	-4.7%
Expenditures By Source								
General Revenue	\$219.5	\$249.3	\$234.3	(\$15.0)	-6.0%	\$248.0	(\$1.3)	-0.5%
Federal Funds	54.3	47.6	124.3	76.7	161.2%	15.4	(32.2)	-67.7%
Restricted Receipts	22.9	24.1	62.7	38.6	160.1%	26.4	2.3	9.5%
Other Funds	113.6	109.6	211.4	101.8	92.9%	120.6	11.0	10.0%
Total	\$410.3	\$430.6	\$632.8	\$202.2	47.0%	\$410.4	(\$20.3)	-4.7%
Authorized FTE Levels	683.6	684.6	683.6	(1.0)	-0.1%	682.6	(2.0)	-0.3%

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

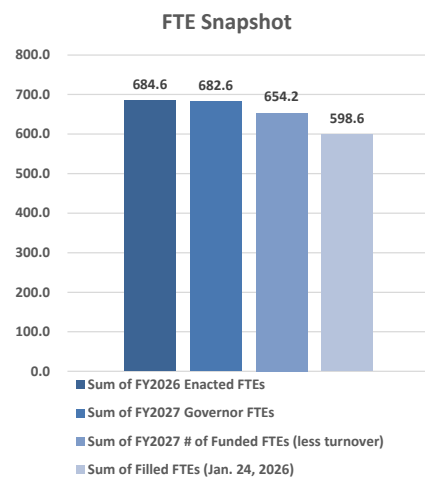
The Department of Administration's primary function is to provide support services to state departments and agencies. The Department of Administration was created to consolidate the finance, purchasing, and management functions of the State. There are 16 sub-programs with specific functions within the Department of Administration.

MAJOR ISSUES AND TRENDS

The FY2026 Revised Budget includes an all funds appropriation of \$632.8 million, reflecting a net increase of \$202.2 million, a 47.0 percent increase from the FY2026 Budget as Enacted. General revenues total \$234.3 million and comprise 37.0 percent of the Department's total appropriation. Federal funds total \$124.3 million (19.6 percent), restricted receipts total \$62.7 million (9.9 percent) and other funds total \$211.4 million (33.4 percent).

The FY2027 Budget includes an all funds appropriation of \$410.4 million, reflecting a net decrease of \$20.3 million (4.7 percent) from the FY2026 Budget as Enacted. General revenues total \$248.0 million and comprise 60.4 percent of the Department's total appropriation. This reflects a decrease of \$1.3 million from the FY2026 Budget as Enacted.

Significant items in the Budget include increased general revenue appropriations of \$9.5 million to establish the Rhode Island Marketplace Affordability Program, a State-based subsidy program created to partially replace expired enhanced advanced premium tax credits



(eAPTCs) and an increase of \$3.2 million for additional retirement contributions into the state retirement fund for state employees and for the state share for teachers.

These increases are offset by other significant general revenue adjustments including the shift of \$5.2 million for personnel and operational funding of the Accounts and Control program to a new Enterprise Resource Program (ERP) Internal Service Fund (ISF), a decrease of \$2.5 million reflecting the end of the FEMA Reserve and Contingency appropriation, a decrease of \$2.1 million for various debt service costs, a decrease of \$1.6 million for personnel and operating costs in Purchasing from shifting general revenue expenses to restricted receipts through the establishment of a 0.33 percent procurement assessment fee, and a total net decrease of \$2.3 million across 10 Department programs.

Other funds total \$120.6 million reflect an increase of \$11.0 million from the FY2026 Budget as Enacted. The RICAP program comprises approximately 70.3 percent of the other fund appropriation which reflects capital renovation/remediation expenditures. This includes \$20.0 million for continued Pastore Center Infrastructure and \$17.4 million in RICAP funds for the ongoing State House Renovation project.

Federal funds total \$15.4 million and comprise 3.7 percent of the Department's total appropriation. Federal funds decreased by \$32.2 million from the previous year. The most significant change is the decrease of \$33.0 million reflecting the end of ARPA Emergency Rental Assistance program, known as RentReliefRI.

Restricted receipts total \$26.4 million and comprise 6.4 percent of the Department's total appropriation.

The FY2027 Budget includes 682.6 FTE positions, reflecting a decrease of a 2.0 FTE positions to the Department. This includes the transfer of 1.0 Programming Service Officer position from the Water Resources Board (WRB) within the Planning program to the Department of Environmental Management (DEM); and the transfer of a 1.0 Technical Support Specialist III (UNIX/Networks) position who was transferred from Division of Enterprise Technology Strategy and Services (ETSS) within Information Technology to Department of Public Safety (DPS). The position had already been working full-time on DPS issues, and the Department transferred the the position to DPS rather than having it continue to technically be an DOA/ETSS position that was fully billed to DPS.

ACCOUNTS AND CONTROL

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

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

Accounts and Control	General Revenue
FY2026 Enacted	\$5,804,845
<i>Target and Other Adjustments</i>	-
Shift to A&C ISF	(5,154,784)
FY2027 Governor	\$650,061
Accounts and Control	Other Fund Changes
Shift to A&C ISF (restricted receipts)	(\$864,518)

Shift to A&C ISF**(\$5.2 million)**

The Budget shifts personnel and operational funding of the Accounts and Control program to a new Enterprise Resource Program (ERP) Internal Service Fund (ISF). This ISF charges every agency based on ERP usage and transfers these funds into the new Accounts and Control ERP ISF. The result is a general revenue reduction of \$5.2 million and reduce restricted receipt expenses by a net \$864,518.

The Budget leaves a general revenue amount of \$650,061 for the statewide A&C ISF Charges and restricted receipts of \$1.8 million.

OFFICE OF MANAGEMENT AND BUDGET

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

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

The program also contains the Pandemic Recovery Office as the State's centralized office to oversee and ensure compliance with the rules, regulations, and guidance issued by the United States Department of the Treasury of expenditures from the federal COVID-19 related funds including the American Rescue Plan Act of 2021 (ARPA) with the \$1.13 billion in State Fiscal Recovery Funds (SFRF) and Capital Projects Fund (CPF). The Pandemic Recovery Office will be responsible for submitting all reports required by the United States Department of the Treasury for the SFRF and Capital Projects Fund.

Office of Management and Budget	General Revenue
FY2026 Enacted	\$11,000,012
<i>Target and Other Adjustments</i>	<i>149,401</i>
A&C ISF Charges (statewide adjustments)	217,905
Software Maintenance	(150,000)
ETSS Internal Agency Charges (statewide adjustments)	(111,266)
Personnel Adjustments (statewide adjustments)	194,512
Seasonal/Special Wages	(72,800)
Turnover	(70,885)
FY2027 Governor	\$11,156,879
Office of Management and Budget	Other Fund Changes
ARPA SFRF/ARPA CPF: Pandemic Recovery Office (federal funds)	(\$615,546)
Personnel Adjustments (other funds) (statewide adjustments)	50,648

Software Maintenance**(\$150,000)**

The Budget includes general revenue of \$148,000 for software maintenance. This reflects a decrease of \$150,000 as compared to the previous fiscal year. The FY2026 Budget as Enacted included \$298,000 within the Office of Internal Audit for procurement expenses related to the Workiva's financial reporting software. The Department reduced the funding for FY2027 based on expected and historical expenses.

Seasonal/Special Wages**(\$72,800)**

The Budget decreases general revenue by \$72,800 for seasonal employee wages. DOA/OMB occasionally uses seasonal employees and internships on an as-needed basis. The FY2026 Budget as Enacted included \$72,800 in wages for the referenced positions. These positions are not filled as part of the FY2027 Budget, and the wages are not needed for the upcoming fiscal year.

Turnover**(\$70,885)**

The Budget increases general revenue turnover savings by \$70,885 in FY2027. The Budget reflects historical trends and anticipated turnover in personnel expenses as compared to the FY2026 Budget as Enacted.

ARPA SFRF Pandemic Recovery Office (federal funds)**(\$615,546)**

The Budget includes a net decrease of \$615,546 in American Rescue Plan Act (ARPA) State Fiscal Recovery Funds (SFRF) and Capital Project Funds (CPF) in FY2027 to finance the administration and operations of the Pandemic Recovery Office (PRO). This reflects a decrease in federal funds of \$753,879 for the PRO administrative costs offset by an increase of \$138,333 to administer the Capital Projects Fund (CPF) grant from the U.S. Treasury. Although ARPA expenditures are scheduled to end December 31, 2026, the final reports for the SFRF and CPF are due at the U.S. Treasury April 30, 2027. CAPITAL ASSET MANAGEMENT AND MAINTENANCE

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

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

Capital Asset Management and Maintenance	General Revenue
FY2026 Enacted	\$10,990,302
<i>Target and Other Adjustments</i>	<i>44,456</i>
Personnel Adjustments and Cost Shift to RICAP	(2,196,582)
Centralized Services (statewide adjustments)	868,833
Personnel Adjustments (statewide adjustments)	192,649
A&C ISF Charges (statewide adjustments)	22,997
FY2027 Governor	\$9,922,655

Personnel Adjustments and Cost Shift to RICAP**(\$2.2 million)**

The Budget includes general revenue of \$54,545 for personnel costs at DCAMM. This reflects a net general revenue decrease of \$2.0 million as compared to the FY2026 Budget as Enacted. The decrease is comprised of \$2.3 million in general revenue for salary and benefit expenses offset by \$2.2 million in turnover savings, which is \$2.1 million more in turnover savings than the previous fiscal year.

According to OMB, the \$2.2 million listed as turnover savings, reflects a change to charge project manager personnel costs for approximately 11.0 FTE positions, directly to the RICAP project costs. Presently, RICAP funds do not cover personnel costs.

Analyst Note: The proposal to shift costs for the project managers' personnel expenses from general revenue to RICAP funds has previously been proposed and rejected by the General Assembly, including the previous FY2025 Budget and FY2026 Budget as proposed by the Governor.

CENTRAL MANAGEMENT

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

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

Central Management	General Revenue
FY2026 Enacted	\$4,359,358
<i>Target and Other Adjustments</i>	<i>(24,135)</i>
ERP Maintenance and Operation Billings (statewide adjustments)	(660,848)
Realignment to Enacted/CSL	193,701
A&C ISF Charges (statewide adjustments)	183,221
ETSS Charges (statewide adjustment)	(44,368)
FY2027 Governor	\$4,006,929

Central Management	Other Fund Changes
ARP ERA Emergency Rental Assistance (federal funds)	(\$33,000,000)
Centralized Services (statewide adjustments) (restricted receipts)	853,701
Realignment to Enacted/CSL (restricted receipts)	(193,701)

Realignment to Enacted/CSL **\$193,701**

The Budget increases general revenue by \$193,701, reversing recoveries of indirect costs on federal grants, that was implemented in FY2026. The FY2026 Budget as Enacted contained language in Article 2 that increased the indirect cost recovery (ICR) charge provisions on restricted receipt accounts from 10.0 percent to 15.0 percent, matching the new federal rate. In FY2026, the Department had the ability to charge an additional \$193,701 to restricted receipts and to remove the administrative expenses from general revenue.

The \$193,701 reduction was to be a placeholder with the understanding that an amount of expenditure would be shifted from general revenue somewhere within the Department of Administration to an Indirect Cost Recovery (ISF) account. The proposed FY2026 Revised Budget identified a portion of the DCAMM ISF and HR ISF charges that can be shifted to the restricted account and recovered as overhead charges on grants. Since this was a one-time recovery the cost shift is reversed in the Governor's FY2026 Revised Budget and FY2027 Budget. There is a corresponding decrease of \$193,701 in restricted receipts.

ARP ERA: Emergency Rental Assistance (federal funds)**(\$33.0 million)**

The Budget does not include funding for emergency rental assistance, known as RentReliefRI in FY2027 resulting in a reduction of federal funds of \$33.0 million as compared to the FY2026 Budget as Enacted. The State received \$352.0 million from two federal Emergency Rental Assistance authorizations (ERA1 and ERA2) to provide rent and utility assistance. The program distributed over \$200.0 million before its original funding had been either depleted or hit its federal expiration date.

- ERA1 (Consolidated Appropriations Act, 2021): This was originally set to expire earlier but was extended to September 30, 2022.
- ERA2 (American Rescue Plan Act): These funds had an expiration date of September 30, 2025.

Funding for the Rhode Island Federal Emergency Rental Assistance (ERA) program was appropriated past initial expiration dates primarily due to federal legislative extensions and reallocation rules that shifted deadlines. In addition, allocations were shifted over FY2024 and FY2025 so that federal obligation timelines were met while allowing actual spending to continue through December 2026.

DEBT SERVICE PAYMENTS

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

Debt Service Payments	General Revenue
FY2026 Enacted	\$178,801,286
<i>Target and Other Adjustments</i>	-
Other Debt Service Changes	(1,580,539)
General Obligation Bond Changes	(1,124,171)
Certificates of Participation (COPs)	574,000
FY2027 Governor	\$176,670,576

Debt Services Payments	Other Fund Changes
Transportation - Debt Service (other funds)	(\$5,420,247)

Other Debt Service Changes**(\$1.6 million)**

The Budget includes \$45.0 million in general revenue for debt service expenses on five items, reflecting a decrease of \$1.6 million from various adjustments from the FY2026 Budget as Enacted. The significant adjustment reflects a \$1.7 million decrease for the Convention Center Authority.

Other Debt Service	FY2026 Enacted	FY2027 Governor	Change
Convention Center Authority	\$24,508,787	\$22,845,851	(\$1,662,936)
Central Falls School Project	10,740,206	10,826,488	86,282
EDC - Fidelity Job Rent Credits	954,054	954,054	-
Innovation District Garage	493,339	493,339	-
Historic Structures Tax Credit	9,896,419	9,892,534	(3,885)
Total	\$46,592,805	\$45,012,266	(\$1,580,539)

Convention Center Authority: The Budget decreases general revenue by \$1.7 million in FY2027 for debt service for the outstanding bonds for the Convention Center Authority. Pursuant to a lease agreement dated November 1, 1991, between the Rhode Island Convention Center Authority (Authority) and the State, the Authority leased the Convention Center facilities to the State. As part of the agreement terms, the State

obligated itself to make lease payments in an amount sufficient to pay the operating expenses and debt service of the Authority, that are not met by revenue generated by the Authority.

The FY2026 Budget as Enacted includes general revenue of \$24.5 million for debt service. The FY2027 Budget includes \$22.8 million reflecting a decrease of \$1.7 million from the previous fiscal year.

Transportation – Debt Service (other funds) (\$5.4 million)

The FY2027 Budget includes \$26.5 million in other fund debt service for Transportation debt, reflecting a decrease of \$5.4 million in operating transfers from other funds for Transportation – Debt Service, as compared to the FY2026 Budget as Enacted. This reflects a decrease in gas tax transfers for debt service.

The State has not issued any additional Transportation debt since FY2021 (there is \$4.7 million in unissued bonds remaining). Therefore, the remaining debt service is decreasing as older bond issuances are paid off.

General Obligation Bond Changes (\$1.1 million)

The Budget includes \$126.7 million in general revenue to fund the cost of the State’s general obligation debt service in FY2027, a decrease of \$1.1 million as compared to the FY2026 Budget as Enacted.

General Obligation Bonds	FY2026 Enacted	FY2027 Governor	Change
G.O. Bond New Bond Issue Projected Costs	\$26,310,000	\$18,005,000	(\$8,305,000)
RI School Buildings	17,986,896	23,234,462	5,247,566
DOA - Quonset Point Debt Service	9,884,151	13,736,781	3,852,630
All Other G.O. Bond Adjustments	73,675,134	71,755,767	(1,919,367)
Total	\$127,856,181	\$126,732,010	(\$1,124,171)

G. O. Bond New Bond Issuance: The debt service projected in FY2027 for bonds to be approved by the voters in November 2026, includes a general revenue debt service of \$18.0 million (\$6.8 million in general revenue) for a projected principal and \$11.2 million in interest payments to support the scheduled FY2025 fall issuance of \$250.0 million in bonds. All issuances assume a 5.0 percent annual interest rate for a 20-year term.

RI School Buildings: The FY2027 Budget includes \$23.2 million in general revenue debt service for the Rhode Island School Construction bond program. This is a general revenue increase of \$5.2 million in general revenue for debt service payments as compared to the FY2026 Budget as Enacted.

The Capital Budget includes \$500.0 million general obligation bond proceeds authorized by voters in November 2018 and November 2022 for the construction, renovation, and rehabilitation of the State’s public schools. The bond proceeds fund the foundational school housing aid program and the School Building Authority Capital Fund. Funds from other sources, including local sources, will combine to fund \$1.0 billion in school construction and renovation projects. The Budget includes \$141.2 million in Pre-FY2026 - FY2027 issued general obligation bond proceeds, and \$108.8 million in unissued general obligation bond proceeds from FY2026 – FY2027.

DOA – Quonset Point Debt Service: The FY2027 Budget includes \$13.7 million in general revenue debt service related to the increase in Quonset Point debt service due to the 2025 general obligation bond issuance that closed on June 25, 2025. This reflects an increase of \$3.9 million in general revenue (\$3.2 million for additional principal and \$604,884 for interest debt service) as compared to the FY2026 Budget as Enacted. The related Quonset Point projects included in the 2025 general obligation bond issuance are:

- **\$15.8 million for the RIReady Statewide Industrial Site Development:** Authorized under P.L. 2020 Chapter 80 for the purpose of preparing sites for development for manufacturing, assembly, distribution, and other commercial endeavors for employment creation.
- **\$3.2 million for Port of Davisville Infrastructure:** Authorized under P.L. 2020 Chapter 80 to support the Quonset Point Business Park waterfront expansion including channel dredging, construction of Terminal 5 pier (which opened in September 2025), and modernization upgrades to Piers 1 and 2.

- **\$5.0 million for Port of Davisville Landside Improvements:** Authorized under P.L. 2024 Chapter 117 to fund the construction of the Terminal 5 Access Road and 33 acre laydown yard to allow large project cargo, such as items related to the offshore wind work) to unload and be transported to a laydown yard without interfering with overhead wiring or right-of-way obstructions.

Certificates of Participation (COPs)

\$574,000

The Budget includes \$4.9 million in general revenue to cover the debt service on three projects financed through certificates of participation (COPs). This reflects an increase of \$574,000 from the FY2026 Budget as Enacted.

Certificates of Participation	FY2026 Enacted	FY2027 Governor	Change
COPS- CAD Cell Project	\$0	\$575,000	\$575,000
COPS - Pastore Hospital Consolidation	1,872,550	1,868,550	(4,000)
COPS - School for the Deaf	2,479,750	2,482,750	3,000
Total	\$4,352,300	\$4,926,300	\$574,000

CAD Cell Project: The Budget includes general revenue of \$575,000 for debt service for associated with the issuance of \$23.0 million in issued certificates of participation (COPs) toward the design and construction of an additional Confined Aquatic Disposal (CAD) cell for dredge material disposal.

The total CAD cell project cost is \$116.7 million of which \$81.7 million will be federally funded. The State share includes the COPs funds, \$11.4 million in RICAP funds, and \$620,000 in dredge fund revenue for a total state share of \$35.0 million. The total state share must be paid by August 2026.

The U.S. Army Corps of Engineers (USACE) is charged with maintaining the Providence River and Harbor Shipping Channel, which involves the dredging and disposal of dredged materials. Preliminary testing indicates that much of the dredge material contains contaminants that are not appropriate for disposal in open waters. After considering other alternatives, it was determined that these materials will be deposited into CAD cells. As part of the USACE dredging project, the CAD cells project will qualify for federal funding. The USACE asked the Coastal Resource Management Council (CRMC) to act as the local project sponsor for the federal action to maintain the depths of the Providence River and Harbor Shipping Channel and assume responsibility for the local share of the project funding.

CAD cells are depressions created in the bottom of a body of water for storing contaminated sediments to reduce the risk of the sediment contaminating the entire system. Currently, there are six CAD cells below the Providence River Federal Navigation Channel in the vicinity of the Port of Providence and Simms Metals that were created in the mid 1990's; however, these cells are reaching capacity.

GENERAL

The General program reflects funds appropriated to finance expenditures not allocated to other State departments or agencies and not specific to any one program within the Department of Administration. Grants and benefits reflect grants made to certain organizations, which are appropriated by the General Assembly.

General	General Revenue
FY2026 Enacted	\$17,772,328
<i>Target and Other Adjustments</i>	<i>(18,113)</i>
Retirement Savings Contributions	3,169,143
Tort Awards	100,000
Wrongful Conviction Awards	(100,000)
FY2027 Governor	\$20,923,358

General	Other Fund Changes
Restoration and Replacement - Insurance Coverage (restricted receipts)	(\$413,557)

Retirement Savings Contribution**\$3.2 million**

The Budget increases general revenues by \$3.2 million for additional retirement contributions into the state retirement fund, pursuant to RIGL 36-10-2(e)(1) for state employees and RIGL 36-10-2(e)(2) for the state share for teachers. RIGL requires the Governor include an appropriation in the budget submission to the retirement system equal to 20.0 percent of the proposed savings occurring in the employer contributions for State employees and for the State's share of the teacher contributions.

	FY2026 Enacted	FY2027 Governor	Change
Retirement Contributions			
Retirement Contribution (State Employees)	\$0	\$2,684,417	\$2,684,417
Retirement Contribution (State Share for Teachers)	811,678	1,296,404	484,726
Total	\$811,678	\$3,980,821	\$3,169,143

Instituted under the FY2006 Budget as Enacted (P.L. 2005 Chapter 117 Article 7 subsection 2), the general law requires "that beginning in FY2006 and in each subsequent year that the actuarial determined employer contribution rate is lower than that of the previous fiscal year, that the Governor shall include an appropriation equal to 20.0 percent of the proposed savings occurring in the employer contributions for State employees or for the State's share of the teacher contributions, will be applied towards the actuarial accrued liability of the State retirement system."

This change was enacted to increase the assets of the State retirement system, which could lower the employer contribution rates in future years and assist the State to achieve a 100.0 percent full funding ratio of the retirement system, thereby lowering future state costs to the retirement system.

Analyst Note: This type of additional retirement payment under 36-10-2 occurs because the FY2027 state contribution rate for State employees is 1.46 percent lower and the state share for teachers is 0.51 percent lower than the revised FY2026 contribution rate, therefore 20.0 percent of the savings must be appropriated to the state retirement system in the FY2027 Budget, reflecting an estimated appropriation of approximately \$3.2 million.

Tort Awards**\$100,000**

The Budget includes \$1.9 million in general revenue for court tort awards, an increase of \$100,000 from the FY2026 Budget as Enacted. Funding in the tort account is used to pay for tort/court award judgments against the State of Rhode Island. According to the Department of Administration, "the requested increase is contingency for possible increases, as indicated by the Office of the Attorney General." However, the Department does not have further details regarding potential awards. The State's Enterprise Resource Planning (ERP) accounting lists total FY2026 expenditures of \$204,537 as of February 27, 2026.

	FY2021 Actual	FY2022 Actual	FY2023 Actual	FY2024 Actual	FY2025 Actual	FY2026 Enacted	FY2026 Governor	Change	FY2027 Governor	Change
Torts - Court Awards										
Taxable Claims/Settlements	\$504,116	\$940,130	\$389,681	\$746,588	\$1,240,950	\$1,750,000	\$1,500,000	(\$250,000)	\$1,850,000	\$100,000

Wrongful Conviction Awards**(\$100,000)**

The Budget includes \$900,000 in general revenue for the payment of awards to those who were wrongfully convicted of a crime. This reflects a decrease of \$100,000 from the previous year. Authorized under Public Law 2021 Chapter 235 and 236, the law allows anyone who was wrongfully sentenced to prison for more than one year to petition the presiding justice of Rhode Island Superior Court for compensation and damages. If the court finds that the claimant was wrongfully imprisoned, the court will grant an award of \$50,000 for each year served in a correctional facility. If the individual was imprisoned for less than one year, the claimant will receive 1/365 of \$50,000 for each day served. The award can include damages such as attorney's fees no greater than \$15,000, plus compensation for reasonable costs including housing, transportation, subsistence, re-integrative services, and mental and physical health care costs. The request for the \$100,000 reduction in Wrongful Conviction Awards is based on updated projections provided by the Office of the Attorney General. The State's Enterprise Resource Planning (ERP) accounting lists no expenditures as of February 27, 2026.

2.0 Risk Management FTE positions (restricted receipts)**(\$413,557)**

The Budget reduces restricted receipts by \$413,557, reflecting the removal of 2.0 Risk Management FTE positions from the insurance account to avoid straining the Restoration and Replacement - Insurance Coverage account. One position was reallocated to Purchasing. The Department repurposed the second Risk Management FTE position as one of several internal agency personnel shifts.

HUMAN RESOURCES

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

Human Resources	General Revenue
FY2026 Enacted	\$889,580
<i>Target and Other Adjustments</i>	<i>(27,350)</i>
Centralized Services (statewide adjustments)	(160,213)
ETSS Charges (statewide adjustment)	(319)
FY2027 Governor	\$701,698

INFORMATION TECHNOLOGY

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

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

Information Technology	General Revenue
FY2026 Enacted	\$1,838,147

<i>Target and Other Adjustments</i>	-
ETSS Internal Agency Charges (statewide adjustments)	(721,340)
Software Maintenance	(118,765)
FY2027 Governor	\$998,042

Information Technology	Other Fund Changes
Information Technology Restricted Receipt Account (restricted receipts)	(\$37,939)
Large Systems Initiative Fund (internal service funds)	<i>Informational</i>

Software Maintenance (\$118,765)

The Budget includes \$998,042 for software maintenance, reflecting a decrease in general revenue of \$118,765 as compared to the FY2026 Budget as Enacted.

Information Technology Restricted Receipt Account (restricted receipts) (\$37,939)

The Budget includes \$1.1 million in restricted receipts for the Information Technology Restricted Receipt Account (ITRR), formerly known as the Information Technology Investment Fund (ITIF), which is a restricted receipt account for the State's technology initiatives and improvement projects. This is a net decrease of \$37,939 in restricted receipts from the FY2026 Budget as Enacted, primarily reflecting the Allocation of a 1.0 Chief Data and Analytics Officer position to the ITRR at a cost of \$295,025, offset by a reduction of \$333,389 for computer and software supplies.

Information Technology Restricted Receipt Account (restricted receipts) (\$37,939)

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The ITRR/ITIF history:

- The FY2015 Budget as Enacted authorized the Tobacco Settlement Financing Trust to transfer an estimated \$10.0 million to the ITIF from proceeds of the recent issuance of bonds by the Tobacco Settlement Financing Corporation. The ITIF derives funding through the sale of state property, as well as from three additional sources.
- In FY2015, 10.0 percent of the \$1.00 surcharge levied on each residence and business telephone line collected to support the E-911 Uniform Emergency Telephone System is deposited into the ITIF, but this was repealed under Article 2 of the FY2020 Budget as Enacted and replaced with a new revenue source derived from 10.0 percent of a \$0.50 fee imposed on land-lines and 10.0 percent of the \$0.75 fee imposed on wireless phone lines. The surcharge change is projected to provide the technology investment fund \$1.0 million annually.
- Article 4 of the FY2018 Budget as Enacted established a \$1.50 surcharge on every DMV fee transaction. This surcharge revenue is deposited into the State's Information Technology Infrastructure Fund (ITIF). Funds generated through the surcharge are specifically used to pay the original and ongoing costs associated with the DMV's information technology system, known as the Rhode Island Modernization System, or RIMS.
- Article 7 of the FY2019 Budget as Enacted authorized a tiered set of fees for individuals to obtain copies of certain vital records. The fees established are \$5 for mail-in certified records, \$3 for duplicate certified records, and \$2 for walk-in requests for certified records requests. The revenue

generated from these fees are deposited into the Information Technology Infrastructure Fund. The proposal projects to generate \$350,351 annually.

- Article 7 of the FY2020 Budget as Enacted made several changes related to the technology surcharge. The surcharge is increased by \$1.00, for a total of \$2.50 per DMV fee transaction. Revenue from the increase is to be deposited in a new restricted receipt within the DMV to pay for IT project-related payments and/or ongoing maintenance of and enhancements to the DMV's computer system. The remaining \$1.50 is deposited into the ITIF. The article removes the existing sunset and shifts the remaining \$1.50 from the ITIF to the DMV account beginning on July 1, 2022. Based on DOR projections, \$4.2 million in surcharge revenue, inclusive of the fee increase, will be generated in FY2020. The ITIF will receive \$2.5 million of this revenue and \$1.7 million will be deposited into the DMV restricted receipt account.
- Article 5 of the FY2022 Budget as Enacted requires that \$50.0 million of the total amount available in the Information Technology Investment Fund (ITIF) as of July 1, 2021, be made available to for a new Enterprise Resource Planning System (ERPS) for human resources, information systems, payroll, and financial management; and requires that \$17.0 million of the total amount available in the Information Technology Investment Fund (ITIF) as of July 1, 2021, be made available to replace the Department of Children, Youth, and Families' case management information system.
- Article 7 of the FY2023 Budget as Enacted providing revisions to the FY2022 Budget, requires that \$50.0 million in restricted receipts from the Information Technology Investment Fund be used for the development and implementation of an Enterprise Resource Planning System and \$17.0 million be available to replace the Department of Children, Youth, and Families' case management information system.
- Article 1 of the FY2023 Budget as Enacted requires that \$22.4 million in restricted receipts from the Information Technology Investment Fund be used for the development and implementation of an electronic medical records system for the state hospitals, \$19.4 million be available for the replacement and modernization of the Legacy mainframe system in the Department of Labor and Training, \$6.7 million for RIBridges Mobile and Childcare Tracking, \$2.5 million for Blockchain Digital Identity, \$2.2 million to support implementation of the Enterprise Resource Planning System, \$5.8 million for the Department of Environmental Management's online permit and licensing system for fish and wildlife, commercial fishing and boating registrations, \$3.3 million for Wi-Fi and Technology at the Adult Correctional Institutions, and \$2.3 million for the tax modernization system.
- Article 2 of the FY2024 Budget as Enacted established the Large Systems Initiative Fund (LSIF) as well as changed the name of the Information Technology Investment Fund to the Investment Technology Restricted Receipt Account. In addition, Article 1 of the enacted budget required the State Controller to transfer \$115.0 million from the Information Technology Restricted Receipt account to the Large Systems Initiatives Fund by July 14, 2023. These funds reflected balances in the Fund that were previous appropriations to capitalize the ITIF in FY2021 and FY2022.

Large Systems Initiative Fund (internal service funds)

Informational

The Large Systems Initiative Fund (LSIF), established under the FY2024 Budget as Enacted, is similar to the former Information Technology Investment Fund (ITIF) for the purpose of implementing and maintaining enterprise-wide software projects, in order to better account for appropriations versus expenditures on the State's financial statements and to facilitate federal participation in large information technology projects. The cost of enterprise IT projects may be allocated to federal funds provided that the allocation is in proportion to the support it provides to federally funded activities. For a capital development project, however, the costs may only be charged to a federal fund, after the project is completed and placed in service. Then, the value of the asset is amortized over the life of the of the equipment with federal funds used to pay the depreciation of the product that is used in proportion with the federal fund use of the product.

The LSIF is administered by the Chief Information Officer within the Department of Administration and is used to fund the larger IT projects that were capitalized by general revenue appropriations.

The FY2024 Budget transferred \$115.0 million from the ITRR account to the Large Systems Initiative Fund (LSIF). These funds reflected balances that were previous appropriations to capitalize the ITRR (ITIF) in FY2021 and FY2022. The FY2024 Budget as Enacted also included a \$13.0 million general revenue appropriation for the LSIF, of which, \$8.0 million for the Comprehensive Child Welfare Information System (CCWIS) information technology project; and \$5.0 million to support the new Gateway to Government initiative that expands the Digital Government Pilot Program in the Department of Business Regulation. The LSIF is an internal service fund within the Department of Administration.

The Budget includes an ISF appropriation of \$41.9 million in the FY2026 Revised Budget (6 projects) and \$16.9 million in FY2027 for four projects. The following table illustrates the project and funding amounts covering FY2025 through FY2027. The fund balance was requested but as of this writing it has not been received.

Large Systems Initiative Fund	FY2025 Actual	FY2026 Enacted	FY2026 Governor	Change	FY2027 Governor	Change
Comprehensive Child Welfare Information System	\$2,706,088	\$9,797,031	\$15,936,639	\$6,139,608	\$5,000,000	(\$4,797,031)
DEM Legacy Modernization	2,052,325	-	875,326	875,326	-	-
DLT Mainframe Legacy Modernization	2,427,628	9,450,000	2,365,491	(7,084,509)	4,446,476	(5,003,524)
Electronic Medical Records System	628,373	10,960,000	16,530,570	5,570,570	4,918,428	(6,041,572)
Enterprise Resource Planning	29,955,440	3,663,746	-	(3,663,746)	-	(3,663,746)
Gateway to Government	104,938	1,800,000	1,763,337	(36,663)	2,504,463	704,463
RI Bridges Mobile Access and Child Care Tracking	97,312	-	4,388,177	4,388,177	-	-
Wi-Fi and Tech at the ACI	688,822	-	-	-	-	-
Total	\$38,660,926	\$35,670,777	\$41,859,540	\$6,188,763	\$16,869,367	(\$18,801,410)

- **Comprehensive Child Welfare Information System:** The Budget includes \$15.9 million in the FY2026 Revised Budget and \$5.0 million in LSIF. The FY2027 Budget also includes \$9.5 million in federal funds, and \$1.3 million in general revenue to replace the Department of Children, Youth, and Families' case management system, RICHIST. The capital funding for this project is listed under the Department of Children, Youth, and Families (DCYF) capital budget. The total project cost is \$45.6 million and the total project cost in FY2027 is \$15.8 million of which \$5.0 million is from the LSIF.
- **DEM Legacy Modernization:** The FY2026 Revised Budget includes \$875,326 in LSIF to complete the modernization of the permit application and license tracking and processing systems. The previous systems were built on obsolete technology that do not allow electronic submission of applications, e-transactions, or efficient workflow management. These permitting and licensing processes are critical to the completion of needed infrastructure investments, land development activities, commercial fishing and the state's economic recovery.
- **DLT Mainframe Legacy Modernization:** The Budget includes LSIF of \$2.4 million in FY2026 and \$4.4 million in FY2027 for the replacement and modernization of the Employer Tax, Temporary Disability Insurance (TDI), Business Federal Account Reporting, Mainframe Retirement, and Workforce Regulations and Safety systems. The total cost of this project from pre-FY2026 to FY2027 is \$10.4 million.
- **Electronic Medical Records System:** The Budget includes LSIF of \$16.5 million in FY2026 and \$4.9 million to implement the Hospital Information System (HIS) with an Electronic Medical Records (EMR) component. The HIS EMR system will improve patient care through electronic capturing and tracking of patient data, eliminate manual transcriptions and paper file storage, and will better enable evidence-based health care decisions. The total cost of this project from pre-FY2026 to FY2027 is \$22.3 million.
- **Gateway to Government:** The Budget includes LSIF of \$1.8 million in FY2026 and \$2.5 million in FY2027 to support the Gateway to Government initiative, an expansion of the digital government pilot

program of the Department of Business Regulation. The purpose of this initiative is to transition licensing processes toward a single paperless platform housing digital identities and credentialing information. The total cost of this project is \$7.5 million with future LSIF appropriations of \$3.3 million through FY2031.

- **RI Bridges Mobile Access and Child Care Tracking:** The Budget includes LSIF of \$4.4 million in the FY2026 Revised Budget to expand the existing HealthyRhode application to improve constituent access to their benefits including self-service capabilities to submit information through HealthyRhode. It will also enhance the current RI Bridges childcare attendance tracking to reduce administrative burden for childcare providers, enhance the department's ability to report on enrollment and attendance and reduce the time needed for DHS to process childcare payroll. The total cost of this project is \$6.7 million. The pre-FY2026 appropriation was \$2.3 million.

LEGAL SERVICES

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

Legal Services	General Revenue
FY2026 Enacted	\$2,872,990
<i>Target and Other Adjustments</i>	-
Personnel Adjustments (statewide adjustments)	64,026
Turnover	35,652
ETSS Charges (statewide adjustment)	14,772
A&C ISF Charges (statewide adjustments)	11,310
FY2027 Governor	\$2,998,750

Turnover **\$35,652**

The Budget includes no turnover savings in FY2027. This reflects a general revenue increase of \$35,652 in personnel expenses as compared to the FY2026 Budget as Enacted, thus requiring additional funds for personnel costs.

LIBRARY AND INFORMATION SERVICES

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

Library and Information Services	General Revenue
FY2026 Enacted	\$2,143,053
<i>Target and Other Adjustments</i>	(1,569)
Personnel Adjustments (statewide adjustments)	38,311
A&C ISF Charges (statewide adjustments)	34,307
FY2027 Governor	\$2,214,102

Library and Information Services	Other Fund Changes
Personnel Adjustments (federal funds) (statewide adjustments)	\$22,064

PERSONNEL APPEAL BOARD

The Personnel Appeal Board hears appeals by any person with provisional, probationary, or permanent status in a position in the classified service aggrieved by an action of the Administrator of Adjudication for the Department of Administration on matters of personnel administration. The Board administers the Merit System Law governing appeals, maintenance of records, reviews, appeals from decisions rendered, and records of cases adjudicated before scheduling a public hearing. The Personnel Appeal Board consists of five members, not more than three of whom are members of the same political party.

Personnel Appeal Board	General Revenue
FY2026 Enacted	\$160,838
<i>Target and Other Adjustments</i>	<i>(8,610)</i>
FY2027 Governor	\$152,228

PERSONNEL AND OPERATIONAL REFORMS

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

Personnel and Operational Reforms	General Revenue
FY2026 Enacted	\$3,250,000
<i>Target and Other Adjustments</i>	-
FEMA Reserve and Contingency	(2,500,000)
Primary Care Health Assessment State Cost	(750,000)
General Officer Transition Costs	464,000
FY2027 Governor	\$464,000

Personnel and Operational Reforms	Other Fund Changes
Primary Care Health Assessment State Cost (other funds)	(\$477,295)
Primary Care Health Assessment State Cost (federal funds)	(100,500)
Primary Care Health Assessment State Cost (restricted receipts)	(44,575)

FEMA Reserve and Contingency **(\$2.5 million)**

The Budget removes all general revenue funding (\$2.5 million) for FEMA contingency reserve and contingency payments as funding is not required in the FY2027 Budget. Funds were included in the previous budget to be used in the event that the federal FEMA reimbursements for COVID-19 response costs differed from the State estimation and assumptions. The intent of the reserve fund was to absorb potential discrepancies between State claims and what FEMA ultimately reimburses. This item decreases general revenue by \$2.5 million as compared to the FY2026 Budget as Enacted.

Primary Care Health Assessment State Cost **(\$750,000)**

The Budget decreases general revenue by \$750,000 that was included in the FY2026 Budget as Enacted as a statewide placeholder for the Primary Care Health Assessment but subsequently incorporated into updated health insurance rates and thus no longer needed. This also reflects reductions of \$477,295 in other funds, \$100,500 in federal funds, and \$44,575 in restricted receipts.

General Officer Transition Costs **\$464,000**

The Budget includes \$464,000 in general revenue for general officer transition costs associated with the 2026 General Election. These costs may occur every four years depending on changes in the general

officers. The FY2023 Budget as Enacted included general revenue of \$350,000 for general officer transition costs following the 2022 General Election.

PLANNING

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

- Statewide Planning staffs the State Planning Council, which is comprised of state and local government officials, public members, and federal officials in an advisory capacity. The State Planning Council serves as the State's Metropolitan Planning Organization, responsible for planning and prioritizing state and federal transportation funding.
- Strategic Planning and Economic Development uses policy analysis and the planning process to prepare issue briefs and draft strategic plans that address current topics of special interest.
- The Water Resources Board (WRB) manages the planning and development of twenty-nine major water supply systems and the Big River Management Area.

Planning	General Revenue
FY2026 Enacted	\$1,222,229
<i>Target and Other Adjustments</i>	<i>3,501</i>
Big River Management Area Administration Transfer	(130,456)
Personnel Adjustments (statewide adjustments)	30,774
FY2027 Governor	\$1,126,048

Planning	Other Fund Changes
State Transportation Planning Match (other funds)	\$160,000

Big River Management Area Administration Transfer (\$130,456)

The Budget decreases general revenue by \$130,456 reflecting the transfer of the administrative and regulatory authority over the Big River Management Area (BRMA) reservoir lands from the Water Resources Board (WRB) to the Department of Environmental Management (DEM).

Article 3 contains language clarifying that the transfer does not affect the WRB's authority over freshwater resource management as provided in RIGL 46-15, entitled "Water Resources Management", and 46-15.1, entitled "Water Supply Facilities". Currently, DEM is managing the property through a Memorandum of Understanding (MOU) with the WRB and is thereby responsible for issues with the property including access and public safety. Given DEM's current role with the management areas and their experience with land management across the State, the Governor recommends the transfer of administrative and regulatory authority. The Budget also includes the transfer of 1.0 Programming Service Officer position.

The Big River Management Area is an 8,600-acre protected open space located primarily in the Town of West Greenwich. Approximately 200 homes and businesses were originally condemned by the State in the 1960s to create a reservoir which was never. As property becomes vacant the State demolishes the structures to return the land to a natural condition. There are approximately 39 residences remaining with 3 to 5 five original families still on the property as tenants of the State, a golf course, and a mobile home park.

Analyst Note: The Department impact statement lists the transfer cost at \$148,296.

State Transportation Planning Match (other funds) \$160,000

The Budget increases other funds by \$160,000 reflecting gas tax receipts to be used as a match for federal highway/federal transit funds (FHWA). The gas tax receipts are received by Planning by agreement with the Rhode Island Department of Transportation (RIDOT) to provide planning services that are not

performed by RIDOT staff. Planning uses gas tax receipts for subawards as a match for FHWA funding for certain approved projects, including the Municipal Training project for local officials, the new Travel Demand Model project, and the new Freight plan.

PURCHASING

The Purchasing division includes procurement, operational support services, standards and specifications development and management, vendor information, and minority business enterprises. The Procurement division solicits bids or requests for proposals for services and supplies, negotiates prices with vendors, and carries out affirmative action programs. Operational support services include purchase order production and record-keeping, bid preparation and opening, requisition tracking, and vendor files. The standards and specifications staff work with agency representatives to develop statewide standards for goods and services to be solicited.

Purchasing	General Revenue
FY2026 Enacted	\$4,008,986
<i>Target and Other Adjustments</i>	-
A&C ISF Charges (statewide adjustments)	424,123
Personnel Adjustments	(1,713,111)
ETSS Internal Agency Charges (statewide adjustments)	(308,652)
FY2027 Governor	\$2,411,346
Purchasing	Other Fund Changes
Personnel Adjustments (restricted receipts)	\$1,766,231
Personnel Adjustments (other funds)	34,072

Personnel Adjustments **(\$1.7 million)**

The Budget includes general revenue of \$1.8 million for personnel expenses within Purchasing. This is a net decrease of \$1.7 million as compared to the FY2026 Budget as Enacted. The net change consists of salary and employee benefits, reflecting the statewide personnel COLA of 4.0 percent and benefit adjustments, partially offset by the change to the funding source for the Division of Purchasing, from general revenue to restricted receipts through the establishment of a procurement assessment fee, a 0.33 percent administrative fee be assessed on all state contracts beginning on January 1, 2026. There are corresponding increases of \$1.8 million in restricted receipts and \$34,072 in other funds for personnel costs.

Analyst Note: The FY2026 Budget as Enacted established a 0.33 percent administrative fee to be assessed on all state contracts beginning on January 1, 2026, and reduces the current 1.0 percent administrative fee on master price agreements (MPA) to 0.33 percent. Revenue from the fee would be restricted to support the Division of Purchases, such as implementing and operating technology for the submission and processing of bids, and other costs related to state procurement including staffing.

RHODE ISLAND HEALTH BENEFITS EXCHANGE

As part of the national health care reform and the Affordable Care Act (ACA), the Rhode Island Health Benefits Exchange was created by Executive Order in 2011 as a federally funded program within the Office of the Governor. The FY2014 Budget as Enacted transferred the program to the Department of Administration. Rhode Island's health benefits exchange (HSRI) became operational in October 2013 and is an online marketplace for individuals, families, and small businesses to compare and purchase health insurance coverage and gain access to tax credits, reduced cost-sharing and public programs such as Medicaid.

Rhode Island Health Benefits Exchange (HealthSource RI)	General Revenue
FY2026 Enacted	\$1,889,227

<i>Target and Other Adjustments</i>	-
Rhode Island Marketplace Affordability Program	9,494,393
FY2027 Governor	\$11,383,620

Rhode Island Health Benefits Exchange (HealthSource RI)	Other Fund Changes
Reinsurance Program (federal funds)	\$1,485,738
Health Insurance Assessment (restricted receipts)	1,007,398
Reinsurance Program (restricted receipts)	57,232

Rhode Island Marketplace Affordability Program **\$9.5 million**

Article 11 establishes the Rhode Island Marketplace Affordability Program, a State-based subsidy program created to partially replace expired enhanced advanced premium tax credits (eAPTCs). The FY2027 Budget includes \$9.5 million in general revenue to partially replace the expired enhanced advanced premium tax credits (eAPTC), which increases in the out years.

Funding Source	FY2027	FY2028	FY2029	FY2030	FY2031
General Revenue	\$9.5	\$17.7	\$18.7	\$19.7	\$20.2

\$ in millions

Article 11 Section 14 establishes the Rhode Island Marketplace Affordability Program, a State-based subsidy program created to partially replace expired enhanced advanced premium tax credits (eAPTCs). The budget appropriates \$9.5 million in general revenue to partially replace the expired eAPTC, prioritizing households with incomes below 200.0 percent of the federal poverty line in the first year of the program. This is estimated to aid approximately 20,000 individuals. According to HSRI, this budget item will allow Rhode Island to retain \$44.0 million in base tax credits that current customers remain eligible for. Additionally, the recommendation protects individuals from the financial and health-related costs of uninsurance and underinsurance, protects the stability of the market, and protects the healthcare system from costs associated with rising rates of uninsurance and underinsurance.

Enhanced Advanced Premium Tax Credits expired on December 31, 2025, causing significantly higher health insurance premiums in 2026. In 2021, APTCs were temporarily enhanced as part of the American Rescue Plan Act, lowering the amount Rhode Island residents must spend towards their health insurance premiums when purchasing through HSRI. The eAPTCs also offered eligibility to households earning more than 400.0 percent of the FPL. The Inflation Reduction Act, passed in 2022, extended the tax credits to 2025.

According to Health Source RI, Rhode Island's health exchange and marketplace, nearly all consumers will experience a premium increase, with the average increase being 101.0 percent more than the prior year premium cost. HSRI anticipates a reduction in HSRI user fee revenue due to enrollment losses as they expect people not to re-enroll in the upcoming periods, increasing the uninsured rates and adding additional stress to Rhode Island's healthcare infrastructure. The Budget does not include an updated penalty revenue estimate based on enrollment changes.

Reinsurance Program (federal funds) **\$1.5 million**

The Budget includes a \$1.5 million federal funds increase (\$12.2 million total), with a corresponding \$57,232 restricted receipts increase (\$5.8 million total) to support the Reinsurance Program. The reinsurance program offsets costs associated with sicker and riskier customers by paying for a portion of high-cost claims to insurers, therefore providing relief to Rhode Islanders who don't receive financial assistance. Restricted receipt revenue is collected directly from uninsured taxpayers, allowing the State to unlock federal funds through the 1332 waiver. Rhode Island's 1332 Waiver approves reinsurance payments

to carriers in the individual market, resulting in decreasing monthly premiums charged to individuals and families purchasing coverage in the marketplace.

This is unrelated to H.R.-1 as the increase comes from federal pass-through savings paid to Rhode Island for Plan Year 2025. Pass through savings are determined on an annual basis by CMS and is based on market conditions. The 2025 pass through amount is reflective of increasing enrollment in 2024 and 2025, which creates more savings to the federal government under the 1332 waiver and therefore increase the award to \$12.2 million. These funds will be paid out to carriers by the reinsurance fund in the fall of calendar year 2026.

Health Insurance Assessment (restricted receipts)

\$1.0 million

The Budget includes a \$1.0 million restricted receipts increase to the 3.5 percent health insurance assessment to support HSRI's share to the qualified health plans operated by HSRI. The increase is primarily attributable to increased restricted receipt revenues, driven by higher than anticipated enrollment and premiums.

A Plan Year, which is what the assessment is based upon, runs from January 1 to December 31. Therefore, the beginning of FY2026 happened to fall during the end of Plan Year 2025. Plan Year 2025 saw a significant increase in enrollment as more individuals came off Medicaid and onto HSRI, which enabled the exchange to carry over a surplus through FY2026, and then FY2027. There is also billing delay in which HSRI receives these funds. HSRI will receive the first half of Plan Year 2026 assessments in the first half of FY2027.

There are also planned increases in FY2027. Both Blue Cross Blue Shield of Rhode Island and Neighborhood Health Plan significantly increased their premiums, causing an influx in revenue through the assessment.

The Exchange has earmarked a portion of these funds for contracted services that could potentially be needed to navigate through changes at the federal level. Another portion of these funds support costs associated with Qualified Health Plans operated by HSRI, including increases to payroll, income verification, and contracted IT services.

The Health Reform Assessment, which was established in the 2016 Budget as Enacted, charging the Division to establish and maintain a financing mechanism for the state-based exchange. Article 18 established a 3.5 percent fee. The assessment is used to fund the operational costs of HealthSource RI, the state-based health benefits marketplace for individual and small group health insurance and the avenue through which Rhode Islanders access federal health insurance subsidies.

THE DIVISION OF EQUITY, DIVERSITY, AND INCLUSION

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

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

- Director of the Division administers the office.
- The State Equal Opportunity Office ensures federal and State equal opportunity compliance for all units of state government.
- The Minority Business Enterprise Compliance Office is responsible for supporting State laws and policies to ensure full participation of Minority/Women Business Enterprises (MBE/WBEs) and

Disadvantaged Business Enterprises (DBEs) in state and federally-funded construction programs and projects, and State purchases of goods and services.

- To increase opportunities for minority- and women-owned business enterprises, disadvantaged business enterprises, and veteran business enterprises, as well as disability business enterprises, to participate in our state's procurement activities.
- The Human Resource Outreach and Diversity Office is responsible for creating a culture that values a diverse workforce through diversity training to state employees and assists in recruiting and retaining a diverse workforce.
- Office of Supplier Diversity complements the work of the Minority Business Enterprise Compliance Office.

The Division of Equity, Diversity, and Inclusion	General Revenue
FY2026 Enacted	\$2,308,469
<i>Target and Other Adjustments</i>	<i>(\$3,867)</i>
Disparity Study	<i>(200,000)</i>
Personnel Adjustments (statewide adjustments)	49,323
Staff Training	25,000
ETSS Charges (statewide adjustment)	19,392
FY2027 Governor	\$2,198,317

Disparity Study ***(\$200,000)***

The Budget decreases general revenue by \$200,000 reflecting lower projected costs associated with the contracted Disparity Study over the FY2026/FY2027 budget period. The disparity study was projected to cost \$870,824 over the FY2026 and FY2027 periods. The FY2026 Budget as Enacted includes \$434,824 for the study. Current estimates project the approximate costs for the study at \$670,824. This results in a lower appropriation need in FY2027.

Article 3 of the FY2024 Budget as Enacted included language requiring the State to conduct a disparity study every five years to evaluate the need for the development of programs to enhance participation in State contracts for business enterprises owned by women and minorities. The last study was issued in July 2021 and was performed by Mason Tillman Associates, Ltd., a public policy consulting firm in Oakland, California.

Staff Training ***\$25,000***

The Budget includes \$40,000 in general revenue for staff training to explore new unspecified training opportunities for the DEDI staff. This reflects an increase of \$25,000 over the FY2026 Budget as Enacted.

CAPITAL PROJECTS

The FY2026 Revised Budget includes \$170.7 million in Rhode Island Capital Plan (RICAP) reflecting an increase of \$102.5 million from the FY2026 Budget as Enacted. The most significant increases occur with the Pastore Infrastructure project (\$19.2 million) and the Zambarano Buildings Project (\$18.8 million).

The FY2027 Budget includes \$84.8 million in RICAP funds for 29 various capital projects. This reflects an increase of \$16.6 million from the previous fiscal year. The most significant increases occur with the State House Renovations project which increases \$4.1 million in the FY2026 Revised Budget and by \$15.6 million in the FY2027 Budget.

	FY2026 Enacted	FY2026 Governor	Change	FY2027 Governor	Change
RICAP Project - Summary					
Pastore Center Capital Projects	\$25,750,000	\$64,428,383	\$38,678,383	\$31,500,000	\$5,750,000
Capital Hill Campus Projects	5,609,000	13,895,361	8,286,361	25,779,000	20,170,000
Miscellaneous Capital Projects	14,982,000	29,254,424	14,272,424	13,836,043	(1,145,957)
Group Home Projects	10,350,000	14,254,045	3,904,045	5,000,000	(5,350,000)
RI Convention Center Authority Venues	6,980,000	6,980,000	-	4,350,000	(2,630,000)
Zambarano and Hospital Projects	4,500,000	41,891,525	37,391,525	4,300,000	(200,000)
Total	\$68,171,000	\$170,703,738	\$102,532,738	\$84,765,043	\$16,594,043

Significant project changes include:

- **Pastore Center Campus Projects:** The Budget includes \$31.5 million to fund various major maintenance and repairs to structures at the Pastore Government Center. This is a decrease of \$5.8 million from the previous year.

	FY2026 Enacted	FY2026 Governor	Change	FY2027 Governor	Change
Pastore Center Capital Projects					
RICAP - Pastore Infrastructure	\$15,000,000	\$34,227,222	\$19,227,222	\$20,000,000	\$5,000,000
RICAP - Pastore Center Non-Medical Buildings Asset I	7,750,000	18,819,333	11,069,333	6,250,000	(1,500,000)
RICAP - Pastore Center Power Plant	2,000,000	2,552,612	552,612	3,500,000	1,500,000
RICAP - Pastore Center Medical Buildings Asset Prote	1,000,000	1,988,418	988,418	1,750,000	750,000
RICAP - Pastore Center Building Demolition	-	6,295,540	6,295,540	-	-
RICAP - Pastore Center Master Plan	-	545,258	545,258	-	-
Total	\$25,750,000	\$64,428,383	\$38,678,383	\$31,500,000	\$5,750,000

- **Pastore Infrastructure:** The Budget includes RICAP funds of \$34.3 million in FY2026 and \$20.0 million in FY2027 to continue infrastructure improvements at the Pastore Campus. These improvements include the replacement of water and sewer lines, as well as work on the power plant transformer, electrical lines, heating conduits, and the campus IT system. The capital plan includes \$80.0 million in RICAP out-year funding through post-FY2031.
- **Pastore Center Non-Medical Buildings Asset Protection:** The Budget includes RICAP funds of \$18.8 million in FY2026 and \$6.3 million in FY2027 for various asset protection projects. This reflects a decrease of \$1.5 million as compared to the FY2026 Budget as Enacted. The capital plan includes \$33.9 million in RICAP out-year funding through post-FY2031.
- **Pastore Center Power Plant:** The Budget includes RICAP funds of \$2.6 million in FY2026 and \$3.5 million in FY2027 towards the \$10.8 million project to install a redundant generator and demolition of older sections of the building.
- **Pastore Center Medical Buildings Asset Protection:** The Budget includes RICAP funding of \$2.0 million in FY2026 and \$1.8 million in FY2027 for asset protection projects at the state hospitals. The capital plan includes \$10.3 million in RICAP out-year funding through post-FY2031.
- **Capitol Hill Campus Projects:** Includes \$25.8 million in RICAP funds to fund various infrastructure upgrades to structures listed as the Capitol Hill Campus, including the State House, Cannon Building, Old State House, Chapin Health Lab, State Office Building (DOT), and the William Powers Building. This reflects a RICAP fund increase of \$20.2 million from the previous year, primarily reflecting the renovations to the State House.

	FY2026 Enacted	FY2026 Governor	Change	FY2027 Governor	Change
Capital Hill Campus Projects					
RICAP - State House Renovations	\$1,759,000	\$5,817,137	\$4,058,137	\$17,379,000	\$15,620,000
RICAP - Cannon Building	150,000	197,658	47,658	3,925,000	3,775,000
RICAP - Williams Powers Building	2,500,000	4,800,453	2,300,453	2,600,000	100,000
RICAP - State Office Building	500,000	1,100,111	600,111	975,000	475,000
RICAP - Old State House	600,000	1,779,347	1,179,347	600,000	-
RICAP - Chapin Health Laboratory	100,000	200,655	100,655	300,000	200,000
Total	\$5,609,000	\$13,895,361	\$8,286,361	\$25,779,000	\$20,170,000

- **State House Renovations:** The capital plan consists of \$121.6 million in renovations to the State House in Providence, including RICAP appropriations of \$5.8 million in FY2026 and \$17.4 million in FY2027, reflecting an increase of \$15.6 million from the previous fiscal year. The project includes building mechanical, plumbing and electrical improvements, asset protection, interior stairway renovations, window replacement, removing “Providence Plantations” from the building, and improvements to the grounds and walkways around the structure. The capital plan includes out-year funding of \$83.8 million for continuing restoration and renovation projects from FY2028 through FY2031.
- **Cannon Building:** The capital budget includes RICAP funds of \$197,658 in FY2026 and \$3.9 million in FY2027 for ongoing HVAC work and asset protection. The capital budget includes out-year RICAP funding of \$11.4 million through FY2031.
- **William Powers Building:** The William Powers Building, located in Providence, houses the Department of Administration, the Department of Revenue, and some smaller state agencies. The Budget includes RICAP funding of \$4.8 million in FY2026 and \$2.6 million in FY2027 for HVAC upgrades, bathroom renovations, window and exterior envelop repairs, and carpet and flooring replacements. The capital budget includes out-year RICAP funding of \$6.2 million through FY2031.
- **Miscellaneous Capital Projects:** The Budget includes \$13.8 million in RICAP funds for various major maintenance and repairs to 16 statewide projects or structures. This is a decrease of \$1.1 million from the previous year.

	FY2026 Enacted	FY2026 Governor	Change	FY2027 Governor	Change
Miscellaneous Capital Projects					
RICAP - Shepard Building Upgrades	\$2,805,000	\$4,468,020	\$1,663,020	\$3,920,000	\$1,115,000
RICAP - Information Operations Center	5,550,000	10,167,005	4,617,005	3,700,000	(1,850,000)
RICAP - Community Facilities Asset Protection	225,000	1,315,380	1,090,380	1,425,043	1,200,043
RICAP - Medical Examiner Building	50,000	1,042,038	992,038	1,050,000	1,000,000
RICAP - Security Measures State Buildings	700,000	748,142	48,142	950,000	250,000
RICAP - State Office Reorganization & Relocation	750,000	1,762,964	1,012,964	750,000	-
RICAP - Big River Management Area	797,000	1,446,895	649,895	746,000	(51,000)
RICAP - Replacement of Fueling Tanks	430,000	1,491,480	1,061,480	620,000	190,000
RICAP - Environmental Compliance	225,000	700,605	475,605	225,000	-
RICAP - Washington County Government Center	100,000	277,311	177,311	200,000	100,000
RICAP - Arrigan Center	200,000	294,888	94,888	100,000	(100,000)
RICAP - Cranston Street Armory	600,000	600,000	-	100,000	(500,000)
RICAP - 560 Jefferson Blvd Asset Protection	2,050,000	2,846,420	796,420	50,000	(2,000,000)
RICAP - Accessibility - Facility Renovations	-	420,686	420,686	-	-
RICAP - Expo Center (Springfield)	500,000	1,422,590	922,590	-	(500,000)
RICAP - State Land Use Planning Study	-	250,000	250,000	-	-
Total	\$14,982,000	\$29,254,424	\$14,272,424	\$13,836,043	(\$1,145,957)

- **Shepard Building Upgrades:** The Budget includes RICAP funds of \$4.5 million in FY2026 and \$3.9 million in FY2027 for asset protect and maintenance of the state-owned Shepard Building in the City Providence. This is an increase of \$1.7 million in FY2026 and \$1.1 million in FY2027 as compared to last year’s budget. The projects include elevator modernization, roof replacement, security improvements, bathroom renovations, as well as interior renovations.

- **Information Operations Center:** The capital budget includes RICAP funds of \$10.2 million in FY2026 and \$3.7 million in FY2027 for continued upgrades at the State's IT data center (Division of Enterprise Technology Strategy Service (ETSS), currently located at 50 Service Avenue in the City of Warwick. The capital plan includes out-year RICAP appropriations of \$3.0 million through post-FY2031. The projects include computer room air conditioner units, roof replacement, and HVAC upgrades.
- **Medical Examiner Building:** The Budget includes RICAP funds of \$1.0 million in FY2026 and \$1.0 million in FY2027 for repairs to the structure's roof and for the continued build-out of the new Medical Examiner's Building located at 900 Highland Corporate Drive, Cumberland (Building # 3).
- **State Office Reorganization and Relocation:** The capital budget includes RICAP funding of \$1.8 million in FY2026 and \$750,000 in FY2027 to redesign office space, move personnel, and relocate storage to other locations. The capital plan includes annual out-year RICAP appropriations of \$750,000 through post-FY2031.
- **Cranston Street Armory:** The Budget includes \$100,000 in RICAP funds for continued asset protection/structural stabilization work on the facility, design and engineering work for the structure's exterior envelope, and funds for a development agreement on the reuse of the structure. This is a decrease of \$500,000 from the previous year.
- **Group Home Projects:** The Budget includes \$5.0 million to fund various major maintenance and repairs or replacement of group homes. This is a decrease of \$5.4 million from the previous year.

Group Home Projects	FY2026	FY2026	Change	FY2027	Change
	Enacted	Governor		Governor	
RICAP - Group Home Replacement	\$5,000,000	\$6,984,225	\$1,984,225	\$5,000,000	\$0
RICAP - Group Homes Consolidation	5,350,000	7,130,051	1,780,051	-	(5,350,000)
RICAP - BHDDH Group Homes	-	139,769	139,769	-	-
Total	\$10,350,000	\$14,254,045	\$3,904,045	\$5,000,000	(\$5,350,000)

- **Group Home Replacement:** The Budget includes RICAP funds of \$5.0 million in FY2027 for the Group Home renovation or replacement program.
- **Group Homes Consolidation:** The Budget includes RICAP funds of \$7.1 million in FY2026 for the Group Home consolidation project. The Budget includes \$9.7 million from FY2025 through FY2026 to repair and maintain state-owned group homes. The FY2027 Budget transfers the responsibility of the consolidation and maintenance projects, back to the Department of Behavioral Health, Developmentally Disabled, and Hospitals (BHDDH).
- **Rhode Island Convention Center Authority Venues:** The Budget includes \$4.4 million in RICAP funds for continued asset protection, upgrades, renovations, and funding of the renewal and replacement bond covenant for the Amica Mutual Pavilion (Dunkin Donuts Center). This is a decrease of \$2.6 million from the previous year.

RI Convention Center Authority Venues	FY2026	FY2026	Change	FY2027	Change
	Enacted	Governor		Governor	
RICAP - Amica Mutual Pavilion	\$3,800,000	\$3,800,000	\$0	\$1,250,000	(\$2,550,000)
RICAP - Rhode Island Convention Center Authority	2,800,000	2,800,000	-	2,825,000	25,000
RICAP - Veterans Auditorium	380,000	380,000	-	275,000	(105,000)
Total	\$6,980,000	\$6,980,000	\$0	\$4,350,000	(\$2,630,000)

- **Amica Mutual Pavilion (Dunkin Donuts Center):** The Budget includes RICAP funding of \$3.8 million in FY2026 and \$1.3 million in FY2027 for continued asset protection, upgrades and renovations of the Amica Mutual Pavilion, including arena risers, seating, and common areas. Also includes work on the HVAC system, audio/visual services, and electrical upgrades. This reflects a

decrease of \$2.6 million in RICAP funds from the previous year. The total recommended capital expenditures covering FY2027 through post-FY2031 is \$7.1 million.

- **Rhode Island Convention Center Authority:** The Budget includes RICAP funds of \$2.8 million in FY2026 and \$2.8 million in FY2027 for continued asset protection, upgrades, and renovations to the Rhode Island Convention Center (RICC) in Providence. The total recommended capital expenditure covering FY2028 to post-FY2031 is \$11.5 million in RICAP funds. The RICC is owned and operated by the Rhode Island Convention Center Authority (RICCA) but leased to the State through a sublease agreement implemented in November 1991. The Convention Center opened in December 1993 and, as the facility ages into its fourth decade, an asset protection and preventive maintenance program is required to maintain the facility.
- **Veterans Auditorium:** The Budget includes RICAP funds of \$380,000 in FY2026 and \$275,000 in FY2027 for audio system replacement, stage lighting upgrades, and asset protection projects for the Auditorium.
- **Zambarano and Hospital Projects:** The Budget includes \$4.3 million for two projects, and no RICAP funding for the hospital consolidation. The Budget includes \$2.3 million for the asset protection of buildings, utilities, roads, equipment, parking, and grounds of the Eleanor Slater Hospital and \$2.0 million for the new Long-Term Acute Care Hospital (LTACH) on the Zambarano Campus.

	FY2026 Enacted	FY2026 Governor	Change	FY2027 Governor	Change
Zambarano and Hospital Projects					
RICAP - Zambarano Buildings	\$4,500,000	\$23,275,952	\$18,775,952	\$2,300,000	(\$2,200,000)
RICAP - Hospital Consolidation	-	12,175,644	12,175,644	-	-
RICAP - Zambarano LTACH	-	6,439,929	6,439,929	2,000,000	2,000,000
Total	\$4,500,000	\$41,891,525	\$37,391,525	\$4,300,000	(\$200,000)

- **Zambarano Buildings:** The Budget includes RICAP funds of \$23.3 million in FY2026 and \$2.3 million in FY2027 for the asset protection of buildings, utilities, roads, equipment, parking, and grounds of the Eleanor Slater Hospital. The purpose of the work is to keep the hospital functioning. The capital plan includes \$2.5 million in RICAP out-year funding through post-FY2031.
- **Hospital Consolidation:** The Budget includes RICAP funds of \$12.2 million in FY2026 and includes \$3.1 million in Certificates of Participation (COPs) no funds RICAP funds to mitigate the ligature risks in the Regan Building of the Eleanor Slater Hospital System. These funds are used in conjunction with \$21.1 million in certificates of participation financing in FY2024 that was previously approved by the General Assembly as part of the FY2019 Budget as Enacted.
- **Zambarano LTACH:** The capital budget includes RICAP funds of \$6.4 million in FY2026 and \$2.0 million in FY2027 for the new Long-Term Acute Care Hospital (LTACH) on the Zambarano Campus. The total project cost is \$107.1 million in RICAP funds. The capital plan includes \$96.5 million in RICAP out-year funding through FY2031. The new facility will replace the Beazley Building which has been deemed unsuitable for further renovation as a medical facility.

Office of Energy Resources

Expenditures By Program	FY2025 Actual	FY2026 Enacted	FY2026 Governor	Change from Enacted		FY2027 Governor	Change from Enacted	
Central Management	\$34.1	\$76.3	\$77.6	\$1.3	1.7%	\$86.6	\$10.3	13.5%
Total	\$34.1	\$76.3	\$77.6	\$1.3	1.7%	\$86.6	\$10.3	13.5%
Expenditures By Source								
General Revenue	\$0.2	\$0.0	\$0.3	\$0.3	-	\$0.0	\$0.0	-
Federal Funds	17.7	31.6	24.0	(7.5)	-23.8%	32.5	0.9	3.0%
Restricted Receipts	14.7	39.1	37.7	(1.4)	-3.5%	38.5	(0.5)	-1.4%
Other Funds	1.5	5.7	15.6	9.9	175.1%	15.6	9.9	175.1%
Total	\$34.1	\$76.3	\$77.6	\$1.3	1.7%	\$86.6	\$10.3	13.5%
Authorized FTE Levels	0.0	17.0	17.0	-	-	21.0	4.0	23.5%

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

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

MAJOR ISSUES AND TRENDS

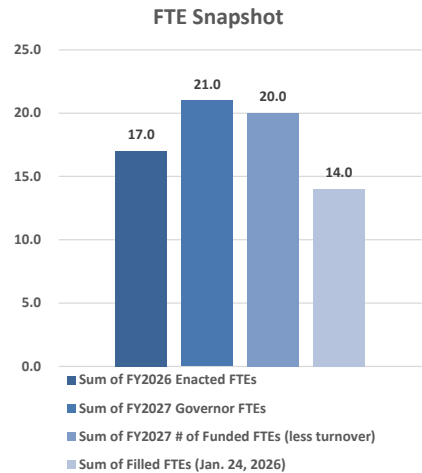
The proposed FY2026 Revised Budget includes \$77.6 million in all funds, of which \$275,313 is general revenue. The Budget includes \$24.0 million in federal funds, \$37.7 million in restricted receipts, and \$15.6 million in other funds. This reflects an all funds increase of \$1.3 million over the FY2026 Budget as Enacted.

The revised budget includes a reappropriation of \$56,111 in general revenue to maintain the Erika Niedowski Memorial E-Bike Rebate Program, and \$219,202 in general revenue to fund the electric leaf blower rebate program. The FY2025 Final Budget required any unexpended balances from either of these two programs be reappropriated into FY2026.

The FY2027 Budget includes \$86.6 million in all funds, of which \$0 is general revenue, \$38.5 million is restricted receipts, \$32.5 million is federal funds, and \$15.6 million is other funds. This reflects an all funds increase of \$10.3 million, primarily centered on increased funding for the National Electric Vehicle Infrastructure Formula Program. The Budget does not contain funding for either the E-Bike rebate program or the electric leaf blower rebate program.

The Governor's FY2027 Budget proposes financing of up to \$10.0 million in general obligation bonds for energy efficient infrastructure. The Office of Energy Resources would administer the energy efficiency infrastructure bond for use in the state's energy efficiency program efforts.

The Budget includes 17.0 FTE positions in FY2026 and 21.0 FTE positions in FY2027, reflecting the transfer of 4.0 FTE positions from the Weatherization Assistance Program at the Department of Human Services to OER.



Weatherization Program Transfer

Article 3 transfers the administration and management of the Weatherization Assistance Program (WAP) and 4.0 FTE positions, as well as a portion of the federal Low-Income Home Energy Assistance Program, (LIHEAP) from the Department of Human Services to the Office of Energy Resources. The WAP program was originally under the OER when the Office was a program in the Department of Administration and was transferred to DHS in 2013.

The Budget includes Office of Energy Resources (OER), and the Department of Human Services (DHS) propose to transfer the Weatherization Assistance Program (WAP) from DHS back to OER as well as a portion of the federal Low-Income Home Energy Assistance Program (LIHEAP). This reflects an increase of \$10.9 million in federal funds and 4.0 FTE positions to OER.

To implement the transfer, OER and DHS would enter an interagency memorandum of understanding (MOU) to transfer the LIHEAP funds specifically for the U.S. Department of Energy (DOE) WAP components. Approximately 12.0 percent of the LIHEAP grant is allocated to WAP. These funds are used for state administration (10.0 percent of the total), Community Action Agency personnel, health & safety measures, equipment, training & technical assistance, program supplies, and indirect costs.

Rhode Island Energy Resources Act

Article 3, Section 16 amends RIGL 42-140-13, the Rhode Island Energy Resources Act, to establish new implementation and reporting requirements for energy benchmarking and performance standards of state-owned buildings. Beginning March 29, 2029, and recurring annually afterwards, state departments shall report to the Office of Energy Resources (OER) on energy use data for each state-owned building and facility listing the fuel used and total emissions. The article requires the OER to provide technical and financial assistance to municipalities implementing energy benchmarking for municipal-owned public buildings.

Energy Efficiency Bond

Article 6 Question 5 if passed would provide a \$10.0 million general obligation bond for energy efficient infrastructure. The Office of Energy Resources would administer the energy efficiency infrastructure bond for use in the state's energy efficiency program efforts. The state bond would support energy efficiency measures, e.g., lighting, HVAC improvements, insulation, and heat pumps, to improve energy usage within households, businesses, schools, non-profits, and municipalities and provide long-term energy bill savings for those respective properties, as well as contribute to the state's ongoing decarbonization efforts with Act on Climate.

State Energy and Renewable Energy Programs

Article 11 Sections 3 through 11 amends the State's energy policy in response to increasing electricity costs and recent federal clean-energy incentive changes which have introduced uncertainty into energy markets. If passed, the Governor projects these changes will save state ratepayers \$151.8 million in FY2027 and \$1.0 billion over the next 5-years, leaving the average household with an annual savings of \$180 off their energy bills.

FEDERAL FUNDING ISSUE

The Office of Management and Budget produced a report on October 30, 2025, identifying various federal budget actions through passage of H.R. 1 that impact federal funds including funding previously appropriated to the Office of Energy Resources (OER).

- The report identified 3 appropriation line items (programs) totaling \$18.6 million in FY2026 and \$63.0 million FY2027 and beyond, that are unavailable to OER. This includes the Solar for All program, which remains in litigation as of February 17, 2026.

- There are 4 appropriation line items (programs) totaling \$8.4 million in FY2026 and \$29.2 million FY2027 and beyond that remain available to OER.

The impacted programs and subsequent status are:

Infrastructure and Investment Jobs Act (IIJA)					
Program	Amount	FY25 Impact	FY26 Impact	Outyear Impact	Status
4010D Grid Resilience	8,425,985	-	1.0	3.7	Available
Energy Efficiency Revolving Loan Fund (EERLF)	235,161	-	0.4	-	Available
Resilient and Efficient Code Implementation (RECI)	1,600,000	-	0.6	-	Unavailable
Energy Efficiency Conservation Block Grant (EECBG)	1,675,110	0.5	1.1	-	Available

\$ in millions

Source: OMB Analysis of H.R. 1

Inflation Reduction Act					
Program	Amount	FY25 Impact	FY26 Impact	Outyear Impact	Status
Home Electrification and Appliances Rebate (HEAR) Program	\$31,820,030	0.4	5.9	25.5	Available
Home Efficiency Rebate (HER) Program	31,943,127	0.2	8.0	23.7	Unavailable
Solar for All (EPA)	49,300,000	-	10.0	39.3	Unavailable

\$ in millions

Source: OMB Analysis of H.R. 1

EXECUTIVE CLIMATE CHANGE COORDINATING COUNCIL

The Budget contains restricted receipt funding of \$1.5 million for the Rhode Island Executive Climate Change Coordinating Council (EC4). This is the same funding level as provided to the EC4 in the FY2026 Budget as Enacted. Funds are first appropriated under the OER and are then transferred to the agency expenditure accounts as approved by the EC4 in September of each fiscal year.

The Governor's FY2026 Revised Budget includes \$844,000 reflecting funds remaining within OER's account for awards approved in September. These funds have yet to be allocated to other State agencies. Once allocated the funds will show as expenditures at the approved agencies.

EC4 Appropriations	FY2024 Actual	FY2025 Actual	FY2026 Enacted	FY2026 Governor	FY2027 Governor	Change
EC4 Appropriations OER	\$0	\$419,968	\$1,500,000	\$844,000	\$1,500,000	(\$656,000)

The following table lists the September 2025 allocation of EC4 funds appropriated in the FY2026 Budget as Enacted and the allocation as projected in the Governor's FY2026 Revised Budget. The revised allocation includes carry-forward of unused funds from the FY2025 EC4 appropriation.

Agency	FY2026 Enacted EC4 Funds	FY2026 Governor	Change	Project	Description
RIDE	\$231,000	\$231,000	\$0	School Infrastructure Readiness Initiative	To provide a framework to enhance climate resilience and energy efficiency across RI high-need public schools
Commerce	100,000	100,000	-	Energy Efficiency Grant Program	Expand the Energy Efficiency Grant Program for Small Business in 2026
RIPUC	105,000	105,000	-	Energy & Climate Policy Analyst	Funding for a contract employee
OER	41,000	41,000	-	URI Energy Fellows	Provides funding for 3 URI Fellows in 2026
DEM	35,000	35,000	-	Coastal Resilience Project	Develop natural resources data
RIDOT	100,000	100,000	-	Evaluate GHG Emission Impacts	
RIPTA	440,000	440,000	-	Flex Service	Continue microtransit service
RIPTA	15,000	15,000	-	Van Pool Pilot	An additional \$200 monthly subsidy for new van pool riders
RIPTA	55,000	55,000	-	Promoting Transit	Promoting transit for visitors to RI
EOHHS	100,000	-	(100,000)	Practice of Climate and Health	Portion shift to DOH
URI	193,000	193,000	-	Internships	To support paid internships in URI Environmental Education
EC4 Advisory Board	85,000	85,000	-	Outreach	Support public outreach
DOA - Planning	-	50,000	50,000		Carryforward from FY2025
DOH	-	51,524	51,524		Shift from DOH
DLT	-	56,590	56,590		Carry forward from FY2025
Total	\$1,500,000	\$1,558,114	\$58,114		

EC4 FY2026 spending plan approved September 15, 2025

Established under the Resilient Rhode Island Act of 2014, (RIGL 42-6.2), The EC4 is a 12-member council comprised of officials from state agencies with responsibility and oversight relating to assessing, integrating, and coordinating climate change efforts.

Article 5 of the FY2024 Budget as Enacted required, for FY2023 only, the Office of Energy Resources to transfer \$3.0 million from Regional Greenhouse Gas Initiative (RGGI) unallocated auction proceeds to the EC4, to maintain funding for the existing electric vehicle and electric bicycle incentive programs and to support other projects. Furthermore, the article required that commencing January 1, 2024, and thereafter, auction allowance proceeds in excess of \$4.5 million, but limited to \$1.5 million per year, will be transferred to OER for the purpose of funding the EC4 climate change related initiatives.

Central Management	All Funds
FY2026 Enacted	\$76,312,027
<i>Target and Other Adjustments</i>	<i>\$122,689</i>
Weatherization Assistance and LIHEAP Transfer DHS/OER (federal funds)	\$10,939,713
Solar For All (federal funds)	(\$10,000,000)
National Electric Vehicle Infrastructure Formula Program - OER Share (other funds)	9,777,140
Operating Adjustments (all funds)	727,767
BIL - Preventing Outages and Enhancing the Resilience of the Electric Grid (federal funds)	(500,000)
School Lighting Accelerator - RIDE/SBA (restricted receipts)	(500,000)
Energy Improvements in Rhode Island Schools (federal funds)	(487,489)
Personnel Adjustments (statewide adjustments) (all funds)	154,801
A&C ISF Charges (statewide adjustments) (all funds)	64,756
Internal Agency ETSS Charges (statewide adjustments) (all funds)	44,421
FY2027 Enacted	\$86,655,825

Weatherization Assistance and LIHEAP Transfer DHS/OER (federal funds) \$10.9 million

The Office of Energy Resources (OER) and the Department of Human Services (DHS) propose to transfer the Weatherization Assistance Program (WAP) from DHS back to OER as well as a portion of the federal Low-Income Home Energy Assistance Program (LIHEAP). To implement the transfer, OER and DHS would enter an interagency memorandum of understanding (MOU) to transfer the LIHEAP funds specifically for the U.S. Department of Energy (DOE) WAP components. Approximately 12.0 percent of the LIHEAP grant is allocated to WAP. These funds are used for state administration (10.0 percent of the total), Community Action Agency personnel, health & safety measures, equipment, training & technical assistance, program supplies, and indirect costs.

OER manages and implements all the U.S. DOE grant programs except for WAP. This budget proposal would shift the U.S. DOE WAP program and 4.0 WAP FTE positions to OER. OER's goal and objective with the WAP proposal (also proposed and supported by DHS) is to have a holistic energy program structure for income eligible households with the federal Home Efficiency and Appliance Rebate Program, federal Home Efficiency Rebate Program, RGGI and Clean Heat RI (heat pump rebates) program that OER administers. There are only six states in the U.S that administers WAP in a state Department of Human Services type agency.

The WAP program was originally under the OER when the Office was a program in the Department of Administration and was transferred to DHS in 2013. This proposal reflects a transfer of \$10.9 million in federal funds and 4.0 federally funded FTE positions to OER. The transfer includes \$603,022 in personnel costs for 3.0 Senior Resource Specialists and a 1.0 Assistant Administrator Community and Planning Services.

Programs	Federal Funds
Weatherization Assistance Program	\$4.8
LIHEAP	4.6
DOE/DHS Weatherization	1.5
Total	\$10.9
<i>\$ in millions</i>	

Solar for All (federal funds)**(\$10.0 million)**

The Budget does not include funds for the Solar for All (SFA) program resulting from passage of the federal H.R. 1 legislation that made these funds unavailable to the State. This reflects a reduction of \$10.0 million for grants and awards for the new solar program. The SFA program was to include a community solar program that was to be linked to low-income customers' utility bills and be a program that was to provide electrical upgrades and rooftop solar installations for low-income households.

The Office of Energy Resources (OER) submitted a competitive application to the U.S. Environmental Protection Agency's (EPA) Solar for All (SFA) program in the fall of 2023 and was awarded \$49.3 million in April 2024. This was the largest competitive federal energy grant ever awarded to OER over the past 15 years.

The Solar for All (SFA) program was rescinded by the U.S. Department of Energy in August 2025. OER in collaboration with the RI Attorney General's Office and 23 other State Energy Offices/AG Offices across the country on October 25, 2025, filed suit against the federal government to block the cancellation of the Solar for All grants. The lawsuits argue the cancellation is illegal, unconstitutional, and breaches funding agreements. In January 2026, a judge in Seattle, WA, denied a preliminary injunction to immediately stop the federal government from cutting the funding, allowing the termination to proceed while the lawsuit continues.

National Electric Vehicle Infrastructure Formula Program – OER Share (other funds)**\$9.8 million**

The Budget includes \$14.6 million in other funds reflecting an increase of \$9.9 million as compared to the FY2026 Budget as Enacted. The increase reflects \$9.8 million for grant funding. This is an operating transfer of federal fund awards to the State under the National Electric Vehicle Infrastructure Formula Program (NEVI Formula), to provide funding to strategically deploy electric vehicle (EV) charging infrastructure and to establish an interconnected network to facilitate data collection, access, and reliability.

Analyst Note: Funding is appropriated in RI Department of Transportation's (RIDOT) federal grants budget from the Federal Highway Administration (FHWA). Expenditures are made by OER and billed back to RIDOT quarterly for reimbursement. The reimbursement triggers the drawdown of the grant funds. The reimbursements are carried out via journal entry.

Operating Adjustments (all funds)**\$727,767**

The Budget increases all funds by \$727,767 for operating adjustments. The increase includes \$708,000 listed as building repairs. Many of the "Lead by Example" projects (lighting retrofits, heat pump water heaters) are categorized in budget as building repairs. Other adjustments include an increase of \$50,912 for software maintenance, offset by decreases of \$30,000 for dues and fees and a net decrease of \$1,145 in all other operating adjustments.

Operating Adjustments	FY2026 Enacted	FY2027 Governor	Change
Building Repairs	\$2,002,000	\$2,710,000	\$708,000
Software Maintenance	20,000	70,912	50,912
Dues and Fees	104,500	74,500	(30,000)
All Other Operating Adjustments	2,268,994	2,267,849	(1,145)
Total	\$4,395,494	\$5,123,261	\$727,767

BIL – Preventing Outages and Enhancing the Resilience of the Electric Grid (federal funds) (\$500,000)

The Budget includes \$1.5 million in federal Bipartisan Infrastructure Law (BIL) funds. This reflects a decrease of \$500,000 from the FY2026 Budget as Enacted. The program is funded through the Infrastructure Investment and Jobs Act (IIJA) Grid Resilience formula grant program. The grant will subaward federal funds to eligible entities for the purpose of hardening grid infrastructure, preventing outages, and enhancing the resilience of Rhode Island's electric grid. No subawards have yet been awarded through this program.

Two utilities have submitted applications to OER under this funding opportunity, Clear River Electric and Water (Pascoag Utility District) and Rhode Island Energy (RIE). Rhode Island Energy has advanced their application to the review stage with the National Lab of the Rockies (NLR). The objective of this Program is to improve the resilience of the electric grid against disruptive events.

School Lighting Accelerator – RIDE/SBA (restricted receipts) (\$500,000)

The Budget eliminates funding for the School Lighting Accelerator program reflecting a decrease of \$500,000 from the FY2026 Budget. Funding was eliminated for the FY2027 Budget as well as in the Governor's FY2026 Revised Budget. The funding was a one-time infusion of capital from excess funding that the Rhode Island Department of Education (RIDE) had with the option for future contributions if RIDE had funding available, rather than a commitment for steady contributions. The funding was used for lighting project upgrades in five Providence Public Schools and one public school in Pawtucket.

Energy Improvements in Rhode Island Schools (federal funds) (\$487,489)

The grant has been approved to enter a second budget period. This includes \$2.0 million in earmarked federal funds received in the Summer of 2023 to assist school districts within five disadvantaged communities implement energy efficiency measures. This reflects a decrease of \$487,489 from the FY2026 Budget as Enacted. The five communities are Central Falls, Pawtucket, Providence, West Warwick, and Woonsocket. The following highlights the expenditure and projects in each of these municipalities:

- **Central Falls** - allocated \$1.2 million for LED Lighting with integrated controls, heat pump water heaters, and building automation systems.
- **Pawtucket** - allocated \$1.7 million for LED Lighting with integrated controls.
- **Providence** - allocated \$7.6 million for LED Lighting with integrated controls and building automation systems.
- **West Warwick** - allocated \$3.2 million for LED Lighting with integrated controls, heat pump water heaters, and building automation systems.
- **Woonsocket** - allocated \$3.9 million for LED Lighting w/ integrated controls, heat pump water heaters, and building automation systems.

Department of Business Regulation

Expenditures by Program	FY2025 Actual	FY2026 Enacted	FY2026 Governor	Change from Enacted		FY2027 Governor	Change from Enacted	
Central Management	\$4.0	\$4.4	\$4.0	(\$0.4)	-9.5%	\$4.2	(\$0.2)	-3.9%
Banking Regulation	2.1	2.2	2.1	0.0	-0.9%	2.1	0.0	-0.9%
Board of Accountancy	0.0	0.0	0.0	0.0	0.0%	0.0	0.0	0.0%
Commercial Licensing, Gaming & Athletics	2.2	2.3	2.6	0.3	12.9%	2.6	0.3	11.5%
Building Design & Fire Professionals	12.4	18.3	20.0	1.7	9.3%	13.8	(4.5)	-24.8%
Insurance Regulation	7.0	6.7	7.7	1.0	14.2%	7.8	1.1	16.0%
Office of Cannabis Regulation	4.9	0.0	0.0	0.0	0.0%	0.0	0.0	0.0%
Office of the Health Insurance Commissioner	3.9	4.2	4.2	0.0	0.2%	4.3	0.1	3.2%
Securities Regulation	0.9	1.0	1.0	0.0	-0.5%	1.0	0.0	3.0%
Total	\$37.4	\$39.1	\$41.6	\$2.5	6.5%	\$35.9	(\$3.2)	-8.3%

Expenditures by Source	FY2025 Actual	FY2025 Enacted	FY2026 Governor	Change from Enacted		FY2027 Governor	Change from Enacted	
General Revenue	\$24.6	\$25.8	\$25.6	(\$0.1)	-0.5%	\$26.4	\$0.6	2.4%
Federal Funds	0.6	0.8	0.9	0.1	11.1%	0.9	0.1	14.1%
Restricted Receipts	10.4	5.5	7.2	1.7	31.1%	7.6	2.1	37.8%
Other Funds	1.7	7.1	7.9	0.9	12.1%	1.0	(6.0)	-85.4%
Total	\$37.4	\$39.1	\$41.6	\$2.5	6.5%	\$35.9	(\$3.2)	-8.3%

Authorized FTE Levels 181.0 155.0 155.0 - - 157.0 2.0 1.3%

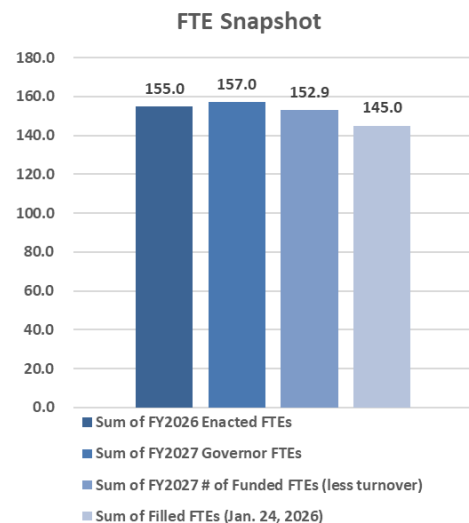
\$ in millions. Totals may vary due to rounding

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

MAJOR ISSUES AND TRENDS

The FY2027 Budget as Enacted includes an all funds decrease of \$3.2 million, or 8.3 percent, from the FY2026 Budget as Enacted. The Budget includes a general revenue increase of \$611,700 and a federal funds increase of \$110,646 as compared FY2026 Budget as Enacted. The Budget includes adjustments to the Health and Human Services Rate Review, the Dental Loss Ratio Study, and the Primary Care Rate Review program. The Budget also includes a \$6.1 million RICAP reduction related to the anticipated completion of the Fire Academy expansion project, which added an auditorium, four new classrooms, and a storage building to the existing infrastructure in Exeter.

Other general revenue changes are primarily a result in changes in personnel expenditures, which include the 3.0 percent cost of living adjustment (COLA), which was negotiated by unions representing most State employees and extended to non-union employees. Furthermore, the Budget includes 2.0 new FTE positions to support the Contractors' Registration and Licensing Board, which will be supported through restricted receipts.



The Budget includes \$41.6 million in all funds in the FY2026 Revised Budget, an increase of \$2.5 million from the FY2026 Budget as Enacted. General revenues comprise 61.6 percent of the total funds, equaling \$25.6 million, a decrease of \$123,231 from the FY2026 Budget as Enacted.

The Budget authorizes 155.0 FTE positions for FY2026 Revised and recommends 157.0 FTE positions for FY2027.

CENTRAL MANAGEMENT

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

Central Management	General Revenue
FY2026 Enacted	\$4,360,810
<i>Target and Other Adjustments</i>	<i>(2,300)</i>
Centralized Services (statewide adjustments)	(\$42,434)
LEED Certification Report	50,000
Enterprise Resource Planning (statewide adjustments)	(117,022)
Accounts and Control ISF Charges (statewide adjustments)	288,198
Personnel Adjustments (statewide adjustments)	(349,016)
FY2027 Governor	\$4,188,236

LEED Certification Report **\$50,000**

Article 3 amends RIGL 37-24-5 to transfer the administrative authority for the Green Buildings Advisory Council (GBAC) and the Green Buildings Act (GBA) from the Department of Administration (DOA) to the Department of Business Regulation (DBR). When the Green Buildings Advisory Council was established, the State Building Code Commission was within the Department of Administration but has since been transferred to the Department of Business Regulation. The article requires the DBR to commission a report to analyze costs and benefits of Leadership in Energy and Environmental Design (LEED) certification compared to equivalent standards.

BANKING REGULATION

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

Banking Regulation	General Revenue
FY2025 Enacted	\$2,107,972
<i>Target and Other Adjustments</i>	<i>-</i>
Personnel Adjustments (statewide adjustments)	(69,878)
FY2027 Governor	\$2,038,094

Banking Regulation	Other Funds
Travel Expenses (restricted receipts)	\$43,000

Travel Expenses (restricted receipts)**\$43,000**

The Budget includes a restricted receipts increase of \$43,000, bringing total travel expenses to \$50,000. The FY2026 budget as enacted appropriated \$7,000 in funds for travel. The increase reflects a return to in-person attendance at industry conferences and examiner training seminars.

BOARD OF ACCOUNTANCY

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

Board of Accountancy	General Revenue
FY2026 Enacted	\$5,490
<i>Target and Other Adjustments</i>	-
FY2027 Governor	\$5,490

COMMERCIAL LICENSING, GAMING, AND ATHLETICS

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

Commercial Licensing, Gaming, and Athletics	General Revenue
FY2025 Enacted	\$1,268,739
<i>Target and Other Adjustments</i>	-
Personnel Adjustments (statewide adjustments)	33,000
FY2026 Governor	\$1,301,739
Commercial Licensing, Gaming, and Athletics	Other Funds
Personnel Adjustments (restricted receipts)(statewide adjustments)	\$232,262

DIVISION OF BUILDING, FIRE, AND DESIGN PROFESSIONALS

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

Division of Building, Design, and Fire Professionals	General Revenue
FY2026 Enacted	\$8,793,216

<i>Target and Other Adjustments</i>	-
Personnel Adjustments (statewide adjustments)	502,510
Loan Repayment Fleet Revolving Loan Fund	73,300
Training Academy - Program Supplies	(60,000)
State Fleet	(60,000)
Centralized Services (statewide adjustments)	41,848
FY2027 Governor	\$9,290,874

Division of Building, Design, and Fire Professionals	Other Funds
Fire Academy Expansion (other funds)	(\$6,038,000)
Personnel Adjustments (restricted receipts) (statewide adjustments)	751,155
2.0 CLRB FTE Positions (restricted receipts)	211,235

Loan Repayment Fleet Revolving Loan Fund **\$73,300**

The Loan Repayment Fleet Revolving Loan fund is used to purchase vehicles across the Department as the Department's operating budget is not sufficient to support the fleet. The Office of State Fleet Operation bills agencies annually for their lease payments beginning the year following purchase. Pursuant to RIGL 42-11-2.4(d), the State Fleet revolving fund may be used by agencies to acquire vehicles. To maintain sufficient maintenance and replacement of the fleet, the Department utilized the fund, paying the SFRLF back over a 3-to-7-year period based on the price of the vehicle. The increase reflects a higher obligation to the SFRLF as the Department had to replace more vehicles than normal in the past year. There is a corresponding \$60,000 general revenue decrease in the Department's state fleet account, as the Department will likely purchase all vehicles through the SFLRF going forward.

Training Academy – Program Supplies **(\$60,000)**

The Budget includes a \$60,000 general revenue decrease, signaling a return to current services. These funds were allocated in the FY2026 Budget as Enacted to support additional training in combatting battery fires in electric vehicles for firefighters from departments across the State. Given the increase in lithium battery fires, the Office of the Fire Marshal requested funds to prepare municipal fire departments in the event they are called to respond to a lithium battery fire. These funds trained 25 instructors, who now have the ability to train additional municipal fire fighters.

Fire Academy Expansion (other funds) **(\$6.0 million)**

The Budget includes a RICAP decrease of \$6.0 million related to the expansion of the Fire Academy. The Fire Academy is experiencing unprecedented demands to prepare and train future municipal firefighters. To meet the demand, the General Assembly appropriated a total of \$11.0 million, including \$2.2 million through FY2025, \$7.8 million in FY2026, and \$962,000 in FY2027. Projects include expanding the Fire Training Academy auditorium, an expansion of the Confined Space and Trench Rescue Training Simulators, and the re-use of an existing State-owned building as an evidence repository. The anticipated completion date is in FY2026. Remaining funds support the conversion of a storage building into an evidence repository that will meet all State and Federal requirements, contain flammable liquid evidence, a security system, and improvements to prevent contamination. Original estimates for the plan were around \$15.8 million; however, the project was revised downward as construction proceeded and actuals costs were realized.

2.0 CLRB FTE Positions (restricted receipts) **\$211,235**

The Budget recommends a restricted receipt increase of \$211,235, attributable to the addition of 2.0 new FTE positions funded through the existing Contractors Registration and Licensing Board (CRLB) restricted receipts account with revenues from the fee that will be paid for the enhanced license fee passed by the

General Assembly. The increase is expected to completely offset the cost of these new FTE positions. These staff members are critical of implementing the new Residential and Commercial Structural Remodeling Licensing program, which was enacted in 2025 and without additional resources to the Department. These funds will support 1.0 FTE Enforcement Aide (\$99,503) and 1.0 Administrative Officer (\$111,732).

INSURANCE REGULATION

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

Insurance Regulation	General Revenue
FY2026 Enacted	\$4,844,248
Target and Other Adjustments	(14,551)
Personnel Adjustments (statewide adjustments)	295,842
FY2027 Enacted	\$5,125,539

Insurance Regulation	Other Funds
Actuary (restricted receipts)	\$800,000

Actuary (restricted receipts) \$800,000

The Budget includes \$2.3 million in restricted receipts, an increase of \$800,000 to support actuarial services to perform rate studies and review filings. According to the Department, the increase reflects the maximum value of payments under an existing contract negotiated in FY2025. As the work is unpredictable, the maximum allotted funds are allocated and adjusted after the fourth quarter of the fiscal year. Receipts are generated through insurer assessments.

OFFICE OF THE HEALTH INSURANCE COMMISSIONER

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

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

Office of the Health Insurance Commissioner	General Revenue
FY2026 Enacted	\$3,107,152
<i>Target and Other Adjustments</i>	522
Health Spending Accountability and Transparency Program	\$50,000
Dental Loss Ratio Revalued Contract	(50,000)
Human Services Rate Review	(25,000)
Primary Care Rate Review Program	(25,000)
Personnel Adjustments (statewide adjustments)	61,625
FY2027 Governor	\$3,119,299

Office of the Health Insurance Commissioner	Other Funds
Human Service Rate Review (federal funds)	\$113,146

Health Spending Accountability and Transparency Program ***\$50,000***

The Budget includes an additional \$50,000 to support the Health Spending Accountability and Transparency program to provide resources necessary to reinstate OHIC's monitoring of behavioral health care utilization and spending trends, provider variation analysis, ad hoc data analyses, and stakeholder engagement. Specific focuses include annual updates to the mental health dashboard, creation of hospital price variation analyses, and analyses of commercial insurance price variation across settings of care. Total expenses for the program are \$350,000.

Dental Loss Ratio Revalued Contract ***(\$50,000)***

The Budget includes \$76,027 in general revenue, a decrease of \$50,000, related to RIGL 27-82.6, the Dental Insurance Loss Ratio Reporting and Study Act which was enacted in 2024. The Act mandates the Office of the Health Insurance Commissioner provide the General Assembly with an analysis of reported information related to the incurred claims and earned premiums as reported by dental insurers, on or before October 1, 2026. The analysis will provide recommendations related to dental loss ratios and requirements for comprehensive dental benefits plans. The Act also empowers the Commissioner to establish an annual assessment against each dental health insurer totaling a maximum of \$150,000.

Human Services Rate Review ***(\$25,000)***

The Budget includes a general revenue decrease of \$25,000, with a corresponding federal funds increase of \$113,146, to accommodate the biennial costs adjustment of the Social and Human Services Program Rate Review. Contracted services for this expenditure fluctuate due to the biennial cycle of the reporting requirements. The FY2026 cycle will primarily pertain to the development and reporting evaluation metrics, while the FY2027 cycle primarily focuses on rate developments. The Budget includes \$659,818 in general revenue to support the rate review.

RIGL 41-14.5-3 requires the Department to present deliverables, including various assessments detailing program rates, utilization trends, eligibility standards, functions of provider networks, licensed and unlicensed personnel, wait list times, and national rates compared to Rhode Island provider rates. These deliverables are submitted to the General Assembly on a biannual basis beginning in 2023. The most extensive reporting requirements and contractual expenditure fall within odd numbered fiscal years. Programming implementation will continue to be ongoing in even numbered years; however, the bulk of contract work will be required in odd fiscal years.

The 2025 Social and Human Service Program Final Report, published on August 29, 2025, recommended a total increase of \$112.8 million in all funds for FY2027 and FY2028, an increase of \$56.3 million each year. The Report includes a net increase of \$76.3 million related to fee-for-service expenditures, and \$36.5 million in additional expenditures for managed care organizations. The Governor includes a total of \$58.8 million in all funds to support the rate increases, including \$23.3 million in general revenue, \$2.5 million more than the OHIC recommendation to accommodate taxes and administrative fees associated with MCOs.

OHIC Rate Recommendations Estimated Fiscal Impact (FFS&MCO)

Service Category Detail	Baseline Expenditures	Proposed Rates	Change from Baseline	Estimated Fiscal Impact
Behavioral Health Services	\$89	99.30	10.80	21.70
Childrens Services	\$79	84.40	5.80	11.60
Health and Community Based Services	\$179	197.20	18.40	36.80
Intellectual and Developmental Disability Services	\$212	233.50	21.30	42.70
Total	\$558.1	\$614.4	\$56.3	\$112.8

Source: Office of the Health Insurance Commissioner

Primary Care Rate Review Program**(\$25,000)**

The Governor proposes a \$25,000 general revenue decrease related to cost savings in the Primary Care Rate Review Program. This program has been identified as a federal cost share resulting in savings to state funded contracting. In FY2026, the General Assembly earmarked \$200,000 in general revenue for the review, with a corresponding federal funds increase of \$200,000 to support a one-time report on primary care reimbursement rates, due on September 1, 2026. The review will analyze primary care rates within the State, comparing them to Rhode Island's counterparts, to provide the data required to increase primary care rates within the State. According to the Office, federal match dollars have been earmarked to support this program, resulting in \$25,000 in general revenue savings.

SECURITIES REGULATION

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

Securities Regulation	General Revenue
FY2026 Enacted	\$1,000,863
Target and Other Adjustments	-
Personnel Adjustments (statewide adjustment)	30,305
FY2027 Governor	\$1,031,168

CAPITAL PROJECTS

Fire Academy: The Budget includes \$962,000 in capital plan funds for projects related to updating the Fire Academy. The Fire Academy is experiencing unprecedented demand to prepare and train future municipal firefighters. To meet the demand, the General Assembly appropriated a total of \$11.0 million, including \$2.2 million through FY2025, \$7.0 million in FY2026, and \$962,000 in FY2027. Projects include expanding the Fire Training Academy auditorium, an expansion of the Confined Space and Trench Rescue Training Simulators, and the re-use of an existing State-owned building as an evidence repository. The anticipated completion date is in FY2026. Remaining funds support the conversion of a storage building into an evidence repository that will meet all State and Federal requirements, contain flammable liquid evidence, a security system, and improvements to prevent contamination. Original estimates for the plan were around \$15.8 million; however, the project was revised downward as construction proceeded and actuals costs were realized.

Rhode Island Cannabis Control Commission

Expenditures by Program	FY2025 Actual	FY2026 Enacted	FY2026 Governor	Change from Enacted		FY2027 Governor	Change from Enacted	
Cannabis Control Commission	4.9	7.3	7.3	(0.0)	-0.2%	8.0	\$0.7	9.0%
Total	\$4.9	\$7.3	\$7.3	(\$0.0)	-0.2%	\$8.0	\$0.7	9.0%

Expenditures by Source	FY2025 Actual	FY2026 Enacted	FY2026 Governor	Change from Enacted		FY2027 Governor	Change from Enacted	
Restricted Receipts	\$4.9	\$7.3	\$7.3	\$0.0	-0.2%	\$8.0	\$0.7	9.0%
Total	\$4.9	\$7.3	\$7.3	(\$0.0)	-0.2%	\$8.0	\$0.7	9.0%

Authorized FTE Levels	25.0	26.0	26.0	-	-	28.0	2.0	7.7%

\$ in millions. Totals may vary due to rounding

FY2025 Actuals reflect the amounts budgeted for the Office of Cannabis Regulation within the Department of Business Regulation (DBR) and are provided to show relative expenditures across fiscal years. DBR fiscally and administratively supported the Office of Cannabis Regulation prior to FY2026.

The FY2020 Budget established the Office of Cannabis Regulation (OCR) within the Department of Business Regulation. The Office currently serves as the lead regulatory agency responsible for oversight over legal cannabis in the state, which is comprised of three elements: adult use marijuana, medical marijuana, and industrial hemp.

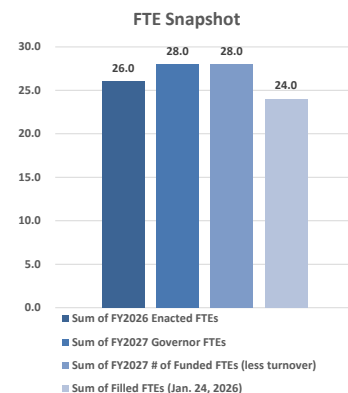
In 2022, RIGL 21-28.11-1 established the Cannabis Office through the Rhode Island Cannabis Act, creating the foundation for the Cannabis Control Commission and the Cannabis Advisory Board. The Cannabis Control Commission (CCC) acts as the public body tasked with overseeing the regulation, licensing, and control of adult use and medical cannabis. The CCC has three voting members, all of which are appointed by the Governor, with the advice and consent of the Senate. The Board consists of 19 members, 11 of whom are voting members. The Board works in conjunction with and advises the CCC on how to best implement policies that enhance social equity and justice when considering licenses, regulations, and other policies.

The General Assembly officially established the Cannabis Control Commission in June 2023, appointing the committees' inaugural chairpersons. The 19 membered Cannabis Advisory Board were appointed and confirmed in August 2023. In November 2023, the Advisory Board established its five statutorily mandated subcommittees, which began to meet in January 2024. The Subcommittees are as follows:

- Public Health
- Cannabis Industry
- Public Safety
- Market Participation
- Social Equity

The FY2026 Budget established Rhode Island Cannabis Control Commission as a standalone agency. The Cannabis Control Commission (CCC) oversees the regulation, licensing, and enforcement of medical, and adult-use marijuana, focusing on public health, safety, and equity principles. The Budget included \$7.3 million in restricted receipts, and 26.0 FTE positions to the new Commission. Section 4 of Article 3 in the FY2026 Budget transferred regulatory and licensing oversight of the Hemp program to the Commission.

In FY2027, the Governor recommends \$8.0 million in restricted receipts, and 28.0 FTE positions, \$660,862 and 2.0 FTE positions more than FY2026 Enacted, respectively.



MAJOR ISSUES AND TRENDS

Cannabis Governance

Rhode Island's cannabis policy, planning, and programmatic implementation has changed numerous times since the inception of the State's cannabis programs. In 2006, Rhode Island became the 11th state to legalize medical marijuana, and the 19th state to legalize adult-use cannabis in 2022.

Since 2006, policies related to cannabis decriminalization and legalization increased in popularity. According to Regulate Rhode Island, 59.0 percent of voters support cannabis regulation, citing reasons including improved public health, increased revenue, ending social injustice, and reducing youth involvement in illegal marijuana sales. The regulatory changes since the inception of Rhode Island marijuana programs are detailed below.

- The Edward O. Hawkins and Thomas C. Slater Medical Marijuana Act of 2005, legalized medical cannabis, and charged the Department of Health with regulatory oversight of the medical marijuana program.
- In 2009, the Rhode Island General Assembly approved an amendment to the Edward O. Hawkins and Thomas C. Slater Medical Marijuana Act, allowing state-licensed medical cannabis dispensaries (compassion centers).
- Pursuant to a [March 2010 report](#) published by the Special Senate Commission to Study the Prohibition of Marijuana, the General Assembly decriminalized possession of Marijuana, establishing policy reforms similar to Massachusetts, which issued civil penalties of \$100 for possession of an ounce or less of marijuana for individuals eighteen and older.
- In 2016, the Rhode Island General Assembly enacted the [Hemp Growth Act](#), which charged the Department of Business Regulation with the authority to oversee the licensing and regulation of industrial hemp.
- [Article 14 of the FY2017 Budget as Enacted](#) significantly amended the administration and regulation of the State's medical marijuana program. Most notably, it established a tagging system for licensed growers, and designating the Department of Business Regulation (DBR) as the licensing and regulatory agency for growers, the sale of tags, and tracking information. Article 14 maintained the Department of Health's regulatory and licensing authority over patients and caregivers, decentralizing the regulations and oversight of marijuana between the two agencies. The Article also established a restricted receipt account to finance the State's medical marijuana programs.
- [Article 15 of the FY2020 Budget as Enacted](#) established the Office of Cannabis Regulation (OCR) within the Department of Business Regulation, charging the office with the oversight for the licensing of the medical marijuana program and cannabidiol (CBD) products.
- In 2022, the Rhode Island General Assembly enacted the [Rhode Island Cannabis Act](#), which legalized adult-use marijuana, and established the Cannabis Control Commission and the Cannabis Advisory Board.

Cannabis Control Commission Revenue

According to the Cannabis Control Commission, as of February 28, 2026, the Commission has raised a total of \$67.2 million in revenue, \$58.2 million in adult use revenue and \$9.0 million in medical marijuana tax revenue. Tax revenues (as shown below) are deposited into the Marijuana Trust Fund and support the Commissions operations. Revenues from fees, fines, and penalties are deposited into the Social Equity Assistance Fund. Additionally, in previous fiscal years, the General Assembly has transferred some funding from the Marijuana Trust fund to the general fund to support initiatives related to opioid abatement and developmental disabilities.

	Adult Use Sales	Adult Use Tax Revenue (20%)	Medical Marijuana Sales	Medical Marijuana Tax Revenue (11%)
FY2023*	\$35,239,731	\$7,047,946	\$22,622,849	\$2,488,513
FY2024	88,343,016	17,668,603	27,804,484	3,058,493
FY2025	96,880,137	19,376,027	21,158,380	2,327,422
FY2026**	70,760,398	14,152,080	10,548,569	1,160,343
Total	\$291,223,282	\$58,244,656	\$82,134,282	\$9,034,771

*FY2023 start date of 11/2022

**As of February 2026

Marijuana Trust Fund

The FY2026 Revised Budget transfers \$5.0 million from the Marijuana Trust Fund restricted receipt account to the State Controller. According to the Administration, these funds will support initiatives related to the Marijuana Trust Fund’s intended purposes including substance abuse prevention and treatment, public health monitoring, research, data collection, education and public awareness, and other authorized uses in the Cannabis Act. The Governor allocates \$1.0 million to the 988 lifeline operations, and \$4.0 million to supporting certified community behavioral health clinics.

The Marijuana Trust Fund was established by the 2022 General Assembly through RIGL 21-28.11-13, to provide support for program and activities related to program administration, revenue collection, and enforcement. The fund is solely supported by revenue collected from the state cannabis excise tax and tax related penalties.

Social Equity Assistance Fund

The Social Equity Assistance Fund was established by the 2022 General Assembly through RIGL 21-28.11-31, to provide grants to approved social equity applicants, support the waiver or reduction of application and licensing fees, and implement and administer programming related to restorative justice. The fund is supported through enforcement fees, regulatory fines, and application and licensing fees. As of March 4, 2026, there is a total of \$2.9 million in the account. According to the Commission, no expenditures have been made from the Equity Fund. The Commission is developing processes for issuing grant awards to social equity license holders.

Regulatory Update

The Rhode Island Cannabis Control Commission is charged with the oversight and licensure of Cannabis Dispensaries. The Rhode Island Cannabis Act authorizes a total of 33 retail licenses. With nine existing hybrid and medical marijuana retailers, the Commission will authorize an additional 24 adult-use retail licenses. Of the 24 licenses, six are reserved for social equity applicants, and six are reserved for worker cooperatives applicants (businesses owned, managed, and controlled by its employees operating on democratic “one member, one vote” principles).

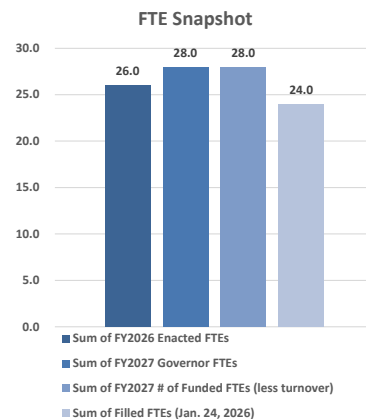
As of March 7, 2026, the Commission has not awarded any new licenses. The application window closed on December 29, 2025, and the deadline to submit evidence of final zoning approval was March 2, 2026. The Commission has begun to review the information, which has a statutory duration of 45 days. The Commission received a total of 98 applications, 23 of which are social equity applicants, 56 are general retail, and 19 are worker cooperatives. The Commission has uploaded all applications and corresponding information to their website to ensure maximum transparency. Currently, the Commission has awarded 9 cannabis retailers, 57 cannabis cultivators, 9 hemp growers, 23 hemp distributors, and 176 hemp retailers.

Staff

The Budget includes 28.0 FTE positions, an increase of 2.0 positions from the FY2026 Budget as Enacted, for 1.0 Senior Legal Counsel and 1.0 Data Analyst II.

The state-level staffing structure supporting Cannabis has evolved since the Office of Cannabis Regulation was established by the General Assembly in 2020. Article 15 of the FY2020 Budget as Enacted authorized a total of 7.0 FTE positions. The Office's FTE authorization increased to 25.0 FTE positions in FY2023, and then to 26.0 FTE positions in FY2025. The Office was overseen by 1.0 unclassified FTE position titled Deputy Director, Office of Cannabis Regulation. The Office of Cannabis has maintained a filled FTE count of 24.0.

The Cannabis Control Commission has indicated that there have been no discussions related to the restructure of the Commission. Currently each Commissioner serves a termed appointment, with the advice and consent of the Senate. As of October 2025, the Chairperson position is vacant. The Administrator position in the Cannabis Office acts as leadership but is not subject to termed appointments.



CENTRAL MANAGEMENT

Central Management program governs Rhode Island's adult-use and medical cannabis industries and hemp industries by licensing businesses, providing education and guidance, ensuring compliance, promoting equitable access, and fostering sustainable economic opportunity while maintaining balance and protecting public health and safety.

Central Management	General Revenue
FY2026 Enacted	\$7,303,563
<i>Target and Other Adjustments</i>	-
2.0 New FTE Positions	344,710
Personnel Adjustments (statewide adjustments)	155,619
Centralized Services (statewide adjustments)	101,032
Accounts and Control (statewide adjustments)	59,501
FY2027 Governor	\$7,964,425

2.0 New FTE Positions **\$344,710**

The Budget includes \$344,710 in restricted receipts to support 2.0 new FTE positions, 1.0 Senior Legal Counsel and 1.0 Data Analyst II.

- **Senior Legal Counsel (\$160,924):** The Budget has a restricted receipts increase of \$160,924 to support 1.0 new FTE position within the Adult Use Marijuana Program. According to the Commission, the CCC lacks adequate in-house legal capacity, leaving the agency vulnerable to delayed responses in high-stakes legal matters, regulatory challenges, and potential litigation. The position would provide expertise in regulatory development and interpretation, litigation risk management, compliance assurance, contract oversight, and inter-agency legal coordination.
- **Data Analyst II (\$183,786):** The Budget recommends a restricted receipts increase of \$183,786 to support 1.0 new FTE position within the Adult Use Marijuana Program. The position would enhance the Commissions regulatory oversight, improve operational efficiency, and increase transparency. This role will enable the commission to leverage existing data more effectively, detect anomalies, support enforcement actions, and collaborate more effectively with public health and safety partners.

Department of Labor and Training

Expenditures By Program	FY2025 Actual	FY2026 Enacted	FY2026 Governor	Change from Enacted		FY2027 Governor	Change from Enacted	
Central Management	\$1.9	\$2.2	\$1.9	(\$0.3)	-13.1%	\$1.9	(\$0.3)	-12.5%
Workforce Development	22.6	20.0	21.6	1.6	7.9%	18.5	(1.5)	-7.3%
Workforce Regulation and Safety	5.0	5.3	5.4	0.1	1.2%	5.6	0.2	4.0%
Income Support	532.7	567.9	589.3	21.5	3.8%	628.9	61.0	10.7%
Injured Workers Services	10.7	11.2	12.4	1.2	10.6%	12.6	1.3	11.9%
Labor Relations Board	0.6	0.6	0.6	0.1	13.6%	0.6	0.1	16.3%
Governor's Workforce Board	27.9	25.1	26.9	1.8	7.0%	25.0	(0.1)	-0.3%
Total	\$601.3	\$632.3	\$658.1	\$25.8	4.1%	\$693.1	\$60.9	9.6%

Expenditures By Source

General Revenue	\$19.3	\$18.2	\$18.9	\$0.7	3.8%	\$18.3	\$0.2	0.8%
Federal Funds	51.0	42.0	44.1	2.1	5.1%	41.9	(0.1)	-0.2%
Restricted Receipts	28.2	35.4	38.2	2.8	7.9%	37.0	1.6	4.5%
Other Funds	502.8	536.7	556.9	20.2	3.8%	595.9	59.2	11.0%
Total	\$601.3	\$632.3	\$658.1	\$25.8	4.1%	\$693.1	\$60.9	9.6%

Authorized FTE Levels	461.7	461.7	461.7	-	-	461.7	-	-

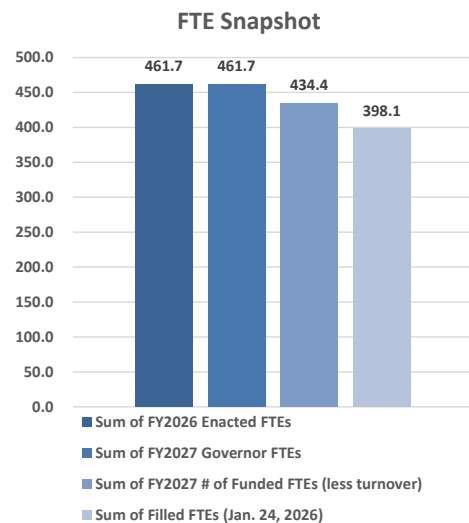
\$ in millions. Totals may vary due to rounding

The Department of Labor and Training is responsible for providing a range of employment and training services to Rhode Islanders and for administering laws related to workforce regulation, safety, and labor law enforcement. The Department consists of seven divisions: Central Management, Workforce Development Services, Workforce Regulation and Safety, Income Support, Injured Workers Services, the Labor Relations Board, and the Governor's Workforce Board.

MAJOR ISSUES AND TRENDS

FY2026: The FY2026 Governor's Revised Budget includes \$658.1 million in all funds, reflecting a \$25.8 million, or 4.1 percent increase from the FY2026 Budget as Enacted. The Budget includes \$18.9 million in general revenue, reflecting an increase of \$679,999 or 3.8 percent from the FY2026 enacted level. The increase includes \$645,780 of reappropriated funds from the previous fiscal year, including \$565,780 for the Skills RI Healthcare Workforce Support program and \$80,000 for the Firefighter's Relief Fund. Other Funds realized the largest increase, rising by \$20.2 million, or 3.8 percent, from the FY2026 enacted level, primarily due to a \$19.9 million increase to unemployment insurance benefits.

FY2027: The FY2027 Governor's Recommended Budget includes \$693.1 million in all funds, reflecting an increase of \$60.9 million, or 9.6 percent, from the FY2026 enacted level. The Budget includes \$18.3 million in general revenue for the Department, representing an increase of \$152,938 from the FY2026 enacted level. Other funds realized the largest increase, rising by \$59.2 million from the FY2065 enacted level. The adjustment reflects a \$46.9 million increase to unemployment insurance benefits and a \$13.7 million increase in Temporary Caregivers Insurance benefits (TCI). The Budget



includes a 3.0 percent Cost of Living Adjustment (COLA) related to the most recent settlement with the state employee bargaining unit, which provided members with COLA increases of 5.0 percent in FY2025, 4.0 percent in FY2026, and 3.0 percent in FY2027.

The Governor recommends 461.7 FTE positions in FY2026 and FY2027, consistent with the enacted level.

CENTRAL MANAGEMENT

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

Central Management	General Revenue
FY2026 Enacted	\$1,661,890
<i>Target and Other Adjustments</i>	<i>1,685</i>
ERP Maintenance and Operations Billings (statewide adjustments)	(258,398)
A&C ISF Charges (statewide adjustments)	105,395
Centralized Services (statewide adjustments)	(52,664)
FY2027 Governor	\$1,457,908

WORKFORCE DEVELOPMENT SERVICES

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

Workforce Development Services	General Revenue
FY2026 Enacted	\$878,758
<i>Target and Other Adjustments</i>	<i>5,436</i>
FY2027 Governor	\$884,194

Workforce Development Services	Other Fund Changes
Workforce Innovation Opportunity Act Grant (federal funds)	(\$1,170,977)
QUEST Grant (federal funds)	(1,168,390)
Job Services (federal funds)	805,375
Growing the Renewable Energy Employment Network (federal funds)	422,475

Workforce Innovation Opportunity Act Grants (federal funds) (\$1.2 million)

The Budget includes \$8.6 million in federally funded Workforce Innovation and Opportunity Act (WIOA) grants, reflecting a decrease of \$1.2 million from the FY2026 enacted level. The Youth Program reflects the largest reduction, decreasing by \$533,738 or 15.7 percent from the previous fiscal year's enacted level. The FY2026 Governor's Revised Budget recommends \$8.6 million in WIOA grants, representing a \$670,883 increase from the FY2026 enacted level. The following table illustrates the adjustments recommended by the Governor throughout the Department's primary WIOA grant programs.

	FY2026 Enacted	FY2026 Governor	Change	FY2027 Governor	Change
Workforce Innovation Grants (WIOA)					
Youth Program	\$3,393,945	\$3,693,908	\$299,963	\$2,860,207	(\$533,738)
Adult Program	2,981,769	3,588,948	607,179	2,601,692	(380,077)
Dislocated Worker Program	3,421,934	3,185,675	(236,259)	3,164,772	(257,162)
Total	\$9,797,648	\$10,468,531	\$670,883	\$8,626,671	(\$1,170,977)

- **WIOA Dislocated Worker Grants:** Provides funding for significant dislocation events and is designed to help workers who have been impacted by job loss, global trade dynamics, or transitions in economic sectors return to work quickly.
- **WIOA Adult Program:** Provides funding to enable workers to obtain good jobs by providing them with job search assistance and training opportunities.
- **WIOA Youth Activities:** Provides support to help low-income youth, between the ages of 14 and 24, acquire the educational and occupational skills, training, and support needed to achieve academic and employment success and successfully transition into careers and productive adulthood.

QUEST Grant (federal funds)

(\$1.2 million)

The Governor removes \$1.2 million of federal funds from the Quality Jobs, Equity, Strategy, and Training (QUEST) grant in FY2027. The QUEST grant is classified as a Dislocated Worker Grant (DWG) and was available from FY2023 through FY2025.

In July 2022, the U.S. Department of Labor announced that Rhode Island's Department of Labor and Training was awarded the maximum amount of \$15.0 million. Authorized by the federal Workforce Innovation and Opportunity Act, DWGs provide funding support in response to unexpected events that lead to significant job loss. The Department utilized the funds to provide occupational training through the industry-led Real Jobs Rhode Island program, which invests in sector-based intermediaries who serve as partners, designing and implementing initiatives to serve their industry's needs. The industries include healthcare, childcare, manufacturing, construction, transportation, logistics, information technology, and finance. The FY2026 Governor's Revised Budget includes \$365,000 for the initiative.

Job Services (federal funds)

\$805,375

The Governor recommends \$3.7 million of federal funds to support job services in FY2027, representing a net increase of \$805,375 from the previous year's enacted level. The adjustment includes a \$1.0 million increase within the non-reimbursable job services sequence. These funds are Wagner-Peyser grants and support the personnel working at America's Job Centers as well as the program's administration. The Budget includes a \$206,890 reduction in reimbursable job services funds, which include 3 federal awards, the Work Opportunity Tax Credit, the Foreign Labor Certification and the Workforce Information Grant. The following table compares the Governor's recommendations for FY2026 and FY2027 with the FY2026 Budget as Enacted.

	FY2026 Enacted	FY2026 Governor	Change	FY2027 Governor	Change
Job Services (federal funds)					
Wagner-Peyser Funded Activities	\$2,374,909	\$3,286,416	\$911,507	\$3,387,174	\$1,012,265
Reimbursable Funded Activities	527,041	313,409	(213,632)	320,151	(206,890)
Total	\$2,901,950	\$3,599,825	\$697,875	\$3,707,325	\$805,375

Growing the Renewable Energy Employment Network (federal funds)

\$422,475

The Governor recommends \$982,214 of federal funds awarded through the Growing Renewable Energy Employment Network in FY2027, representing an increase of \$422,475 from the FY2026 enacted level.

The Governor includes \$982,215 in the Revised Budget. The Department indicates \$465,876 of the grant's funding is currently obligated, of which, \$38,339 has been spent.

The Growing the Renewable Energy Employment Network grant an H-1B job training grant to train unemployed and underemployed individuals for careers in the renewable energy sector, fully funded by the federal government. Rhode Island was awarded a total amount of \$2.0 million.

WORKFORCE REGULATION AND SAFETY

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

Workforce Regulation and Safety	General Revenue
FY2026 Enacted	\$5,347,291
<i>Target and Other Adjustments</i>	<i>10,517</i>
Intra-agency Transfer	367,717
Personnel: Salary and Benefit Adjustment	(234,614)
A&C ISF Charges (statewide adjustments)	44,938
Centralized Services (statewide adjustments)	22,879
FY2027 Governor	\$5,558,728
<i>Intra-agency Transfer</i>	<i>\$367,717</i>

The Budget includes negative \$409,399 in general revenue for intra-agency transfers, reflecting a general revenue increase of \$367,717 from the FY2026 enacted amount. The Department is permitted by federal regulations under the unemployment insurance program to maintain a restricted receipt account into which it may deposit interest and penalty revenue collected from employers that are delinquent in filing their employment taxes. Eligible expenditures of these "tardy and interest" funds are flexible and may be used to support activity outside of the program. DLT regularly makes intra-agency transfers from tardy and interest to the Workforce Regulation and Safety to subsidize the Division's work. The latter's budget typically receives only general revenue appropriations.

Personnel: Salary and Benefit Adjustment **(\$234,614)**

The Budget includes \$5.2 million of general revenue to support the salary and benefits of the personnel in the Workforce Regulation and Safety program, reflecting a decrease of \$234,614 from the previous year's enacted level. The adjustment includes reductions of \$148,304 and \$137,235 for the Labor Standards and Professional Regulation Licensing units, offset by a \$50,925 increase in the Occupational Safety unit.

INCOME SUPPORT

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

Income Support	General Revenue
FY2026 Enacted	\$3,684,566
<i>Target and Other Adjustments</i>	-
Police Officer's Relief Fund Adjustment	64,015
Firefighter's Relief Fund Adjustment	(11,793)
Centralized Services (statewide adjustment)	(3,010)
FY2027 Governor	\$3,733,778

Income Support	Other Fund Changes
Unemployment Insurance Benefits Adjustment (all funds)	\$46,872,195
Temporary Caregiver Insurance Adjustment (other funds)	13,664,458
Unemployment Insurance Administration Adjustment (federal funds)	2,092,163
Temporary Disability Insurance Adjustment (other funds)	(1,317,478)
Unemployment Insurance Benefit Statistics	Informational
Unemployment Insurance Trust Fund	Informational

Police Officer's Relief Fund Adjustment **\$64,015**

The Governor recommends \$913,636 of general revenue to support the Police Officer's Relief Fund in FY2027, reflecting a net increase of \$64,015 from the FY2026 enacted level. The adjustment reflects a \$64,937 increase in grants offset by a \$922 reduction in administrative expenditures. The FY2026 Governor's Revised Budget includes \$843,155 for the fund, representing an increase of \$51,208 from the FY2026 enacted level. The increase partially reflects the rising cost of the college tuition benefit.

The State is required to provide a 40.0 percent match to federal one-time death benefit payments from the U.S. Department of Justice's Public Safety Officers' Benefits program (PSOB), which assists to the beneficiaries of law enforcement officers and firefighters killed in the line of duty. Under RIGL 45-19, the spouse of a deceased police officer or firefighter receives an annual annuity of \$3,600 per year, for as long as they remain unmarried, or if there is no spouse, a total sum not exceeding \$10,000 is payable to the parents of the deceased police officer or firefighter. In addition, an annuity of \$1,200 per year is paid to the widow or widower for each child who is under the age of 18. The children are also eligible to receive up to four years of free tuition at the University of Rhode Island, Rhode Island College, or the Community College of Rhode Island. The tuition benefit is also extended to any firefighter or police officer that was permanently disabled in the line of duty.

Firefighter's Relief Fund Adjustment **(\$11,793)**

The Governor recommends \$2.8 million of general revenue to support the Firefighter's Relief Fund in FY2027, reflecting a net decrease of \$11,793 from the previous year's enacted level. The adjustment includes an \$8,300 increase in grants offset by a \$20,095 reduction in administrative expenditures. The FY2026 Governor's Revised Budget recommends \$3.0 million of general revenue for the fund, reflecting a \$150,453 increase from the FY2026 enacted level. The Revised Budget includes a reappropriation of \$80,000 and supports the payment of a \$168,814 unanticipated one-time death benefit.

Unemployment Insurance Benefits Adjustment (all funds) **\$46.9 million**

The Governor recommends \$296.2 million in all funds to support unemployment insurance (UI) benefits, reflecting a \$46.9 million or 18.8 percent increase from the FY2026 enacted level. The recommendation largely reflects an additional \$45.5 million in UI benefits as well as a \$1.0 million increase in reimbursable employers' UI benefits.

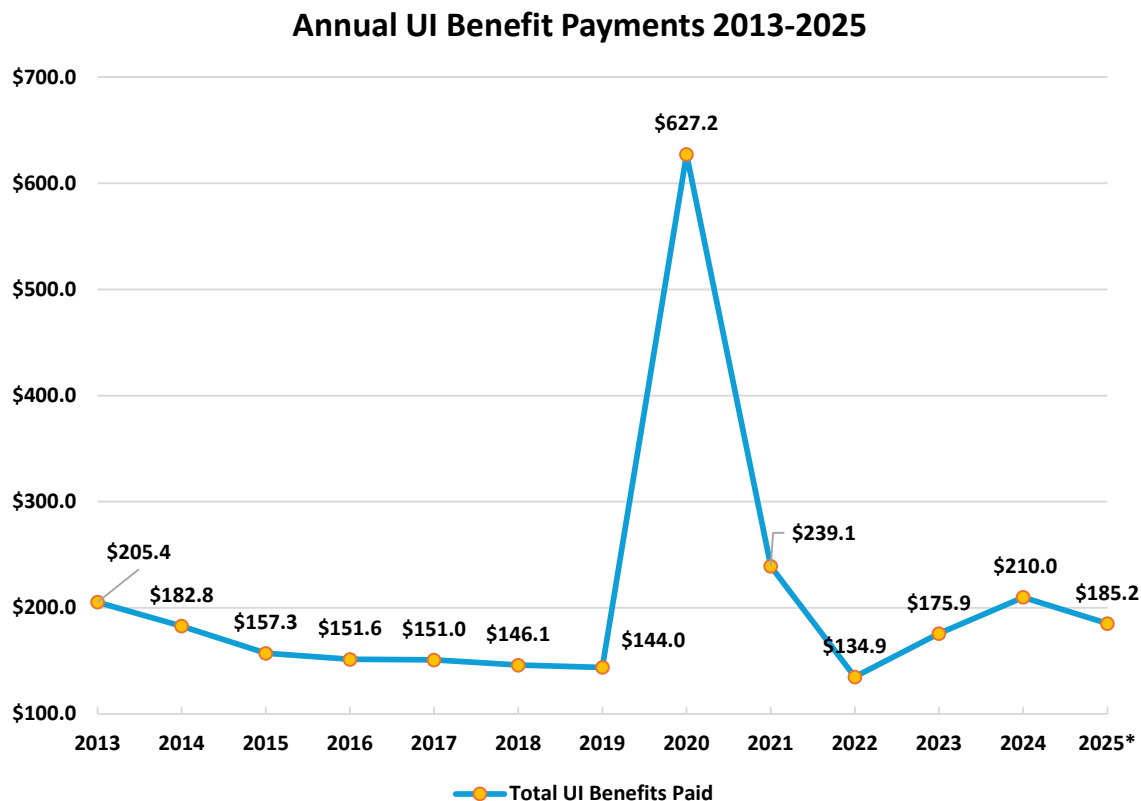
The projections from the Department's Labor Market Information Divisions are based on historical data and known events. The Department indicates that FY2025 costs for UI had increased by 17.0 percent from the previous year and were up 12.0 percent in September 2025, at the time that the projections were made,

resulting in increased projections. The following table compares the UI benefits recommended by the Governor for FY2026 and FY2027 with the FY2026 Budget as Enacted.

Unemployment Insurance Benefits	FY2026 Enacted	FY2026 Governor	Change	FY2027 Governor	Change
Unemployment Insurance (other funds)	\$229,100,000	\$249,000,000	\$19,900,000	\$274,600,000	\$45,500,000
Reimbursable Employers UI Benefits (other funds)	11,000,000	10,000,000	(1,000,000)	12,000,000	1,000,000
Federal and Veteran Employment (other funds)	1,500,000	1,700,000	200,000	1,700,000	200,000
State Employees (other funds)	1,100,000	1,200,000	100,000	1,300,000	200,000
Trade Readjustment Act (federal funds)	100,000	71,741	(28,259)	72,195	(27,805)
Benefit Payments to Other States	6,500,000	6,500,000	-	6,500,000	-
Total	\$249,300,000	\$268,471,741	\$19,171,741	\$296,172,195	\$46,872,195

The United States Department of Labor's website provides quarterly data concerning the payment of UI benefits by each State. Data representing the entirety of CY2025 is not yet available, however in Quarters 1-3, the Department paid \$185.2 million in benefits, reflecting a \$22.3 million or 13.7 percent increase from the same period of the prior year.

The federal government made several changes to unemployment insurance regulations as a result of the pandemic, including increasing the length of time a person may collect unemployment insurance up to 79 weeks and including an additional supplemental payment for eligible individuals. The following graph illustrates Rhode Island's payment of unemployment insurance benefits from 2013 to 2024, with figures provided by the U.S. Department of Labor.



* 2025 reflects Quarters 1-3

\$ in millions.

Source: US Dept. of Labor/UI Data Summary

Temporary Caregiver Insurance Adjustment (other funds)**\$13.7 million**

The Governor recommends \$48.2 million in other funds support the State's Temporary Caregiver Insurance (TCI) program, reflecting an increase of \$13.7 million or 39.6 percent from the FY2026 enacted level. The increase includes a \$13.7 million increase to benefit payments offset by a \$35,542 reduction in administrative expenditures. The FY2026 Governor's Revised Budget includes \$42.1 million in other funds, reflecting a \$7.6 million increase from the FY2026 enacted level, entirely within benefits. The following table illustrates the adjustment.

	FY2026 Enacted	FY2026 Governor	Change	FY2027 Governor	Change
Temporary Caregivers Insurance (other funds)					
Benefits	\$32,300,000	\$40,000,000	\$7,700,000	\$46,000,000	\$13,700,000
Administration	2,248,405	2,130,281	(118,124)	2,212,863	(35,542)
Total	34,548,405	42,130,281	7,581,876	48,212,863	\$13,664,458

The Department's TCI projections are completed by the Labor Market Information Division and based on historical data and known events. The Department indicates that the FY2025 costs for TCI had increased by 11.2 percent through September, which resulted in a projected 10.0 percent increase for the first half of FY2026 and 12.5 percent increase for the second half of FY2026. The mid-year increase reflects the change in the replacement rate. The adjustment also provides an additional \$2.0 million to account for the increase to the duration employees are eligible to take.

Signed into law on July 11, 2013, TCI disburses payments to individuals who are unable to work due to providing necessary care for seriously ill family members, such as children, spouses, parents, domestic partners, and grandparents. Additionally, individuals who need to bond with a newborn baby or newly adopted child are eligible to receive benefits. Eligible individuals may claim caregiver benefits for up to 8 weeks for CY2026.

Unemployment Insurance Administration Adjustment (federal funds)**\$2.1 million**

The Governor recommends \$16.0 million in federal funds to support the administration of the Unemployment Insurance program, representing a \$2.1 million increase from the FY2026 Budget as Enacted. The adjustment includes a \$2.9 million of turnover savings and a \$1.4 million intra-agency transfer of eligible administration expenditures. The Department is permitted under federal and state regulations to transfer a portion of the employment taxes it collects from the unemployment insurance program to support additional eligible expenses other than UI payments. These include certain administrative activities related to the program.

The following table compares the Governor's recommendation for FY2026 and FY2027 with the FY2026 Budget as Enacted.

	FY2026 Enacted	FY2026 Governor	Change	FY2027 Governor	Change
Unemployment Insurance Administration					
Regular Wages	\$8,770,411	\$10,112,644	\$1,342,233	\$10,601,630	\$1,831,219
Turnover	(1,774,269)	(3,175,082)	(1,400,813)	(2,895,182)	(1,120,913)
Intra-agency Transfer	(2,393,000)	(1,141,147)	1,251,853	(1,368,300)	1,024,700
Employer Cost Of Employee Medical Insurance	2,171,089	2,641,770	470,681	2,832,819	661,730
IT Administration	478,544	-	(478,544)	-	(478,544)
Software Maintenance	434,386	305,099	(129,287)	308,150	(126,236)
Postage and Postal Services	221,305	336,399	115,094	339,763	118,458
ISF Charges: ERP Maintenance and Operations	-	-	-	106,111	106,111
ERSRI Retirement Plans - Employer Contribution	2,201,619	2,183,243	(18,376)	2,307,730	106,111
All Other Adjustments	3,805,264	3,612,287	(192,977)	3,774,791	(30,473)
Total	\$13,915,349	\$14,875,213	\$959,864	\$16,007,512	\$2,092,163

Temporary Disability Insurance Adjustment (other funds)**(\$1.3 million)**

The Governor recommends \$250.1 million in other funds for the State's Temporary Disability Insurance (TDI) program, reflecting a decrease of \$1.3 million from the FY2026 enacted level. The adjustment is primarily administrative as benefits remain unchanged from the FY2026 enacted level.

	FY2026 Enacted	FY2026 Governor	Change	FY2027 Governor	Change
Temporary Disability Insurance (other funds)					
Administration ""A"" General	\$9,572,648	\$8,436,750	(\$1,135,898)	\$8,740,979	(\$831,669)
TDI- Employer Tax	1,873,172	1,338,775	(534,397)	1,387,363	(485,809)
TDI Payment of Benefits	240,000,000	235,000,000	(5,000,000)	240,000,000	-
Total	\$251,445,820	\$244,775,525	(\$6,670,295)	\$250,128,342	(\$1,317,478)

Unemployment Insurance Benefit Statistics**Informational**

Rhode Island currently ranks 14th in average unemployment insurance benefits paid nationally and 2nd in New England. The State has the 4th highest maximum weekly UI benefit payments in the nation when dependent allowances are included and ranks 11th when dependent allowances are not considered. The data suggests that while RI may authorize high maximum weekly benefit payments, the amount the State pays is on par with the national average. The following tables illustrate benefit payments within New England as well as nationally.

Average UI Benefits Paid

12 Months Ending 3rd Quarter 2025

State	Amount	New England	National
Massachusetts	\$13,326	1	1
Rhode Island	7,467	2	14
Connecticut	7,446	3	15
Maine	7,216	4	19
Vermont	6,346	5	26
New Hampshire	4,570	6	35

Source: US Dept. of Labor/UI Data Summary

Average Weekly UI Benefits Paid

12 Months Ending 3rd Quarter 2025

State	Amount	New England	National
Massachusetts	\$708	1	2
Vermont	551	2	9
Maine	505	4	17
Connecticut	484	3	21
Rhode Island	472	5	24
New Hampshire	372	6	34

Source: US Dept. of Labor/UI Data Summary

Maximum Weekly UI Benefit

As of July 2025

State	Amount	New England	National
Massachusetts	\$1,051	1	2
Vermont	757	2	3
Rhode Island	745	3	11
Connecticut	723	4	12
Maine	623	5	13
New Hampshire	427	6	36

Source: US Dept. of Labor

Maximum Weekly UI Benefit with Dependents Allowance

As of July 2025

State	Amount	New England	National
Maine	\$1,090	1	2
Massachusetts*	1,051	2	3
Rhode Island	931	3	4
Connecticut	796	4	13
Vermont†	757	5	17
New Hampshire†	427	6	37

Source: US Dept. of Labor

*No cap on dependents allowance

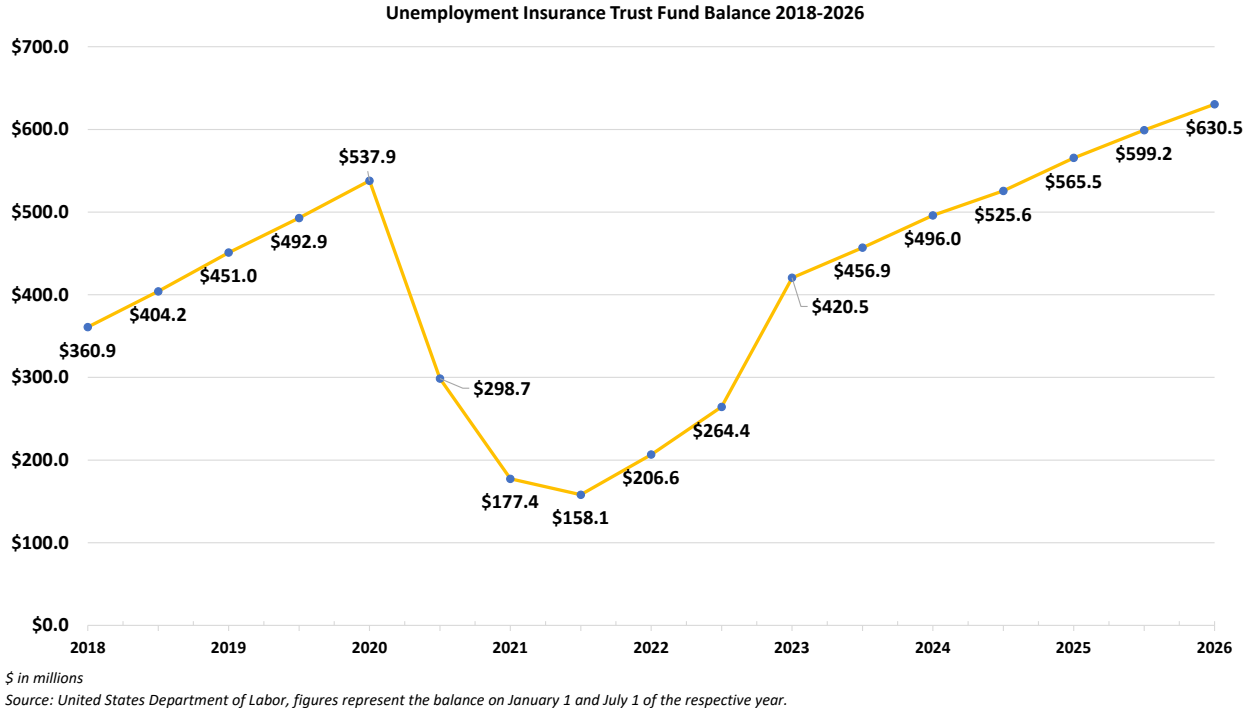
†Does not have dependents allowance

Unemployment Insurance Trust Fund**Informational**

As of January 1, 2026, the Unemployment Insurance Trust Fund's balance is \$630.5 million, reflecting an increase of \$65.0 million from January of 2025 and \$92.6 million above the \$537.9 million pre-COVID balance in January of 2020.

For CY2026, the Department of Labor and Training determined that the unemployment insurance tax rates will change to UI Tax Schedule F, with rates ranging from 0.9 percent to 9.4 percent, reflecting a reduction from the CY2025 Schedule G rates of 1.1 percent to 9.7 percent. The Department indicates that the rates will further be reduced by 0.21 percent to offset the Job Development Assessment. The Unemployment Insurance Taxable Wage Base for most employers increased to \$30,800, which reflects 46.5 percent of the average annual wage of workers employed by taxable employers. The unemployment insurance tax schedule is calculated using a statutory formula based on the reserve ratio, or the balance of the State’s employment security fund to the total twelve-month payroll of employers subject to the contribution provisions of the Employment Security Act. The calculation is performed on September 30 of each calendar year, known as the computation date. The Department estimates that annual wages for FY2025 will be \$23.7 billion, with the average annual wage being \$63,716. For the rate schedule to shift to Schedule F, the reserve ratio must be at or above 2.5 percent, requiring an additional \$26.8 million to meet a fund balance of \$592.3 million.

The following graph illustrates the fund balance from January 2018 through January 2026. The increase between July 2022 and January 2023 is a result of the \$100.0 million deposit of ARPA SFRF.



INJURED WORKERS SERVICES

The Injured Workers Services program operates the State’s Workers’ Compensation System. The Donley/Arrigan Rehabilitation Center provides evaluations, therapy, and counseling for workers injured on the job. A Workers’ Compensation Education Unit provides information to workers and employers regarding workers’ compensation laws and regulations. This program does not receive any general revenue funding and is entirely funded by restricted receipts.

Injured Workers Services	Restricted Receipts
FY2026 Enacted	\$11,233,092
<i>Target and Other Adjustments</i>	<i>41,203</i>
Personnel: Salary and Benefit Adjustment	910,086
Second Injury Fund Assistance	275,868
Centralized Services (statewide adjustments)	61,042
A&C ISF Charges (statewide adjustments)	45,006
FY2027 Governor	\$12,566,297

Personnel: Salary and Benefit Adjustment (restricted receipts) \$910,086

The Governor recommends \$6.4 million of restricted receipts to support the salary and benefits for personnel within the Injured Workers Services program, reflecting a \$910,086 increase from the FY2026 enacted level. The adjustment includes increases of \$811,248 for the Arrigan Center and \$293,385 for the Claims Monitoring and Data Processing Unit. The following table compares the personnel expenditures recommended by the Governor in FY2026 and FY2027 by unit to the FY2026 Budget as Enacted.

	FY2026	FY2026		FY2027	
Personnel: Salary and Benefits	Enacted	Governor	Change	Governor	Change
Arrigan Center Operations	\$2,208,277	\$2,894,022	\$685,745	\$3,019,525	\$811,248
Claims Monitoring/Data Processing	2,672,765	2,889,127	216,362	2,966,150	293,385
Self Insurance Operations	213,162	92,931	(120,231)	95,658	(117,504)
Second Injury Fund Operation	86,289	8,277	(78,012)	8,596	(77,693)
Education Unit	313,297	302,116	(11,181)	313,947	650
Total	\$5,493,790	\$6,186,473	\$692,683	\$6,403,876	\$910,086

Second Injury Fund Benefit Adjustment (restricted receipts) \$275,868

The Governor recommends \$1.1 million of restricted receipts for benefits Second Injury Fund benefits, reflecting a net increase of \$275,868 from the enacted level. The Department indicates that this account has been under budgeted in the recent past, with costs reflected in the Claims Monitoring account. The Governor's recommendation for FY2026 and FY2027 include sufficient resources but the overall amount to be paid is driven by caseload. All related costs are funded by the Workers' Compensation Administration Fund.

LABOR RELATIONS BOARD

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

Labor Relations Board	General Revenue
FY2025 Enacted	\$556,737
<i>Target and Other Adjustments</i>	<i>(2,852)</i>
Personnel: Salary and Benefit Adjustment	104,382
Temporary Stenographic Services	(10,695)
FY2027 Governor	\$647,572

Personnel: Salary and Benefit Adjustment \$104,382

The Governor recommends \$549,659 of general revenue to support the salary and benefits of personnel of the Labor Relations Board, reflecting an increase of \$104,382 from the FY2026 Budget as Enacted. The

adjustment reflects a 23.4 percent increase from the FY2026 enacted level, primarily within salaries. The Labor Review Board has 2.0 FTE positions, an Administrator and a Programming Services Officer. The Department indicates that the salary and benefits for the Administrator position were understated in previous budgets and are corrected in the Governor's recommendations for FY2026 and FY2027. The following table compares the funding recommended by the Governor for FY2026 and FY2027 with the FY2026 Budget as Enacted.

	FY2026 Enacted	FY2026 Governor	Change	FY2027 Governor	Change
Personnel: Salary and Benefits					
Salaries	\$327,067	\$379,047	\$51,980	\$394,957	\$67,890
Benefits	112,231	143,820	31,589	146,693	34,462
Statewide Benefit Assessment	5,979	7,381	1,402	8,009	2,030
Total	\$445,277	\$530,248	\$84,971	\$549,659	\$104,382

Temporary Stenographic Services

(\$10,695)

The Governor recommends \$6,722 of general revenue for temporary stenographic services within the Labor Relations Board, reflecting a \$10,695 decrease from the FY2026 Budget as Enacted. The adjustment is consistent with actual expenditures, which were \$6,524 in FY2024 and \$6,590 in FY2025.

GOVERNOR'S WORKFORCE BOARD

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

- **Real Jobs Rhode Island (RJRI):** The RJRI program invests in sector-based intermediaries who serve as RJRI Partners and enables them to design and implement their initiatives to serve their industry's needs.

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

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

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

Governor's Workforce Board	General Revenue
FY2025 Enacted	\$6,050,000
<i>Target and Other Adjustments</i>	-
Real Jobs RI	Informational
FY2027 Governor	\$6,050,000

Real Jobs RI

Informational

The Budget includes \$6.1 million in general revenue to fund Real Jobs RI (RJRI), consistent with the FY2026 enacted level. The program provides training and placement assistance for job seekers, as well as skills training for incumbent workers, business owners, and other types of participants. Proviso language included in Article 1 requires \$600,000 of the general revenue support enhanced training of direct care and support services staff at nursing home facilities to improve the quality of care for residents.

Additionally, the Budget includes \$19.1 million in restricted receipts to support the Governor's Workforce Board, \$12.0 million of which, provides assistance and grants to Departmental programs like RJRI. Proviso language included in Article 1 requires \$150,000 of the program's restricted receipts support workforce training grants within the hospitality industry, specifically to fund certified food and alcohol safety training programs in multiple languages.

Preliminary figures of the Real Jobs Rhode Island CY2025 Performance Overview Report indicate that since the program began in 2015, RJRI has trained over 50,600 workers, placed over 20,200 job seekers into employment, and served 6,700 unique businesses. Specific to CY2025, the Department enrolled 6,975 individuals for various training programs, of which 4,759 or 68.2 percent of enrollees completed the program. Of the 3,117 jobseekers enrolled in training or placement assistance programs, 2,117 completed the program and 1,007 received job placement in the field. The average annual wage for job seekers who have completed training, received placement, and maintained a work schedule of 35 hours per week was \$43,442. The following table illustrates the program's performance in CY2025.

Calendar Year 2025 Activity	Total Enrolled	Total Completed	Total Placed	% Completed	% Placed
Training and/or Placement Assistance for Job Seekers	3,117	2,117	1,007	67.9%	47.6%
Skills Training for Incumbent Workers	2,371	1,770	-	74.7%	-
Skills Training for Business Owners/Entrepreneurs	1,063	661	-	62.2%	-
Skills Training for Other Types of Participants	424	211	-	49.8%	-
Total	6,975	4,759	1,007	68.2%	-

Source: Preliminary Real Jobs Calendar Year 2025 Performance Overview

Additionally, the report provides data reflecting the self-reported average placement wages of RJRI participants, which are summarized below in the following table.

Average Placement Wage of Real Jobs Participants CY2021-CY2025

Gender	CY2021	CY2022	CY2023	CY2024	CY2025*	% Change from	
						CY2021	CY2024
Male	\$40,093	\$42,237	\$41,941	\$44,013	\$44,665	11.4%	1.5%
Female	37,042	38,314	39,541	41,276	41,839	13.0%	1.4%

Self-Identified Race

White	\$40,107	\$42,340	\$42,424	\$44,269	\$45,568	13.6%	2.9%
Black	36,320	38,073	39,386	41,556	41,847	15.2%	0.7%
Asian	38,999	37,306	38,815	40,443	40,113	2.9%	-0.8%
Latinx	36,501	39,065	39,330	41,221	42,256	15.8%	2.5%
Of Multiple Races	35,830	39,722	39,328	42,900	41,875	16.9%	-2.4%

Source: Department of Labor and Training: Real Jobs RI Performance Overview CY2021-CY2025

* CY2025 results are preliminary

The performance of Real Jobs is measured through two Key Performance Indicators (KPIs), which are noted in the Governor's FY2027 Budget documents produced by the Office of Management and Budget (OMB). The first KPI measures the number of jobs placed through Real Jobs Partnerships within 90 days of completion of Real Jobs activities. The following table illustrates the KPI from CY2023-CY2025 as well as the targets for CY2026 and CY2027.

KPI: Real Jobs Rhode Island- Job Placements

Calendar Year	2023	2024	2025*	2026	2027
Target	4,500	3,000	500	1,260	1,260
Actual	2,639	2,337	754		

**As of October 1, 2025*

Source: Office of Management and Budget, FY2027 Governor's Budget Recommendation

The second KPI measures the number of employers participating in Real Jobs Partnerships, defining a participating employer as one that placed an RJRI jobseeker within the calendar year. The following table illustrates the KPI from CY2023-CY2025 and indicates the targets for CY2026 and CY2027.

KPI: Real Jobs Rhode Island- Employer Engagement

Calendar Year	2023	2024	2025*	2026	2027
Target	1,000	1,200	200	400	400
Actual	1,434	1,329	558		

**As of October 1, 2025*

Source: Office of Management and Budget, FY2027 Governor's Budget Recommendation

CAPITAL BUDGET

The Governor recommends \$6.5 million of restricted receipts from the Department's Workers' Compensation Administrative Fund (WCAF) for one capital project titled the Workers' Compensation System Analysis & Modernization. The Governor recommends \$500,000 in FY2027 and \$6.0 million in out-years FY2028- FY2031. The Department indicates that the current Workers' Compensation System is a legacy product, written in ".net" and not fully integrated into the Department's other benefit systems. The project replaces the legacy system with a modernized system that is fully integrated with the Department's other systems. The following table illustrates the Governor's recommendation.

Workers' Compensation System Analysis & Modernization System

Fund Type	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	Total
Restricted Receipts	\$0.0	\$0.5	\$1.0	\$1.0	\$2.0	\$2.0	\$6.5
Total	\$0.0	\$0.5	\$1.0	\$1.0	\$2.0	\$2.0	\$6.5

\$ in millions

Department of Revenue

Expenditures By Program	FY2025 Actual	FY2026 Enacted	FY2026 Revised	Change from Enacted		FY2027 Governor	Change from Enacted	
Director of Revenue	\$2.3	\$3.2	\$2.9	(\$0.2)	-7.6%	\$2.9	(\$0.2)	-7.5%
Division of Collections	1.0	1.0	1.1	0.1	8.2%	1.1	0.1	14.1%
Lottery Division	403.2	448.0	434.1	(13.9)	-3.1%	433.8	(14.3)	-3.2%
Municipal Finance	1.7	2.0	2.0	(0.0)	-2.0%	2.1	0.0	1.1%
Office of Revenue Analysis	1.2	1.2	1.2	0.0	2.6%	1.2	0.0	2.6%
Registry of Motor Vehicles	41.9	41.3	42.8	1.5	3.7%	42.0	0.7	1.7%
State Aid	324.7	333.4	333.5	0.1	0.0%	331.3	(2.0)	-0.6%
Taxation	35.4	43.2	40.0	(3.1)	-7.3%	42.9	(0.3)	-0.7%
Total	\$811.4	\$873.2	\$857.7	(\$15.6)	-1.8%	\$857.3	(\$16.0)	-1.8%

Expenditures By Source								
General Revenue	\$402.1	\$413.5	\$414.5	\$1.0	0.2%	\$413.0	(\$0.4)	-0.1%
Federal Funds	0.7	0.5	0.4	(0.1)	-18.9%	0.3	(0.2)	-39.2%
Restricted Receipts	5.3	11.1	8.5	(2.6)	-23.2%	10.0	(1.0)	-9.4%
Other Funds	403.2	448.2	434.3	(13.9)	-3.1%	433.9	(14.3)	-3.2%
Total	\$811.4	\$873.2	\$857.7	(\$15.6)	-1.8%	\$857.3	(\$16.0)	-1.8%

Authorized FTE Levels 599.5 605.5 605.5 - 0.0% 605.5 - 0.0%

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

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

MAJOR ISSUES AND TRENDS

The Governor recommends \$857.7 million from all funds in FY2026 and \$857.3 million in FY2027, a 1.8 percent decrease compared to the enacted level in both years. The FY2026 Revised Budget is a net \$15.6 million less than the enacted level and is primarily related to adjustments in lottery prize payments in the current year.

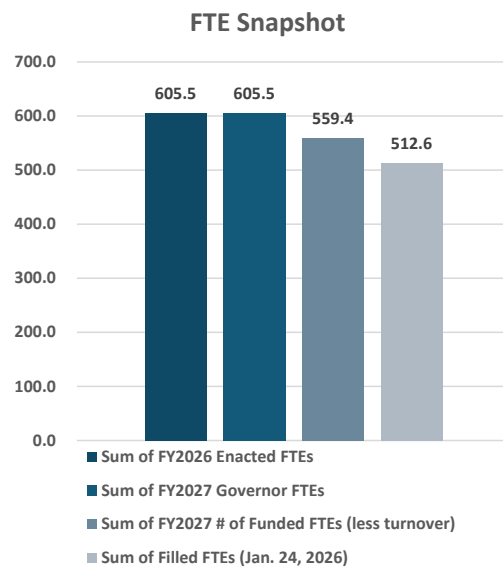
The FY2027 Budget is overall \$16.1 million less than the enacted level. This is also related to an increase in lottery payments.

The Department has 605.5 authorized full time equivalent positions and the Governor's FY2027 proposal funds 599.4 of them. As of January 2026, 512.6 positions were filled.

Important initiatives within the DOR budget include:

Taxation

- **Tax Amnesty:** Article 5 provides for a tax amnesty program for a 75-day period ending February 15, 2027. Under the program, civil, and criminal penalties for non-compliance with state tax laws would be forgiven, and interest owed will be reduced by 25.0 percent. It is estimated that \$26.3 million of additional one-time revenue collections would result from the amnesty period.



- **Other Revenue Initiatives:** In addition to the tax amnesty program, the Governor recommends several significant revenue initiatives for FY2027 including:
 - **New High Earner Tax Bracket:** Establishing a fourth personal income tax bracket beginning tax year 2027 that taxes income over \$1.0 million at a rate of 8.99 percent. This is estimated to generate \$67.1 million.
 - **Decoupling from R&D Expensing:** Decoupling state policy from certain new federal rules related to how a business' income is determined for tax purposes.
 - **Refundable Child Tax Credit:** Establishing a new refundable child tax credit for certain eligible taxpayers to be used to offset personal income taxes or, in certain circumstances, increase personal income.
 - **Cigarette and Other Tobacco Initiatives:** Raising the cigarette tax and other tobacco-related revenue initiatives.
 - **Phase-out of Social Security Taxation:** Phasing out the taxation of social security income over the course of three tax years.
 - **State Aid to Municipalities – Car Tax – Sales Tax Adjustment:** Eliminating the annual sales tax growth adjustment that is provided to municipalities as part of the Motor Vehicle Excise Tax State Aid program

The following table shows the fiscal impact of the proposed initiatives

Initiative	General Revenue Impact			
	FY2027		FY2028	
	Revenues	Expenditures	Revenues	Expenditures
New Higher Earner Tax Bracket	\$67.1	-	\$135.3	-
Tax Amnesty	26.3	-	-	-
Decoupling of R&D Expensing	22.6	-	10.9	-
Refundable Child Tax Credit	(14.7)	-	(29.7)	-
Cigarette and Other Tobacco Initiatives	8.0	-	6.4	-
Phase-out of Social Security Taxation	(3.0)	-	(14.6)	-
State Aid - Car Tax - Sales Tax Adjustment	-	(4.8)	-	(9.7)
Total	\$106.3	(\$4.8)	\$108.3	(\$9.7)

\$ in millions

- **Pawtucket TIF Payment:** The Governor includes a \$1.5 million other funds payment to Pawtucket related to the Tidewater Landing development and associated soccer stadium located within the City's statutorily-authorized redevelopment district. The Division of Taxation segregates economic activity taxes generated within the district and disburses them to the Pawtucket's Redevelopment Agency (PRA) to finance economic development bonds. The disbursements are made pursuant to General Assembly appropriation and to executed agreements between the Commerce Corporation, Pawtucket, and the developer. The PRA originally went to market on the financing for the stadium in February 2024, resulting in a 30-year, \$54.0 million bond at 7.5 percent and total debt service of \$131.7 million. This financing was renegotiated in December 2025, with borrowing costs being reduced from 8.6 percent to 4.6 percent.

State Aid

- **Tangible Property Reimbursement:** The Governor includes \$25.9 million in tangible property tax relief in FY2026 and FY2027.
- **Distressed Communities Relief Fund:** The Governor recommends level funding the Distressed Community Relief Fund in FY2026 at \$14.9 million in general revenue.

- **Payment in Lieu of Taxes (PILOT):** The Governor budgets \$49.0 million for the State's Payment In Lieu of Taxes (PILOT) program in FY2027, \$2.3 million less than the FY2026 enacted amount. 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. According to the Division of Municipal Finance (DMF), the budgeted amount represents 27.0 percent.
- **Motor Vehicle Excise Tax Reimbursement (MVET):** In FY2023, the General Assembly repealed the motor vehicle excise tax. Municipalities are reimbursed annually for lost revenue. The FY2027 Budget includes \$239.5 million in MVET state aid. Article 5 of the Governor's recommended budget makes statutory changes that permit the sales tax adjustment to take place and be distributed through FY2026 only and then locks in the reimbursement to the FY2026 amount. The annual sales tax growth adjustment first has a fiscal impact in FY2026. The out-year impact is summarized in the following table.

Fiscal Impact Relative to FY2026 Current Law vs. Article 5						
Scenario	FY2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Motor Vehicle Aid w/Adjustment	\$239.6	\$244.4	\$249.3	\$254.3	\$259.3	\$264.5
Motor Vehicle Aid w/o Adjustment	239.6	239.6	239.6	239.6	239.6	239.6
Change from FY2026	-	(\$4.8)	(\$9.7)	(\$14.7)	(\$19.7)	(\$24.9)
<i>\$ in millions</i>						

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

DIRECTOR OF REVENUE

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

Director of Revenue	General Revenue
FY2026 Enacted	\$3,168,518
<i>Target and Other Adjustments</i>	<i>(49,280)</i>
Centralized Services (statewide adjustments)	(189,684)
FY2027 Governor	\$2,929,554

DIVISION OF COLLECTIONS

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

Division of Collections	General Revenue
FY2026 Enacted	\$994,263
<i>Target and Other Adjustments</i>	-
Personnel Adjustments (statewide adjustments)	95,436
Centralized Services (statewide adjustments)	44,619
FY2027 Governor	\$1,134,318

LOTTERY DIVISION

The Rhode Island Lottery was created in 1974 and was transferred into the Department of Revenue in 2006. The Lottery is responsible for promoting and selling games, including Daily Numbers, Keno, instant games (scratch tickets), multi-state pool games (PowerBall and MegaMillions), and Lucky 4 Life regional game, as well as the authorization and licensing of video lottery terminals (VLTs), table games, and sports betting at Twin River Lincoln and Tiverton. In June 2023, the General Assembly authorized online gaming, which

launches March, 2024. No general revenues support the Division; it is entirely funded with other funds derived from Lottery sales.

Lottery Division	Other Funds Changes
FY2026 Enacted	\$448,042,227
<i>Target and Other Adjustments</i>	152,762
Commission and Prize Payments	(15,064,013)
Personnel Adjustments (statewide adjustments)	628,155
FY2027 Governor	\$433,759,131

Commissions and Prize Payments (other funds) (\$15.1 million)

The net decrease of \$15.1 million in Commissions and Prize Payments is based on the November 2025 Revenue Estimating Conference (REC) estimates of video lottery terminal (VLT) net terminal income and other lottery games. Net terminal income from VLTs is estimated to total \$525.6 million, net table game revenue (NTGR) is estimated to total \$122.8 million, the combined handle for sports betting is estimated at \$475.5 million, and combined gaming revenue for iGaming is estimated to be \$70.9 million. Gross revenue from these activities is deposited in the State lottery fund for administrative purposes with commissions distributed to Twin River and deductions made for casino operating expenses. The balance is remitted to the general fund.

DIVISION OF MUNICIPAL FINANCE

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

Division of Municipal Finance	General Revenue
FY2026 Enacted	\$2,045,839
<i>Target and Other Adjustments</i>	22,912
FY2027 Governor	\$2,068,751

OFFICE OF REVENUE ANALYSIS

The Office of Revenue Analysis (ORA) analyzes the State's tax systems and revenue streams. The Office prepares the biennial Tax Expenditures Report, cost-benefit analyses of tax proposals, and fiscal notes for revenue-related legislation. The Office houses, and is the primary operator of, the State's sales tax and personal income tax models.

Office of Revenue Analysis	General Revenue
FY2026 Enacted	\$1,173,041
<i>Target and Other Adjustments</i>	-
Personnel Adjustments (statewide adjustments)	30,643
FY2027 Governor	\$1,203,684

DIVISION OF MOTOR VEHICLES

The Division of Motor Vehicles (DMV) is responsible for issuing, suspending, and revoking all motor vehicle licenses and registrations and for the motor vehicle inspection program. The Division operates a

main branch in Cranston, with satellite branches in Middletown, Wakefield, Warren, Westerly, and Woonsocket. Additionally, AAA offers some DMV services at select branch locations.

Division of Motor Vehicles	General Revenue
FY2026 Enacted	\$35,374,576
<i>Target and Other Adjustments</i>	<i>\$36,000</i>
Personnel Adjustments (statewide adjustments)	1,356,531
Centralized Services (statewide adjustments)	(851,146)
A&C ISF Charges (statewide adjustments)	152,330
FY2027 Governor	\$36,068,291

Division of Motor Vehicles	Other Funds Changes
DMV Information Technology System Maintenance (restricted receipts)	Informational

DMV Information Technology System Maintenance (restricted receipts) **Informational**

The Budget includes \$5.6 million in contract professional services spending in FY2026 and FY2027 within the DMV for ongoing maintenance of its “Rhode Island Modernization System”, or RIMS information technology system. This is up \$200,000 from the FY2026 enacted level.

According to the DMV, the costs associated with maintaining RIMS, including upgrading to new releases, are expected to continue to grow. To address this the FY2026 Budget as Enacted increased the surcharge that the DMV is authorized to charge on every DMV fee transaction and uses to pay the original and ongoing costs associated RIMS from \$2.50 to \$3.50. The following shows the growth in maintenance costs since FY2016 and the revenue from the surcharge.

DMV Surcharge Revenue vs. IT Expenditures

Fiscal Year	RIMS Expenditures	IT Contracted Services	Total IT Expenditures	\$2.50 Surcharge Revenue	Rev. vs. Exp.	\$3.50 Surcharge Revenue	Rev. vs. Exp.
FY2016	\$1,804,937	\$0	\$1,804,937	\$2,186,713	\$381,776	\$2,186,713	\$381,776
FY2017	4,222,897	-	4,222,897	2,201,946	(2,020,951)	2,201,946	(2,020,951)
FY2018	183,735	-	183,735	2,183,401	1,999,666	2,183,401	1,999,666
FY2019	-	-	-	2,339,398	2,339,398	2,339,398	2,339,398
FY2020	1,219,689	-	1,219,689	2,533,970	1,314,281	2,533,970	1,314,281
FY2021	2,877,674	617,727	3,495,401	3,577,658	82,257	3,577,658	82,257
FY2022	2,940,400	622,683	3,563,083	3,579,341	16,258	3,579,341	16,258
FY2023	3,004,540	647,394	3,651,934	3,676,244	24,310	3,676,244	24,310
FY2024	3,070,127	581,786	3,651,913	3,874,226	222,313	3,874,226	222,313
FY2025	4,804,590	357,656	5,162,246	3,874,226	(1,288,020)	3,874,226	(1,288,020)
FY2026	4,948,728	357,656	5,306,384	3,874,226	(1,432,158)	5,423,915	117,531
FY2027	5,097,190	357,656	5,454,846	3,874,226	(1,580,620)	5,423,915	(30,931)
FY2028	5,250,105	357,656	5,607,761	3,874,226	(1,733,535)	5,423,915	(183,846)
FY2029	5,407,608	357,656	5,765,264	3,874,226	(1,891,038)	5,423,915	(341,349)

Prior to FY2023 all or portions of the surcharge went to the ITIF

FY16 - FY17 DOR/DMV used surcharge revenue to pay settlement w/ Hewlett Packard resulting from RIMS litigation

FY18 - FY19 all collections were sent to ITIF

FY20 - FY22 \$1.50 of the \$2.50 were sent to ITIF

FY23 we started retaining all \$2.50

STATE AID

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

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

State Aid	General Revenue
FY2026 Enacted	\$332,365,142
<i>Target and Other Adjustments</i>	121,706
Payments in Lieu of Tax Exempt Property	(2,268,505)
FY2027 Governor	\$330,218,343

Payment in Lieu of Taxes (PILOT) (\$2.3 million)

The Budget includes \$49.0 million in general revenue for the State's PILOT program in FY2027, \$2.3 million less than the FY2026 enacted level. Current law requires reimbursement of 27.0 percent of foregone tax revenue but allows for a ratable reduction if the appropriation is less than this amount. The Budget's appropriates to 27.0 percent.

The Payment in Lieu of Taxes (PILOT) program was established in 1986 to reimburse cities and towns for property taxes that would have been due on real property owned by entities that are statutorily exempt from paying taxes. These entities include private nonprofit institutions of higher education, nonprofit hospitals, or any state-owned property such as hospitals, veterans' residential facilities, or correctional facilities. The objective is to offset the costs to the community for providing public safety or other municipal services to these properties. The following table lists the properties that are counted towards the PILOT program:

PILOT Properties by Municipality	
Barrington	Providence
RI School of Design	Brown University
Bristol	Butler Hospital
Brown University	Home & Hospice Care of RI
Roger Williams University	Johnson & Wales University
RI Veterans Home	Miriam Hospital
Burrillville	Providence College
Zambarano Hospital	Rhode Island Hospital
Cranston	Rhode Island School of Design
Brown University	Roger Williams University
Johnson & Wales University	Women & Infants Hospital of Rhode Island
State Hospital and Prisons	Smithfield
East Greenwich	Bryant University
New England Institute of Technology	South Kingstown
Women & Infants Hospital of Rhode Island	South County Hospital
East Providence	Warwick
Bradley Hospital	Bradley Hospital
Rhode Island Hospital	Kent County Memorial Hospital
Newport	New England Institute of Technology
International Yacht Restoration School	Westerly
Newport Hospital	Westerly Hospital
Salve Regina College	Women & Infants Hospital of Rhode Island
North Kingstown	Woonsocket
South County Hospital	Landmark Hospital
Pawtucket	
Miriam Hospital	

DIVISION OF TAXATION

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

Division of Taxation	General Revenue
FY2026 Enacted	\$38,331,490
<i>Target and Other Adjustments</i>	<i>\$305,686</i>
Tax Amnesty	750,000
FY2027 Governor	\$39,387,176

Division of Taxation	Other Funds Changes
Tax Increment Financing Disbursement to Pawtucket (restricted receipts)	Informational

Tax Amnesty **\$750,000**

The Governor recommends \$750,000 in operating and contract services expenditures to implement a tax amnesty program in FY2027. Article 5 of the Governor's Budget includes a tax amnesty program for a 75-day period ending February 15, 2027. A tax amnesty program is an initiative that state and local jurisdictions may periodically use to incentivize voluntary compliance with tax laws. Amnesty programs are typically for a defined period during which individuals with outstanding tax liabilities are permitted to settle the debt without facing criminal or civil penalties. In addition, the rate of interest on back taxes is typically reduced and payment plans may be offered.

Rhode Island has implemented tax amnesty programs five times, with the most recent being in 2017. That amnesty ran for 75 days (ending on February 15, 2018) and was open to non-filers and to those who had a record of a tax debt with the Division of Taxation. All major tax types were included. The initiative was authorized by the FY2018 Budget as Enacted and was estimated at the time to generate \$12.5 million. It ultimately collected \$22.0 million (with \$11.0 million coming from personal income tax receipts). According to Taxation 10,828 amnesty applications were received. Known tax debts accounted for approximately 62.0 percent of the revenue collected, while "new debts" from non-filers accounted for approximately 38.0 percent. The amnesty waived all penalties and reduced owed interest by 25.0 percent. Taxation indicated that the total amount of penalties erased and interest reduced totaled approximately \$9.9 million. Administrative costs totaled approximately \$480,866.

The Article 5 proposal mirrors the 2017 program in terms of duration, applicable taxes and penalties, and implementation. It is estimated to generate \$26.3 million in revenue in FY2027.

Tax Increment Financing Disbursement to Pawtucket (restricted receipts) **Informational**

The Budget includes \$1.5 million (entirely from baseline revenue generated within the TIF zone) to be made available to the Pawtucket Redevelopment Agency (PRA) for debt service payments in FY2027.

Legislation enacted in 2019 established several geographical districts within downtown Pawtucket in which any incremental tax revenues generated by new economic development would be made available to the City. CommerceRI is charged with certifying these new "economic activity tax" revenues and the Division of Taxation segregates them into their own account. Taxation disburses these Pawtucket Redevelopment Activity Funds as directed by General Assembly appropriation. In 2021, prior to any new development taking place, DOR calculated the baseline revenues occurring within the district to be \$8.9 million.

Pawtucket Redevelopment Activity Funds are in turn used to make payments on bond debt issued by the Pawtucket Redevelopment Agency (PRA). Bond proceeds are used to finance economic development projects within the district. This method of financing is called tax increment financing (TIF). CommerceRI approves which economic development projects are to receive TIF funds and in what amount. It also has the authority to pledge "baseline" revenue in addition to new economic activity tax revenue.

Soccer Stadium Financing: The largest project supported by this financing in Pawtucket is Tidewater Landing, originally a \$400.0 million mixed-use development anchored by a soccer stadium. The stadium alone cost \$137.0 million to build (up from its original expected cost of \$128.4 million). Commerce RI has awarded the project \$14.0 million in Rebuild RI tax credits and has pledged \$27.0 million in baseline and

incremental revenue-backed financing for the stadium beginning in FY2024 and continuing through FY2054.

In February 2024, the PRA issued \$54.3 million in bonds to secure the \$27.0 million (the difference between the bond issuance and the pledged funds includes the costs of issuance, administrative expenses, and a pair of reserve accounts). At that time the net debt service over the 30-year term of the bonds was \$131.7 million.

According to the Office of Management and Budget, the high debt service costs were related to the lack of a guarantee that the stadium would in fact be built and put into service. This risk was eliminated when the soccer stadium opened in August 2025. At that time the PRA and the state began negotiating with the sole bond holder to buy back the bonds with the intent of reissuing them at a more favorable rate now that the stadium was built. The bond holder agreed (receiving a 30.0 percent premium on the redemption) and in December 2025, the PRA successfully reissued the bonds, lowering borrowing costs from 8.6 percent to 4.6 percent. The refinancings is estimated to save \$15.1 million over the 30 years, reducing total payments from \$131.7 million to \$116.6 million. The following table shows the debt service comparison.

Comparison of Net Debt Service = Series 2024A vs. Series 2025A

	Series 2024A	Series 2025A
Par Value	\$54,285,000.00	\$59,925,000.00
Original Issue Premium (Discount)	(4,451,370.00)	4,050,720.30
Net Proceeds	\$49,833,630.00	\$63,975,720.30

	Series 2024A	Series 2025A	Difference
FY2025	-	-	-
FY2026	-	-	-
FY2027	\$2,035,687.50	\$1,531,975.00	\$503,712.50
FY2028	4,561,375.00	4,383,950.00	177,425.00
FY2029	4,608,875.00	4,383,450.00	225,425.00
FY2030	4,656,185.00	4,390,260.00	265,925.00
FY2031	4,697,931.20	4,388,881.20	309,050.00
FY2032	4,749,114.82	4,394,564.82	354,550.00
FY2033	4,793,612.12	4,396,812.12	396,800.00
FY2034	4,841,424.36	4,400,624.36	440,800.00
FY2035	4,891,802.85	4,405,752.85	486,050.00
FY2036	4,938,998.91	4,406,948.91	532,050.00
FY2037	4,987,638.89	4,409,213.89	578,425.00
FY2038	5,036,974.16	4,412,299.16	624,675.00
FY2039	5,091,256.15	4,415,956.15	675,300.00
FY2040	5,139,361.27	4,419,936.27	719,425.00
FY2041	5,190,915.99	4,423,990.99	766,925.00
FY2042	5,244,796.81	4,427,871.81	816,925.00
FY2043	5,294,880.25	4,436,330.25	858,550.00
FY2044	5,350,417.86	4,438,867.86	911,550.00
FY2045	5,399,911.21	4,440,486.21	959,425.00
FY2046	5,457,611.94	4,445,936.94	1,011,675.00
FY2047	5,511,646.68	4,452,696.68	1,058,950.00
FY2048	5,565,892.11	4,456,667.11	1,109,225.00
FY2049	5,623,849.95	4,457,587.45	1,166,262.50
FY2050	5,678,646.95	4,465,196.95	1,213,450.00
FY2051	5,733,784.89	4,468,709.89	1,265,075.00
FY2052	5,792,390.59	4,472,865.59	1,319,525.00
FY2053	868,852.90	4,477,140.90	(3,608,288.00)
Total	\$131,743,835.36	\$116,604,973.36	\$15,138,862.00

NPV Savings \$4.795M or 8.8%

TIC	8.56%	4.59%
All-in TIC	10.25%	4.65%

Source: State Budget Office

Legislature

Expenditures By Program	FY2025 Actual	FY2026 Enacted	FY2026 Revised	Change from Enacted		FY2027 Governor	Change from Enacted	
Auditor General	\$7.1	\$8.2	\$8.3	\$0.1	1.8%	\$8.4	\$0.3	3.5%
Fiscal Advisory Staff	2.0	2.7	2.7	0.0	0.7%	2.7	0.1	2.1%
General Assembly	10.6	8.7	10.5	1.8	20.0%	9.0	0.3	3.4%
Joint Comm. on Legislative Services	31.7	35.8	42.1	6.3	17.6%	37.6	1.8	5.0%
Legislative Council	4.3	6.0	6.3	0.3	4.5%	6.3	0.2	3.7%
	\$55.7	\$61.4	\$69.9	\$8.5	13.8%	\$64.1	\$2.6	4.3%
Expenditures By Source								
General Revenue	\$53.4	\$58.7	\$67.2	\$8.4	14.3%	\$61.3	\$2.5	4.3%
Restricted Receipts	2.3	2.7	2.7	\$0.0	1.8%	2.8	\$0.1	3.5%
Total	\$55.7	\$61.4	\$69.9	\$8.5	13.8%	\$64.1	\$2.6	4.3%
Authorized FTE Levels	298.5	298.5	298.5	-	-	298.5	-	-

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

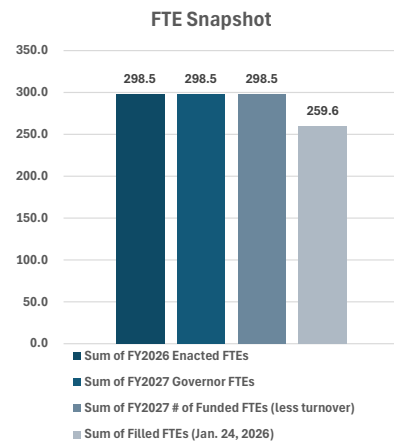
The Rhode Island General Assembly enacts laws, develops state policy, and evaluates programs through the appropriation process. The General Assembly consists of six programs which assist in executing its constitutional role:

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

MAJOR ISSUES AND TRENDS

The Budget provides \$69.9 million in FY2026 and \$64.1 million in FY2027 for the Legislature, including \$67.2 million and \$61.3 in general revenue, respectively. Under RIGL 35-3-15, all unexpended balances of general revenue appropriations to the General Assembly are reappropriated in the following fiscal year for the same purposes. The General Assembly closed FY2025 with a surplus of \$10.7 million; however, it only requested \$8.3 million of this to be appropriated in FY2026, with the remaining \$2.5 million becoming a part of the general surplus.

The table below summarizes the recommended general revenue budget by category for FY2026 and FY2027.



Category	FY2026 Enacted	FY2026 Revised	Change from Enacted	FY2027 Governor	Change from Enacted
Salary and Benefits	\$49.1	\$50.1	\$1.0	\$51.4	\$2.3
Operating Supplies and Expenses	4.9	11.9	7.0	5.1	0.2
Assistance and Grants	2.3	2.3	-	2.3	-
Contract Professional Services	1.6	2.0	0.4	1.7	0.1
Capital Purchases and Equipment	0.7	0.8	0.1	0.7	(0.0)
Total	\$58.7	\$67.2	\$8.4	\$61.3	\$2.5

\$ in millions

Personnel: The Budget includes \$51.4 million in FY2027 for General Assembly personnel costs, \$2.3 million over the enacted level. This increase is primarily related to statewide benefit adjustments and cost of living adjustments (COLAs). The Budget provides for 298.5 FTE positions for FY2026 and FY2027, consistent with the FY2026 Budget as Enacted.

Category	FY2026 Enacted	FY2026 Revised	Change from Enacted	FY2027 Governor	Change from Enacted
Benefits	\$19.0	\$19.5	\$0.4	\$19.9	\$0.9
Salaries	29.3	29.8	0.5	30.6	1.3
Statewide Benefit Assessment	0.8	0.8	0.0	0.9	0.1
Total	\$49.1	\$50.1	\$1.0	\$51.4	\$2.3

\$ in millions

Operating: The Budget also includes a net \$198,329 increase in operating expenditures, primarily reflecting changes in agency charges for the state's Enterprise Resource Planning system, known as *Workday*. This statewide system operates as the state's payroll, grants management, and financial data system.

Auditor General: The Budget also includes \$2.8 million in restricted receipts in FY2027. These funds are dedicated to the Auditor General's office. They are derived from a 0.5 percent audit fee that is assessed on all federal grants in State departments and are used to finance personnel costs associated with the Auditor General's annual Single Audit Report.

Lieutenant Governor

Expenditures By Program	FY2025 Actual	FY2026 Enacted	FY2026 Governor	Change from Enacted		FY2027 Governor	Change from Enacted	
Lieutenant Governor	\$1.3	\$1.5	\$1.5	\$0.0	1.3%	\$1.6	\$0.1	4.0%
Expenditures By Source								
General Revenue	\$1.3	\$1.5	\$1.5	\$0.0	1.3%	\$1.6	\$0.1	4.0%
Total	\$1.3	\$1.5	\$1.5	\$0.0	1.3%	\$1.6	\$0.1	4.0%
Authorized FTE Levels	8.0	8.0	8.0	-	-	8.0	-	-

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

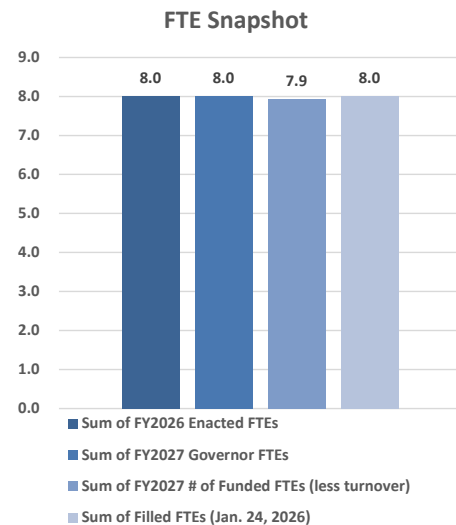
The Office of the Lieutenant Governor is one of the five general offices subject to voter election under the Constitution of Rhode Island. The Lieutenant Governor fulfills the executive responsibilities of the Governor upon his/her death, resignation, impeachment or inability to serve. The Lieutenant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

MAJOR ISSUES AND TRENDS

The FY2026 Revised Budget includes \$1.5 million in general revenue, reflecting an increase of \$13,043 as compared to the enacted budget. The revised budget includes the statewide operating adjustments of \$13,245 for Internal Agency ETSS Charges, offset by a decrease of \$1,100 for ERP Maintenance and Operations Billings.

The FY2027 Budget includes \$1.5 million, reflecting a general revenue increase of \$55,150. The Governor includes statewide personnel COLA adjustments in the FY2027 Budget (3.0 percent COLA). Salary and benefit costs increase \$43,710 inclusive of the Statewide COLA provision and medical benefit rate adjustments. The increase is offset by a reduction of \$12,309 for turnover.

The Budget includes 8.0 FTE positions for FY2026 and FY2027, consistent with the enacted budget.



Lieutenant Governor	General Revenue
FY2026 Enacted	\$1,519,219
<i>Target and Other Adjustments</i>	<i>(4,620)</i>
Personnel Adjustments (statewide adjustments)	31,401
A&C ISF Charges (statewide adjustments)	16,115
Internal Agency ETSS Charges (statewide adjustments)	12,254
FY2027 Governor	\$1,574,369

Office of the Secretary of State

Expenditures By Program	FY2025 Actual	FY2026 Enacted	FY2026 Governor	Change from Enacted		FY2027 Governor	Change from Enacted	
Administration	\$5.5	\$6.0	\$6.2	\$0.2	3.3%	\$6.1	\$0.1	2.1%
Corporations	2.7	2.9	2.7	(0.2)	-7.9%	2.8	(0.1)	-4.0%
State Archives	0.9	0.8	0.8	0.1	10.4%	0.9	0.1	14.1%
Elections and Civics	3.6	4.1	4.1	(0.0)	-1.2%	5.1	1.0	24.8%
State Library	0.6	0.7	0.7	(0.0)	-0.9%	0.7	0.0	1.8%
Office of Public Information	0.8	0.9	0.9	(0.0)	-1.3%	0.7	(0.2)	-19.2%
Total	\$14.0	\$15.3	\$15.3	(\$0.0)	-0.2%	\$16.3	\$1.0	6.4%
Expenditures By Source								
General Revenue	\$12.7	\$12.9	\$12.8	(\$0.0)	-0.2%	\$13.8	\$1.0	7.6%
Federal Funds	0.9	2.0	2.0	-	-	2.0	-	0.0%
Restricted Receipts	0.4	0.4	0.4	(0.0)	-4.2%	0.4	(0.0)	-2.6%
Other Funds	0.0	-	-	-	-	-	-	-
Total	\$14.0	\$15.3	\$15.3	(\$0.0)	-0.2%	\$16.3	\$1.0	6.4%
Authorized FTE Levels	62.0	62.0	62.0	-	-	62.0	-	-

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

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

MAJOR ISSUES AND TRENDS

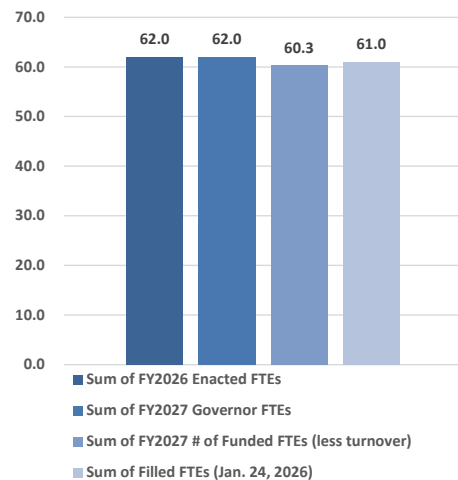
The FY2026 Revised Budget has a net decrease of \$12,850 in general revenue (\$31,481 all funds) from the FY2026 Budget as Enacted.

For FY2027, general revenue expenditures increase by \$979,353 (\$968,037 all funds). The change reflects the second installment of the agreed salary COLA at 3.0 percent in FY2027 and includes \$1.5 million for election costs required in FY2027. The Budget includes an \$85,000 general revenue appropriation for the State's 250th Anniversary programs.

The Governor's FY2027 Budget proposes financing of up to \$45.0 million in general obligation bonds for the construction of a new State Archives and History Center for exhibits and storage space for the State's most valuable documents. The FY2027 Capital Budget proposes \$4.5 million from the RI Capital Plan Fund in FY2028 and \$45.0 million in general obligation bonds to be placed on the November 2026 ballot for voter approval.

The Budget includes 62.0 FTE positions in FY2026 and in FY2027, consistent with the enacted budget.

FTE Snapshot



ADMINISTRATION

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

Administration	General Revenue
FY2026 Enacted	\$5,975,167
<i>Target and Other Adjustments</i>	<i>13,202</i>
Computer Equipment Purchase	(255,000)
Personnel Adjustments (statewide adjustments)	214,389
Turnover and Seasonal/Special Wage Adjustments	99,812
A&C ISF Charges (statewide adjustments)	70,818
ERP Maintenance and Operations Billings (statewide adjustments)	(60,005)
Contract Services	39,285
FY2027 Governor	\$6,097,668

Computer Equipment Purchase **(\$255,000)**

The Budget removes one-time funding for the replacement of the Dell PowerEdge MX7000 modular chassis computer operating system. This is a decrease of \$255,000 in general revenue for the program as compared to the previous fiscal year. The FY2026 Budget as Enacted included \$255,000 to purchase and replace the Dell PowerEdge MX7000 system.

This computer operating system controls the Secretary of State's primary applications for open meetings, rules, and regulations, as well as the corporate filings, Uniform Commercial Code filings, and the Agency's public facing web sites.

Turnover and Seasonal/Special Wage Adjustments **\$99,812**

The Budget eliminates the turnover savings that had been included in the FY2026 Budget as Enacted and properly allocates the seasonal Courier/Advance position to the Administration program rather than Elections and Civics program as in the enacted budget. Together, these two items, reflect an increase of \$99,812 in general revenue within the Administration program.

Contract Services **\$39,285**

The Budget adds \$39,285 in general revenue to conduct an Elections Systems and Facilities Assessment, a systems federal and state evaluation to meet baseline standards established under the Help America Vote Act (HAVA). This service provides continuous monitoring of individual electronic devices to respond to threats that may bypass traditional protections.

Beginning in June 2026, these cyber assessments, penetration testing, and Endpoint Detection and Response services, will no longer be provided for free from federal offices. The elections evaluation is for an engagement the federal government used to do and will no longer provide. The Office requested one from the federal government a few years ago, but they were not able to perform one as they did not have the resources. In short there are changes that require the State to account for services that will no longer be free.

By federal law, the State is required to do a security assessment ahead of every state-wide election. The Department of Homeland Security (DHS) Cybersecurity and Infrastructure Security Agency (CISA) provided their services in April 2024 for this assessment. The current federal administration reduced CISA's funding drastically for elections support, thereby requiring the State to provide additional funding.

STATE ARCHIVES

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

State Archives	General Revenue
FY2026 Enacted	\$356,659
<i>Target and Other Adjustments</i>	<i>1,500</i>
Operating Adjustments	66,254
Personnel Adjustments (statewide adjustments)	50,771
State Archives and History Center	<i>Informational</i>
FY2027 Governor	\$475,184

State Archives	Other Fund Changes
Personnel Adjustments (statewide adjustments) (restricted receipts)	\$39,938
Historical Records Trust (restricted receipts)	<i>Informational</i>

Operating Adjustments **\$66,254**

The Budget includes a \$66,254 general revenue increase in operating adjustments. The increase includes \$51,254 reflecting a shift in the rental expense from the restricted Historical Records Trust (HRT) to general revenue to address the long-term decline in HRT receipts; a \$10,000 increase in Office Supplies to support preservation and conservation projects that have been delayed due to the decline in HRT resources; a \$4,000 increase in security and safety supplies to support the alarm system at the State Archives; and, a \$1,000 increase in Dues and Fees to support the Council of State Archivists dues.

There is a corresponding decrease of \$51,254 in restricted receipts reflecting the shift of rent costs from restricted receipts to general revenue.

Operating Adjustments	FY2026 Enacted	FY2027 Governor	Change
Property Rent	\$94,420	\$145,674	\$51,254
Office Supplies	25,000	35,000	10,000
Security/Safety Supplies	1,000	5,000	4,000
Dues and Fees	2,500	3,500	1,000
Other Operating Adjustments	115,576	115,576	-
Total	\$238,496	\$304,750	\$66,254

State Archives and History Center **Informational**

Article 6 - Question 6 of the Governor's FY2027 Budget proposes financing of up to \$45.0 million in general obligation bonds for the construction of a new State Archives and History Center. The State History Center will include exhibit and meeting space as well as storage for the State's most valuable documents. The FY2027 Capital Budget proposes \$4.5 million from the RI Capital Plan Fund in FY2028 and \$45.0 million in general obligation bonds to be placed on the November 2026 ballot for voter approval for the planning and construction of the Rhode Island Archives and History Center. The new building would serve as a permanent home for the State's archives, currently located in leased space in the City of Providence, and would provide for the display of historical documents and artifacts.

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

The Budget uses the Historical Records Trust to fund certain personnel and operating costs in the State Archives program. The FY2026 Budget increases restricted receipt expenditures for personnel costs in the State Archive program, reflecting the statewide salary COLA and benefit adjustments.

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

The Office of the Secretary of State indicates that the reduction in land sales within the past years has negatively impacted revenue received for this account. The Office estimates that the HRT will experience a deficit based on the projected collections in FY2026 and FY2027. The Secretary of State's office has continued with difficulty keeping up with these costs, however, with the depletion of funds received through the HRT, it is projected to impact the budget. This will require a shift of expenses to general revenue to cover the expenses of the State Archives.

In 2007 the instrument fee was raised twice. First from \$2 to \$3 in the budget then from \$3 to \$4 by an act that became effective Oct 3, 2007. Neither the Secretary of State nor the Governor requested or included a fee increase as part of the FY2027 Budget.

	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025 Rev 2/12/26	FY2026 Governor	FY2027 Governor
Balance Forward	\$44,136	\$62,239	\$41,995	\$14,665	\$119,975	\$123,167	\$12,236	\$30,545	\$6,863	\$0
Receipts	431,942	409,104	440,709	576,390	549,703	375,902	331,280	339,030	315,956	-
Expenditures	413,839	429,348	468,039	471,080	546,511	486,834	312,971	362,712	386,159	393,474
Cash Forward	\$62,239	\$41,995	\$14,665	\$119,975	\$123,167	\$12,236	\$30,545	\$6,863	(\$63,340)	(\$393,474)

Source: Receipt information from Office of the Secretary of State

Revised by SoS on Feb 12, 2026

CORPORATIONS

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

Corporations	General Revenue
FY2026 Enacted	\$2,913,879
<i>Target and Other Adjustments</i>	<i>12,676</i>
Turnover	(171,597)
Rental of Outside Property	30,000
Legal Services	10,000
FY2027 Governor	\$2,794,958

Turnover (\$171,597)

The Budget includes turnover savings of \$218,289 in general revenue, an increase of \$171,597 from the FY2026 Budget as Enacted. The Budget has a similar turnover increase of \$163,308 for the Corporations program within the proposed FY2026 Revised Budget.

Rental of Outside Property \$30,000

The Budget includes \$237,000 in general revenue for the Rental of Outside Property to reflect the new West River Street lease term that will renew on July 1. This is a \$30,000 increase as compared to the FY2026 Budget as Enacted appropriation.

Article 9 Section 2 of the Governor's FY2027 Budget would authorize the Secretary of State to renew its current lease with EGMP 146-148 West River LLC, for a term not to exceed ten years. The Department first leased this space in 2005. The current lease for 12,152 square feet of office space is set to expire on July 31, 2026. The property is located at 148 West River Street, Providence, and is currently used as office

space for the Department's Finance and Personnel staff, the Corporations program and the Elections and Civics program. The article stipulates that the aggregate fixed rent is not to exceed \$2.9 million over the ten-year period.

The Division of Capital Asset Management and Maintenance (DCAMM) conducted the negotiations on behalf of the Department of State with EGMP and provided the Department with some alternative sites in the event EGMP was not going to provide an acceptable lease cost. In conclusion the renewal cost was acceptable by both the Department and DCAMM.

Legal Services

\$10,000

The Budget includes \$30,000 in general revenue for legal service expenses in the Corporations program. This is a \$10,000 increase as compared to the FY2026 Budget as Enacted appropriation and reflects current projected expenditures.

ELECTIONS AND CIVICS

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

Elections and Civics	General Revenue
FY2026 Enacted	\$2,107,040
<i>Target and Other Adjustments</i>	<i>36,850</i>
Election Costs	680,000
Building Improvements	275,000
Personnel Adjustments (statewide adjustments)	18,970
FY2027 Governor	\$3,117,860

Elections and Civics	Other Fund Changes
HAVA Election Security Grant (federal funds)	<i>Informational</i>

Election Costs

\$680,000

The Budget includes \$1.5 million in general revenue for election expenses, an increase of \$680,000 as compared to the FY2026 Budget as Enacted, reflecting that FY2027 is in the general election cycle. Printing, mailing ballots and referenda materials, and advertising expenses increase in odd-numbered fiscal years when there is a statewide election or on the general election cycle.

Election Costs	FY2026 Enacted	FY2027 Governor	Change
Printing Services - Elections	\$475,000	\$1,025,000	<i>\$550,000</i>
Printing Services - Referenda	-	105,000	<i>105,000</i>
Postage and Postal Services	375,000	300,000	<i>(75,000)</i>
Advertising	-	70,000	<i>70,000</i>
Temporary Staffing: Clerical/Admin	-	30,000	<i>30,000</i>
Total	\$850,000	\$1,530,000	\$680,000

Building Improvements

\$275,000

The Budget includes \$275,000 in general revenue for one-time funding of building improvements for the buildout of the leased West River Street office. The funding will be used to close off the Elections office from the rest of the space, mitigating physical and operational security vulnerabilities that were identified in an assessment performed by the Cybersecurity and Infrastructure Security Agency.

HAVA Election Security Grant (federal funds)**Informational**

The Budget includes \$2.0 million in federal funds from previous Help America Vote Act (HAVA) awards to assist the State with the federal elections. The first award predated the COVID-19 pandemic in 2018 and was intended to modernize the election systems, the second award was authorized for the same purposes, to modernize and secure the 2020 federal election cycle. The third award was to continue modernization. The State received additional HAVA awards of \$1.0 million in 2023 and 2024 to assist with the 2024 election period. Total federal HAVA awards received is \$9.5 million.

The FY2026 Budget as Enacted included \$2.0 million, of which \$210,021 has been expended to date. The Governor proposes \$2.0 million in federal funds as part of the FY2027 Budget.

To date the State received \$9.5 million from the U.S. Election Assistance Commission (EAC) and spent \$5.9 million. The Office of the Secretary of State requests \$2.0 million for HAVA funds each year, just to include a dollar amount. It is not expected that the full amount will be expended anytime, nor has the Office of the Secretary of State allotted the funds for any definite project. The EAC rolls all the grants into one grant, so it is not possible to determine what expenditures were made from which grant year.

HAVA Award Revenue	
2018 HAVA Award	\$3,000,000
2020 HAVA Award	3,216,181
2022 HAVA Award	1,000,000
2023 HAVA Award	1,000,000
2024 HAVA Award	1,000,000
2025 HAVA Award	272,727
Total HAVA Award	\$9,488,908

Expenditures	
FY2019 Actual	\$907,311
FY2020 Actual	1,358,787
FY2021 Actual	413,758
FY2022 Actual	999,628
FY2023 Actual	562,061
FY2024 Actual	519,579
FY2025 Actual	913,819
FY2026 YTD	210,021
FY2027 Governor	2,000,000
Total	\$7,884,964

STATE LIBRARY

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

State Library	General Revenue
FY2026 Enacted	\$668,263
<i>Target and Other Adjustments</i>	<i>12,447</i>
FY2027 Governor	\$680,710

OFFICE OF PUBLIC INFORMATION

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

Office of Public Information	General Revenue
FY2026 Enacted	\$840,724
<i>Target and Other Adjustments</i>	<i>6,151</i>
Operating Adjustments	(172,170)
FY2027 Governor	\$674,705

Operating Adjustments **(\$172,170)**

The Budget decreases general revenue by \$172,170, primarily reflecting a \$198,250 decrease in Program Supplies, leaving \$85,000 for the RI250 programs for calendar year 2026; a \$28,000 increase in Printing Services; and a \$6,000 decrease in Software Maintenance to better reflect recent actuals and current projections.

Other operating adjustments reflect an increase of \$4,080 and comprise a \$2,500 increase in Office Supplies to better reflect recent actual and current projections; a \$1,500 increase in Postage and Postal Services for the printing of the biennial Rhode Island Government Owner's Manual; and an \$80 increase in Notary Public.

Operating Adjustments	FY2026 Enacted	FY2027 Governor	Change
Program Supplies	\$283,250	\$85,000	(\$198,250)
Printing Services	11,500	39,500	28,000
Software Maintenance	17,000	11,000	(6,000)
All Other Operating	47,950	52,030	4,080
Total	\$359,700	\$187,530	(\$172,170)

RECORDS CENTER

The Records Center is an internal service program funded with internal service funds (Records Center Fund or RCF), no general revenues fund program activities. The RCF funds over 70.0 percent of the personnel costs of the State Archives program.

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

	FY2024	FY2025	FY2026	FY2026		FY2027	
Records Center Fund - ISF	Actual	Actual	Enacted	Governor	Change	Governor	Change
Personnel	\$360,343	\$379,281	\$609,069	\$532,832	(\$76,237)	\$545,088	(\$63,981)
Contract Services	461,883	421,167	69,395	494,395	425,000	494,395	425,000
Operations	107,633	119,053	552,220	127,220	(425,000)	127,220	(425,000)
Capital Equipment	-	-	1,000	1,000	-	1,000	-
Total	\$929,859	\$919,501	\$1,231,684	\$1,155,447	(\$76,237)	\$1,167,703	(\$63,981)

Office of the General Treasurer

Expenditures By Program	FY2025 Actual	FY2026 Enacted	FY2026 Governor	Change from Enacted		FY2027 Governor	Change from Enacted	
General Treasurer	\$4.1	\$4.7	\$5.4	\$0.8	16.5%	\$4.5	(\$0.2)	-4.3%
Employees' Retirement System	12.8	16.3	16.5	0.2	0.9%	16.8	0.5	2.8%
Unclaimed Property	2.7	3.3	3.4	0.0	1.2%	3.4	0.1	3.0%
Crime Victim Compensation Program	1.6	1.7	1.6	(0.0)	-1.8%	1.6	(0.0)	-0.6%
Total	\$21.2	\$26.0	\$26.9	\$0.9	3.6%	\$26.3	\$0.3	1.3%
Expenditures By Source								
General Revenue	\$4.2	\$4.6	\$5.4	\$0.8	17.0%	\$4.4	(\$0.2)	-4.1%
Federal Funds	0.7	0.8	0.8	(0.0)	-0.5%	0.8	-	0.0%
Restricted Receipts	15.7	19.9	20.1	0.2	0.8%	20.4	0.5	2.7%
Other Funds	0.5	0.6	0.6	(0.0)	(0.0)	0.6	(0.0)	-0.8%
Total	\$21.2	\$26.0	\$26.9	\$0.9	3.6%	\$26.3	\$0.3	1.3%
Authorized FTE Levels	91.0	92.0	92.0	-	-	93.0	1.0	1.1%

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

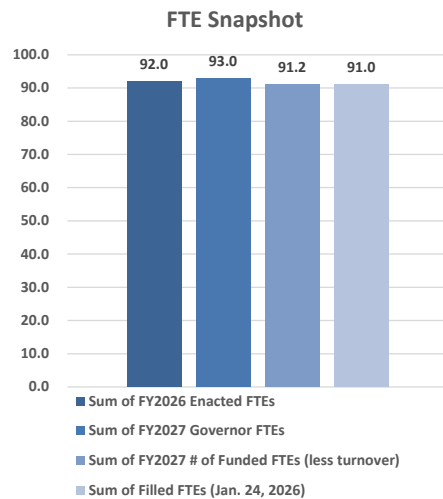
The Rhode Island Constitution establishes the Office of the General Treasurer (Treasury), one of five general offices subject to voter election. The General Treasurer is charged with the safe and prudent management of the State's finances. The Treasury budget includes Treasury operations, the Employees' Retirement System of Rhode Island, the Unclaimed Property program, and the Crime Victims Compensation program. Treasury also manages the Abraham Touro Fund and the Childhood Disease Fund, and in cooperation with EOHHS with the Achieving A Better Life Experience Accounts (ABLE) savings program for tax-free income growth for certain qualified disability expenditures. The General Treasurer's operations excluding the State House office, are located at the state-owned building at 50 Service Road Warwick.

MAJOR ISSUES AND TRENDS

The FY2026 Revised Budget includes \$26.9 million, of which \$5.4 million (20.0 percent) is general revenue. The net all funds increase is \$918,946, reflecting increases of \$787,041 in general revenue and \$152,081 in restricted receipts; offset by decreases of \$16,818 in other funds and \$3,358 in federal funds. The increase in general revenue primarily reflects the reappropriation of \$880,899 for the Medical Debt Relief program.

The FY2027 Budget includes \$26.3 million, of which, \$4.4 million (16.8 percent) is general revenue. This reflects an all funds increase of \$343,231 from the FY2026 Budget as Enacted, primarily reflecting an increase of \$450,836 in restricted receipts for contract services in the Employees' Retirement System program. The FY2027 Budget includes a 3.0 percent COLA effective on July 1, 2026, for state employees. This is the last of the 3-year COLA increases as part of the last collective bargaining agreement.

The Budget provides 92.0 FTE positions in FY2026 and 93.0 FTE positions in FY2027, reflecting the addition of a Retirement Aide position.



GENERAL TREASURY

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

General Treasury	General Revenue
FY2026 Enacted	\$3,665,773
<i>Target and Other Adjustments</i>	<i>6,286</i>
ERP Maintenance and Operations Billings (statewide adjustments)	(358,675)
A&C ISF Charges (statewide adjustments)	261,701
Financial Services	(160,000)
Turnover	50,209
Medical Debt Relief Program	<i>Informational</i>
Rhode Island Baby Bond Trust	<i>Informational</i>
FY2027 Governor	\$3,465,294

Financial Services **(\$160,000)**

The Budget decreases general revenue by \$160,000, reflecting funding not required in FY2027 for the biennial expenditure related to the publication of the [Treasurer's Debt Affordability Study](#) for the State. The last Study was released on December 4, 2025, and the next publication is not due until FY2028.

Turnover **\$50,209**

The Budget includes turnover savings of \$142,786 in general revenue. This reflects decreased turnover savings of \$50,209 from the FY2026 Budget as Enacted, thus requiring additional funds for personnel costs.

Medical Debt Relief Program **Informational**

The FY2025 Budget as Enacted included \$1.0 million in general revenue for the Medical Debt Relief Program administered by the Office of the General Treasurer for the purpose of contracting with a non-profit corporation (Undue Medical Debt) to purchase, cancel, or otherwise forgive medical debt for people meeting certain requirements, including that the individual be a citizen of the State and has a federal adjusted gross income is 400.0 percent or less of the federal poverty line, or whose debt is more than 5.0 percent of the individuals' adjusted gross income. A total of \$119,101 was expended by Undue Medical Debt in FY2025, leaving the balance of \$880,899 to be reappropriated into FY2026. The proposed budget does not include any additional funding for the program in FY2027.

The latest information regarding the effectiveness of the program was released by the Office of the General Treasurer in September 2025. According to Treasury, the program erased approximately \$12.0 million in medical debt for 6,855 residents.

Rhode Island Baby Bond Trust **Informational**

Enacted in 2025, the Rhode Island Baby Bond Trust is a state program designed to help children from low-income families build long-term wealth. Once fully funded, this program will create a \$3,000 account for children born to families receiving Temporary Assistance for Needy Families ("TANF") through the RIWorks Program. Each trust created would be managed and invested by the Rhode Island Treasury to promote steady growth and preserve the purchasing power of that Trust over that child's life. Treasury has been actively seeking private and philanthropic partnerships to assist in funding the Baby Bond program and that the program will officially begin once Treasury secures adequate funds.

In addition, Treasury has introduced legislation (2026-S-2843) that would use a portion of annual unclaimed property remittances to fund this program. If enacted, the legislation would reduce the transfer from the Unclaimed Property program into the general fund thereby reducing general revenue. This is the same language introduced in the 2025 Legislative session. The fiscal impact determined that the legislation would decrease general revenue by \$500,000 each year.

Promoting future economic engagement in Rhode Island's economy, the funds that the trust aims to generate can be used in one of the following ways:

- Continuing education at an institution of higher learning, trade school, vocational school, or professional apprenticeship program in Rhode Island
- Purchasing a home in Rhode Island
- Creating/opening a business with its principal place of business in Rhode Island
- Any investment in financial assets or personal capital that provides long-term gains to wages and wealth

EMPLOYEES' RETIREMENT SYSTEM

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

Employees' Retirement System	Restricted Receipts
FY2026 Enacted	\$16,318,192
<i>Target and Other Adjustments</i>	<i>(15,000)</i>
Personnel Adjustments (restricted receipts) (statewide adjustment)	341,292
Retirement Aide (restricted receipts)	99,374
Contract Service Adjustments (restricted receipts)	15,000
Centralized Service Charges (restricted receipts) (statewide adjustments)	10,170
FY2027 Governor	\$16,769,028

Retirement Aide Position (restricted receipts) **\$99,374**

The Budget adds \$99,374 in restricted receipts for the addition of 1.0 Retirement Aide position to support the customer service operations in the State Retirement System. This position would be fully funded by restricted receipts. Treasury requests the additional FTE position to support the growing demands of the retirement operations, to meet the needs of retirees and employees effectively and efficiently explaining the retirement system programs and benefits. According to Treasury, this position would allow ERSRI's Retirement Counselor Team to focus on providing the essential services to the high volume of members who retire each year, and to process their retirement packets and first benefit payments in a timely manner. The total salary and benefit expense of the new Retirement Aide is \$99,374 in restricted receipts.

Contract Service Adjustments (restricted receipts) **\$15,000**

The Budget includes \$4.9 million in restricted receipts for contracted services at the State Retirement System. This reflects a net increase of \$15,000 over the FY2026 Budget as Enacted. According to Treasury, the adjustments are an attempt to align expected charges with Workday conversion accounts. Timing and final invoice amounts for Member Portal upgrades, Lexis integration, Internal Audit charges, and Actuary Special Studies will impact on actual expenses against these budgeted accounts.

Contract Services	FY2026 Enacted	FY2027 Governor	Change
IT Administration	\$3,625,000	\$3,120,000	<i>(\$505,000)</i>
Actuary	150,000	525,000	<i>375,000</i>
Accounting/Auditing Services	-	150,000	<i>150,000</i>
All Other Adjustments	1,087,000	1,082,000	<i>(5,000)</i>
Total	\$4,862,000	\$4,877,000	\$15,000

UNCLAIMED PROPERTY

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

Unclaimed Property	Restricted Receipts
FY2026 Enacted	\$3,338,043
<i>Target and Other Adjustments</i>	<i>2,643</i>
Personnel Adjustments (restricted receipts) (statewide adjustment)	97,181
FY2027 Governor	\$3,437,867

CRIME VICTIM COMPENSATION PROGRAM

The Crime Victim Compensation program compensates innocent victims of violent crimes for certain expenses that are attributable to the crime. Compensation may be used to cover funeral, medical, and counseling expenses incurred by victims or their family members. Funding for the Crime Victims Compensation Program is derived from assessments charged to individuals who are found guilty or plead nolo contendere to crimes in the courts. In addition, the U. S. Department of Justice provides a 75.0 percent match on State funds expended on the compensation claims. Lastly, general revenues are used to supplement the program when court receipts and federal awards are insufficient to support the program. The maximum award for each criminal incident is capped at \$25,000.

Crime Victim Compensation Program	General Revenue
FY2026 Enacted	\$934,450
<i>Target and Other Adjustments</i>	<i>16,620</i>
Crime Victims Claim Payments	206,749
Personnel Adjustments	(205,293)
FY2027 Governor	\$952,526

Crime Victim Compensation Program	Other Fund Changes
Crime Victims Claim Payments (restricted receipts)	(\$230,000)
Personnel Adjustments (restricted receipts)	208,827

Crime Victims Claim Payments **\$206,749**

The Budget includes \$411,749 in general revenue for claims and settlement payouts in FY2027, reflecting an increase of \$206,749 from the FY2026 Budget as Enacted, and is consistent with the amount requested by Treasury. The increase in general revenue settlement payments reflects continued lower projected restricted receipts from court ordered restitution payments to victims of violent crime. There is a corresponding decrease of \$230,000 in restricted receipt funds for claims and settlement payments.

The following table illustrates the trend of restricted receipt revenue collected through court fees compared to the all funds amount paid in claim settlements from FY2012 to FY2027 (*projected*). FY2020 and FY2021 had significant increases in general revenue applied to the claim payments while the portion funded by restricted receipts decreased. Since FY2024, general revenues provide the majority of the claim settlements costs.

Fiscal Year	Court Revenue Amount	Restricted Receipt Payments	General Revenue Payments	Federal Fund Payments	Total Payments	RR%	GR%	FF%
FY2012	\$1,079,792	\$454,406	\$0	\$378,458	\$832,864	54.6%	0.0%	45.4%
FY2013	858,955	410,875	-	434,002	\$844,877	48.6%	0.0%	51.4%
FY2014	809,288	579,357	-	368,832	\$948,189	61.1%	0.0%	38.9%
FY2015	785,967	320,010	-	133,701	\$453,711	70.5%	0.0%	29.5%
FY2016	838,621	297,227	-	195,932	\$493,159	60.3%	0.0%	39.7%
FY2017	584,405	441,557	-	294,118	\$735,675	60.0%	0.0%	40.0%
FY2018	536,217	299,924	-	244,290	\$544,214	55.1%	0.0%	44.9%
FY2019	425,746	422,770	685	556,848	\$980,303	43.1%	0.1%	56.8%
FY2020	368,660	240,260	101,000	675,144	\$1,016,404	23.6%	9.9%	66.4%
FY2021	214,052	206,049	485,665	217,129	\$908,843	22.7%	53.4%	23.9%
FY2022	409,804	581,977	-	252,828	\$834,805	69.7%	0.0%	30.3%
FY2023	317,640	177,576	235,106	390,861	\$803,543	22.1%	29.3%	48.6%
FY2024	209,990	(15,565)	208,219	147,742	\$340,396	-4.6%	61.2%	43.4%
FY2025	206,575	10,622	189,230	205,897	\$405,749	2.6%	46.6%	50.7%
FY2026	243,910	25,417	413,083	467,993	\$906,493	2.8%	45.6%	51.6%
FY2027	228,827	20,000	411,749	467,993	\$899,742	2.2%	45.8%	52.0%

Projected revenue in italics

Personnel Adjustments

(\$205,293)

The Budget includes a net decrease of \$205,293 in general revenue in personnel expenses for the CVCP program and an increase of \$208,827 in restricted receipts for the same expenses. These adjustments reflect a cost shift for personnel expenses from general revenue to restricted receipts and are also done to accommodate the Workday account/FTE charges.

Board of Elections

Expenditures By Program	FY2025 Actual	FY2026 Enacted	FY2026 Governor	Change from Enacted		FY2027 Governor	Change from Enacted	
Central Management	\$5.3	\$4.5	\$5.0	\$0.5	11.4%	\$9.1	\$4.7	104.5%
Expenditures By Source								
General Revenue	\$5.3	\$4.5	\$5.0	\$0.5	11.4%	\$9.1	\$4.7	104.5%
Total	\$5.3	\$4.5	\$5.0	\$0.5	11.4%	\$9.1	\$4.7	104.5%
Authorized FTE Levels	13.0	13.0	13.0	-	-	13.0	-	-

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

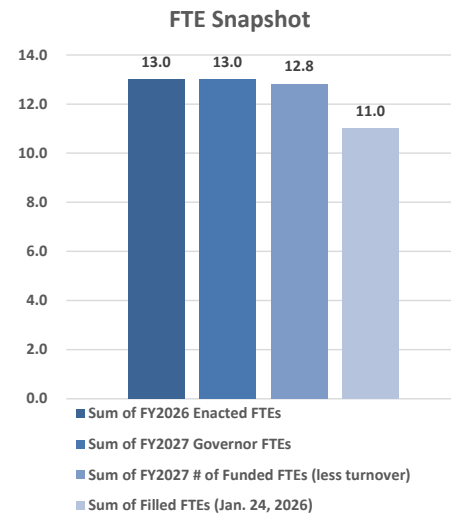
The Board of Elections supervises all elections and state and local referenda. The Board oversees voter registration and public education activities and provides all registration materials used in the State. The Board supervises and monitors the campaign finance activities of candidates, political action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

MAJOR ISSUES AND TRENDS

The FY2026 Revised Budget includes \$5.0 million, a net increase of \$506,347 in general revenue over the enacted level. This reflects an increase of \$74,562 in operating expenses for election expenses, centralized services, and other net operating changes. The increase is offset by a decrease of \$29,282 in personnel costs. The revised budget includes statewide personnel COLA adjustments of 4.0 percent, and \$40,000 for seasonal election workers.

The Budget includes \$9.1 million in general revenue for the Board in FY2027, reflecting an increase of \$4.7 million over the previous year. This reflects \$4.6 million for the 2026 general election expenses, including \$3.0 million for the Public Financing of Campaigns, \$278,683 to upgrade the election poll pads and \$100,000 for election night reporting. The Governor includes a statewide personnel COLA 3.0 percent adjustment.

The Budget includes 13.0 FTE positions in FY2026 and FY2027, consistent with the enacted level.



Central Management	General Revenue
FY2026 Enacted	\$4,474,931
<i>Target and Other Adjustments</i>	<i>(9,277)</i>
Election Adjustments	4,564,737
Personnel Adjustments (statewide adjustments)	86,803
A&C ISF Charges (statewide adjustments)	29,963
FY2027 Governor	\$9,147,157

Election Adjustments

\$4.6 million

The Budget increases general revenue expenditures by \$4.6 million to reflect personnel, contracted services, and operating expenditures for voter operating supplies and expenses that are required in a general election year. These expenses increase in odd-numbered fiscal years when there is a statewide general election; more so every 4th year when the constitutional offices are up for election and/or during a presidential

election primary. This increase includes \$3.0 million for the Public Financing of Campaigns, \$278,683 to upgrade the election poll pads and \$100,000 for election night reporting.

Election Costs	FY2026 Enacted	FY2026 Governor	Change	FY2027 Governor	Change
Public Finance of Campaigns	\$0	\$0	\$0	\$3,000,000	\$3,000,000
Seasonal Staff	35,000	75,000	40,000	435,000	400,000
Equipment Delivery	-	-	-	300,000	300,000
Electronic Poll Pads	2,000	454,067	452,067	278,683	276,683
Software Maintenance	65,000	135,508	70,508	302,118	237,118
Other Professional Services	1,226,497	1,226,497	-	1,443,433	216,936
Program Supplies	75,000	75,000	-	155,000	80,000
Printing - Outside Vendors	6,000	6,000	-	60,000	54,000
Total	\$1,409,497	\$1,972,072	\$562,575	\$5,974,234	\$4,564,737

- **Election Night Reporting:** Election night reporting is public service that the Board has received from the current vendor at no charge since 2010. This service allows the public to see election results on the Board's website within moments of the polls closing on Election Night. The Board was recently informed by the vendor that a charge for this service would occur beginning with the 2026 statewide elections in FY2027. Without funding, the Board would not be able to post election results on its website on election night.

The Board issued a Request for Proposal (RFP) for this service and the expects to receive bids by February 19. The Budget includes \$100,000 in general revenue under software maintenance as an estimate. The actual cost may come in lower or higher based on the results of the RFP.

- **Electronic Poll Pads:** The Budget includes \$278,683 in general revenue reflecting an upgrade of the electronic Poll Pad poll book system. The Poll Pads were originally purchased by the Secretary of State during FY2019, for use in all polling locations to look up voters electronically.

Ethics Commission

Expenditures by Program	FY2025 Actual	FY2026 Enacted	FY2026 Governor	Change from Enacted		FY2027 Governor	Change from Enacted	
RI Ethics Commission	\$2.4	\$2.4	\$2.5	\$0.0	1.7%	\$2.6	\$0.1	5.7%

Expenditures by Source	FY2025 Actual	FY2026 Enacted	FY2026 Governor	Change from Enacted		FY2027 Governor	Change from Enacted	
General Revenue	\$2.4	\$2.4	\$2.5	\$0.0	1.7%	\$2.6	\$0.1	5.7%

Authorized FTE Levels	12.0	12.0	12.0	-	-	12.0	-	-

\$ in millions. Totals may vary due to rounding

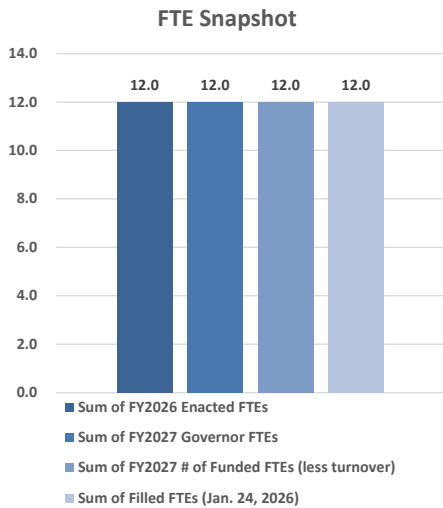
The Rhode Island Ethics Commission is responsible for adopting and disseminating the Rhode Island Code of Ethics, issuing advisory opinions to public officials and employees, enforcing financial disclosure policies and maintaining financial disclosure records, investigating and adjudicating complaints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

MAJOR ISSUES AND TRENDS

The FY2027 Budget includes \$2.4 million, with a net increase of \$137,266 (5.7 percent) from the FY2026 Budget as Enacted. Expenditures include an increase of \$72,904 in funds to support the 3.0 cost of living adjustment (COLA), recently negotiated by the Governor for all union employees, and extended to non-union employees.

The Budget includes \$2.5 million for the FY2026 Revised Budget. The net increase in general revenue is \$40,783 (1.7 percent) mainly to reflect the cost of living increase (COLA), recently negotiated by the Governor for all union employees, and extended to non-union employees.

The Budget includes 12.0 FTE positions in FY2026 and FY2027, consistent with the enacted level.



RI Ethics Commission		General Revenue
FY2026 Enacted		\$2,419,632
Target and Other Adjustments		14,264
Personnel Adjustments (statewide adjustments)		72,094
Accounts and Control (statewide adjustments)		50,908
FY2027 Governor		\$2,556,898

Office of the Governor

Expenditures By Program	FY2025 Actual	FY2026 Enacted	FY2026 Governor	Change from Enacted		FY2027 Governor	Change from Enacted	
Governor	\$8.9	\$9.3	\$9.4	\$0.0	0.4%	\$9.6	\$0.3	3.2%
Expenditures By Source								
General Revenue	\$8.9	\$9.3	\$9.4	\$0.0	0.4%	\$9.6	\$0.3	3.2%
Total	\$8.9	\$9.3	\$9.4	\$0.0	0.4%	\$9.6	\$0.3	3.2%
Authorized FTE Levels	45.0	45.0	45.0	-	-	45.0	-	-

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

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

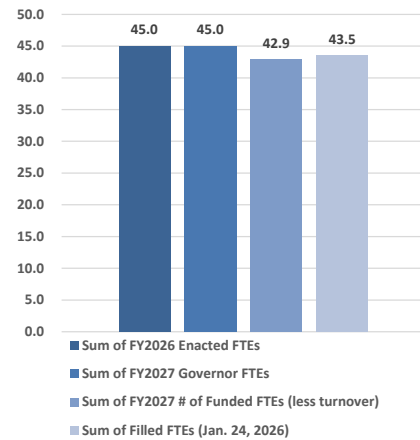
MAJOR ISSUES AND TRENDS

The FY2026 Revised Budget for the Office of the Governor includes \$9.4 million in general revenue, \$34,593 more than the amount appropriated in the FY2026 Budget as Enacted. The Budget includes the statewide personnel COLA adjustment of 4.0 percent

The FY2027 Budget includes \$9.6 million in general revenue, reflecting a \$295,394 increase from the FY2026 Budget as Enacted. The Budget includes the statewide personnel COLA adjustment of 3.0 percent, reflecting an increase of \$254,971 for wages and benefits offset by an increase of \$42,845 in additional turnover savings. Operational costs increase by \$83,268 from several statewide IT charges in FY2027.

The Budget includes 45.0 FTE positions in both FY2026 and FY2027, consistent with the enacted budget.

FTE Snapshot



Governor	General Revenue
FY2026 Enacted	\$9,334,918
Target and Other Adjustments	(\$17,806)
Personnel Adjustments (statewide adjustments)	254,971
Internal Agency ETSS Charges (statewide adjustments)	51,470
A&C ISF Charges (statewide adjustments)	49,604
Turnover	(42,845)
Contingency Fund	Informational
FY2027 Governor	\$9,630,312

Turnover (\$42,845)

The Budget increases general revenue turnover savings by \$42,845 from \$365,716 to \$408,561 an equivalent of 2.1 FTE positions in FY2027. The Budget reflects anticipated turnover in personnel expenses as compared to the FY2026 Budget as Enacted.

Contingency Fund Informational

The Budget includes \$150,000 in general revenue for the contingency fund appropriation. The Governor's Office is annually appropriated general revenue for a contingency fund for unforeseen expenses. This is a

discretionary spending account. The FY2026 Budget as Enacted included \$150,000 in general revenue. As of March 16, 2026, no expenditures have been spent from the fund in FY2026, leaving a balance of \$150,000. The following table illustrates the contingency fund appropriations and expenditures over the past years:

Contingency Fund					
Budget Year	Enacted/Request	Revised Changes	Total	Actual	Variance
FY2015	\$250,000	\$0	\$250,000	\$89,199	\$160,801
FY2016	250,000	160,800	410,800	65,966	344,834
FY2017	250,000	(8,000)	242,000	172,350	69,650
FY2018	250,000	(32,911)	217,089	206,587	10,502
FY2019	200,000	-	200,000	156,590	43,410
FY2020	150,000	-	150,000	149,802	198
FY2021	150,000	-	150,000	106,032	43,968
FY2022	150,000	-	150,000	25,919	124,081
FY2023	150,000	-	150,000	35,095	114,905
FY2024	150,000	-	150,000	62,000	88,000
FY2025	150,000	-	150,000	102,460	47,540
FY2026	150,000	-	150,000	-	150,000
FY2027	150,000	-	150,000	-	150,000

Source: Budget Data Tables and WorkDay

FY2026 Expenditures as of March 16, 2026

Italics reflects requested amounts or non-finalized amounts

Rhode Island Commission for Human Rights

Expenditures By Program	FY2025 Actual	FY2026 Enacted	FY2026 Governor	Change from Enacted		FY2027 Governor	Change from Enacted	
Commission for Human Rights	\$2.7	\$2.8	\$2.8	\$0.0	0.5%	\$2.8	\$0.0	1.1%
Expenditures By Source								
General Revenue	\$2.2	\$2.2	\$2.3	\$0.0	1.8%	\$2.4	\$0.1	4.9%
Federal Funds	0.5	0.5	0.5	(0.0)	-4.8%	0.4	(0.1)	-15.3%
Total	\$2.7	\$2.8	\$2.8	\$0.0	0.5%	\$2.8	\$0.0	1.1%
Authorized FTE Levels	15.0	15.0	15.0	-	-	15.0	-	-

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

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

The Commission is reimbursed \$850 for each co-filed employment case processed pursuant to its work-sharing agreement with the federal Equal Employment Opportunities Commission (EEOC). The Commission also receives a reimbursement between \$1,600 and \$3,600, for each co-filed housing case processed pursuant to its contract with the federal Department of Housing and Urban Development (HUD). In addition, HUD provides the Commission between \$5,000 and \$8,000 for post-probable cause dispositions. Annual federal receipts are used to estimate the following federal fiscal year appropriation to the Commission. When the Commission processes fewer EEOC or HUD cases, the Commission receives a lower federal reimbursement, resulting in the need to appropriate additional general revenues to cover the annual operation of the Commission. The Commission's current office is located at 180 Westminster Street in the City of Providence.

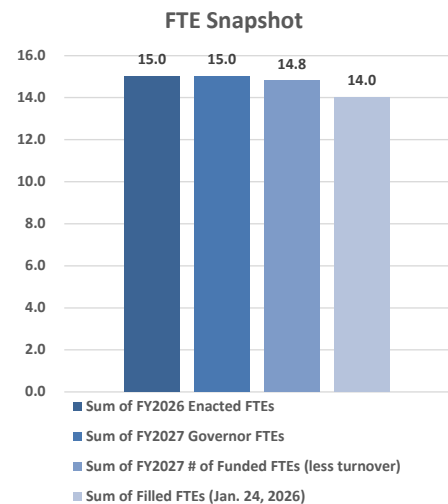
MAJOR ISSUES AND TRENDS

The FY2026 Revised Budget includes \$2.8 million in all funds, of which \$2.3 million is general revenue and \$498,223 are federal funds. The Budget reflects a general revenue increase of \$36,699 and a decrease in federal funds of \$25,306 from the enacted budget.

The general revenue increase primarily reflects the shift of rental costs from federal funds to general revenue. This increases the general revenue share of the rental cost by \$70,462; and, conversely, decreases federal funds by \$65,963. for the same expenditure. and a slight increase in medical benefit changes.

The federal government recently increased the reimbursement rate range from \$1,600 to \$3,600 (increased from \$3,400). However, the State likely will not receive any reimbursements from HUD any time soon. HUD has yet to reimburse the Commission of approximately \$224,509 for work completed in FY2025 and has since attempted to attach unlawful conditions to the Commission's receipt of funds owed. Yesterday, Rhode Island Attorney General Peter F. Neronha joined with attorneys general from several states to file suit against HUD on this issue.

The FY2027 Budget includes \$2.8 million in all funds, of which \$2.4 million is general revenue and \$443,446 is federal funds, reflecting an increase of \$109,275 in general revenue and a decrease of \$80,083 in federal funds. The increase in general revenue reflects wage and benefit changes resulting from the 3.0



percent cost of living adjustment (COLA) and for added contractual costs for a Paralegal position. This is offset by a \$78,926 reduction of property rental costs. The majority of the decrease in federal funds reflects the elimination of the property rent costs.

The Budget includes 15.0 FTE positions in FY2026 and in FY2027, consistent with the enacted budget.

Commission for Human Rights	General Revenue
FY2026 Enacted	\$2,249,158
<i>Target and Other Adjustments</i>	<i>(4,963)</i>
Personnel Adjustments (statewide adjustment)	74,246
Centralized Services (statewide adjustment)	85,683
Rental of Outside Property	(78,926)
Legal Services	60,000
Internal Agency ETSS Charges (statewide adjustment)	(47,177)
A&C ISF Charges (statewide adjustment)	20,412
FY2027 Governor	\$2,358,433

Commission for Human Rights	Other Funds
Rental of Outside Property (federal funds)	(\$81,451)
<i>Rental of Outside Property</i>	<i>(\$78,926)</i>

The Commission's current leased office is located at 180 Westminster Street in the City of Providence. The current lease was renewed with Dorwest Associates on September 1, 2021, and expires on August 31, 2026. The current annual lease expense under the FY2026 Budget as Enacted is \$209,351, of which \$127,900 is paid by general revenue and \$81,451 is paid by federal funds.

The Budget relocates the Commission to the State-owned Sheperd Building at 255 Westminster Street in Providence. The relocation to state-owned property is estimated to decrease general revenue by \$78,926 and decrease federal funds by \$81,451 in the FY2027 Budget. The FY2027 Budget keeps an appropriation of \$48,974 to cover rent until the Commission is fully relocated.

	FY2026	FY2026		FY2027	
Rental of Outside Property	Enacted	Governor	Change	Governor	Change
Federal Funds	\$81,451	\$15,488	(\$65,963)	\$0	(\$81,451)
General Revenue	127,900	198,362	70,462	48,974	(78,926)
Total	\$209,351	\$213,850	\$4,499	\$48,974	(\$160,377)

Legal Services **\$60,000**

The Budget adds general revenue of \$60,000 to fund a contracted paralegal position to assist the Commission for Human Rights with an increasing caseload. The Commission requested a new 1.0 Paralegal position paid 50.0 percent by general revenue and 50.0 percent by federal funds for a total all funds cost of \$138,352. The Paralegal position would handle administrative tasks thereby freeing up time for the Staff Attorneys. The Governor did not concur with the Commission's request and wanted the Commission to manage its increasing caseload in a more cost effective manner. Instead, the Budget includes federal funds of \$50,960 for the paralegal position costs in the FY2026 Revised Budget and general revenue of \$60,000 for the paralegal costs in FY2027.

Public Utilities Commission

Expenditures By Program	FY2025 Actual	FY2026 Enacted	FY2026 Governor	Change from Enacted		FY2027 Governor	Change from Enacted	
Public Utilities Commission	\$11.7	\$15.5	\$15.7	\$0.2	1.0%	\$16.0	\$0.5	3.3%
Expenditures By Source								
Federal Funds	\$0.7	\$0.8	\$0.8	\$0.0	2.4%	\$0.8	\$0.0	0.8%
Restricted Receipts	11.0	14.8	14.9	0.1	1.0%	15.3	0.5	3.4%
Total	\$11.7	\$15.5	\$15.7	\$0.2	1.0%	\$16.0	\$0.5	3.3%
Authorized FTE Levels	57.0	57.0	57.0	-	-	57.0	-	-

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

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

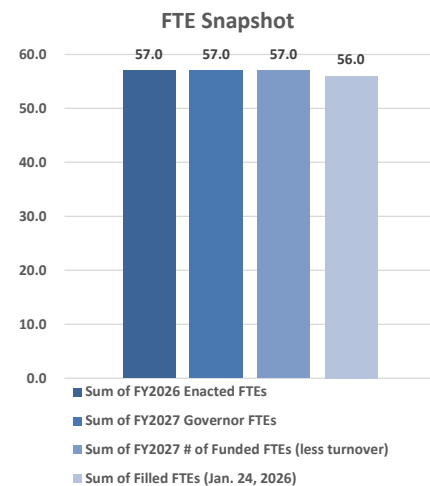
MAJOR ISSUES AND TRENDS

The FY2026 Revised Budget provides a total operating budget of \$15.7 million, including \$14.9 million in restricted receipts, and \$771,107 in federal funds. This represents a net increase of \$159,846 from the FY2026 Budget as Enacted. The most significant adjustment includes a restricted receipt increase of \$134,826 for window replacement and upgrades, in addition to an increase of \$49,155 for statewide ISF adjustments, and an increase of \$30,000 to fully fund a contract employee paid from the Executive Climate Change Coordinating Council's (EC4) FY2026 Spending Plan.

The Governor recommends a total of \$105,000 from the EC4 spending plan for PUC's costs of the contracted employee, but \$75,000 from FY2025 is still included in the PUC's base budget request. Therefore, an additional \$30,000 is added to the Budget.

The contracted employee at PUC will work on key topics including energy efficiency, Renewable Energy Growth Program, electric time of use rates, electric grid modernization, leak prone gas pipeline replacement review, gas system design and gas supply procurement, microgrids, resilience, and the Future of Gas Docket.

The FY2027 Budget provides a total operating budget of \$16.0 million, including \$15.3 million in restricted receipts and \$759,025 in federal funds. The Budget reflects an all funds increase of \$509,078 compared to the FY2026 Budget as Enacted. The significant changes include an all funds increase of \$181,170 for lower turnover savings and an increase of \$241,527 for personnel costs reflecting wage and benefit changes resulting from the 3.0 percent cost of living adjustment (COLA). In addition, there is an all funds increase of \$88,881 for statewide ISF adjustments



As the agency does not receive any general revenue funding, the costs are a pass-through expenditure and are paid by the regulated utilities pursuant to RIGL 39-1-23.

The Budget provides a staffing level of 57.0 FTE positions in FY2026 and in FY2027, consistent with the enacted budget.

Public Utilities Commission	All Funds
FY2026 Enacted	\$15,508,274
Target and Other Adjustments	(2,500)
Personnel Adjustments (statewide adjustments) (all funds)	241,527
Turnover (all funds)	181,170
A&C ISF Charges (statewide adjustment) (restricted receipts)	56,356
Internal Agency ETSS Charges (restricted receipts)	32,525
FY2027 Governor	\$16,017,352

Turnover (all funds) *\$181,170*

The Budget eliminates turnover savings in FY2027, anticipating no turnover savings next year. This reflects total decreased turnover savings of \$181,170, of which \$161,258 is restricted receipts and \$22,912 in federal funds. This increases personnel costs as compared to the FY2026 Budget as Enacted.

CAPITAL PROJECTS

The capital plan includes \$3.3 million in restricted receipts from FY2026 to post-FY2031 for ongoing asset protection of the state-owned facility at 89 Jefferson Boulevard in the City of Warwick.

Executive Office of Commerce

Expenditures By Program	FY2025 Actual	FY2026 Enacted	FY2026 Revised	Change from Enacted		FY2027 Governor	Change from Enacted	
Central Management	\$2.2	\$2.4	\$2.4	\$0.0	0.7%	\$3.2	\$0.8	33.7%
Commerce Programs	32.3	5.4	54.3	48.8	900.9%	4.7	(0.7)	-12.5%
Economic Development Initiatives Fund	33.5	31.7	13.8	(18.0)	-56.6%	28.9	(2.8)	-9.0%
Quasi-Public Appropriations	70.1	19.3	20.7	1.4	7.2%	18.0	(1.3)	-6.7%
Total	\$138.0	\$58.8	\$91.1	\$32.3	54.9%	\$54.8	(\$4.0)	-6.8%
Expenditures By Source								
General Revenue	\$40.3	\$33.5	\$33.5	\$0.0	0.1%	\$29.5	(\$4.0)	-12.0%
Federal Funds	91.3	20.0	50.9	30.9	154%	21.3	1.3	6.5%
Other Funds	6.4	5.3	6.7	1.4	26%	4.0	(1.3)	-24.5%
Total	\$138.0	\$58.8	\$91.1	\$32.3	54.9%	\$54.8	(\$4.0)	-6.8%
Authorized FTE Levels	5.0	5.0	5.0	-	-	5.0	-	-

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

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

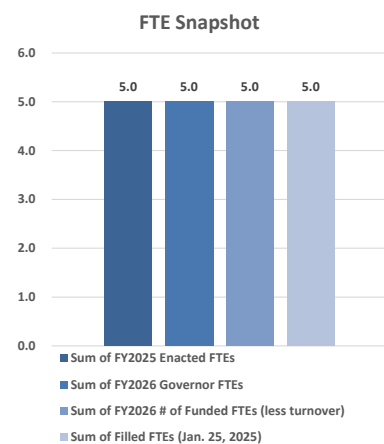
The Housing and Community Development program was transferred to the Executive Office of Commerce by the General Assembly in FY2016. In addition, the funding and administration for the Rhode Island Commerce Corporation (Commerce Corp) and the I-195 Redevelopment Commission, both previously funded in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

In 2022, the General Assembly created the Department of Housing and transferred the Housing and Community Development program and its staff from EOC to the new agency.

MAJOR ISSUES AND TRENDS

The Governor recommends a total of \$54.8 million in FY2027, to fund the economic development initiatives and operations of the Executive Office of Commerce and the Commerce Corporation. This is net \$4.0 million less than the FY2026 enacted level. General revenue, representing 53.9 percent of total funding, is down \$4.0 million (12.0 percent) from the enacted level. This net decrease is attributable to reduced year-over-year funding for incentives, most notably in the Wavemaker and Rebuild RI programs. Of note, reductions in Rebuild RI only impact the unfunded program liability- the ability to issue Rebuild RI tax credits is based on the legislated cap amount.

For FY2026, the Governor recommends \$91.1 million in total funding, a \$32.3 million increase over the enacted level. This current year change reflects the mandatory reappropriation of unspent ARPA funds from previous fiscal years.



Economic Development Bond Referendum

Article 6 of the Governor's FY2027 Budget includes a \$115.0 million general obligation bond authorization to be placed on the November 2026 ballot to fund industrial facilities infrastructure improvements.

Assuming full issuance in bond year one and 5.0 percent interest, annual debt service payments are estimated to be \$9.2 million. Total debt service over a 20-year term would be \$184.6 million, including \$69.6 million in interest payments. The bond proceeds would be allocated as follows:

Site Development (\$70.0 million): \$70.0 million for land acquisition, remediation, infrastructure and utility construction, and industrial site preparation and development. Eligible uses include, but are not limited to, large scale industrial development within Quonset Business Park and the I-195 District.

Growth Industry Infrastructure (\$45.0 million): \$45.0 million for infrastructure, projects, and investments in Rhode Island's ocean, defense, life sciences, data analytics, and related industries. Eligible uses include, but are not limited to, facilities and projects that advance business and job growth in life sciences.

Incentives

In 2015, the General Assembly established numerous economic development incentives to spur investment in new capital and critical industry sectors, improve the workforce, and promote innovation. General revenue appropriations supporting these incentives totaled \$296.7 million prior to FY2025. The FY2026 Budget includes an additional \$15.7 million and the FY2027 Budget includes \$10.8 million. The following table shows the total appropriations and awards:

Incentive	Pre-FY2026	FY2026 Enacted	FY2026 Revised	FY2027 Governor	Appropriated To Date	Awarded to Date	Balance
Rebuild RI	\$184.7	\$10.1	\$10.1	\$6.1	\$204.9	\$233.5	(\$28.6)
I-195 Redevelopment Fund	30.0	-	-	-	30.0	28.8	(1.2)
First Wave Closing Fund	20.3	-	-	-	20.3	18.1	(2.2)
Wavemaker Fellowship	21.4	2.6	2.6	1.0	28.1	5.2	(22.9)
Small Business Assistance Fund	11.3	-	-	-	11.3	8.8	(2.5)
Innovation Initiative	16.6	-	-	-	17.6	13.5	(4.1)
Main Street RI Streetscape Improvement Fund	10.0	0.3	0.3	1.0	11.3	9.7	(1.6)
Air Service Development Fund	8.3	2.7	2.7	2.7	12.2	8.2	(4.0)
Qualified Jobs Tax Incentive	-	-	-	-	-	64.3	64.3
Tax Increment Financing	-	-	-	-	-	79.5	79.5
Tax Stabilization Agreement Incentive	-	-	-	-	-	2.3	(2.3)
Total	\$302.6	\$15.7	\$15.7	\$10.8	\$335.7	\$471.9	\$74.5

\$ in millions

The Governor's FY2027 Budget Initiatives relating to the incentives include:

- **Reauthorization of Incentives:** Article 3 of the Governor's recommended FY2027 Budget reauthorizes the EOC's incentive programs for an additional year by extending the statutory sunset provisions placed on them from December 31, 2026, to December 31, 2027.
- **Wavemaker:** The Governor recommends \$1.0 million in funding for the Wavemaker Fellowship program in FY2027, which is \$1.6 million less than the enacted level. The EOC, however, indicates that the appropriation is sufficient to advance a new cohort of 85 fellows in the coming year.
- **Rebuild RI:** The Governor recommends \$6.1 million in funding for Rebuild RI in FY2027, down \$4.0 million from the enacted level. The program currently supports 56 projects, for a combined total of \$233.5 million, or 103.8 percent over the current \$225.0 million statutory program cap. In its testimony at the November 2025 Revenue Estimating Conference, Commerce indicated that the actual estimated use of the awarded credits and exemptions amounts to only \$218.5 million (or 97.1 percent of the cap). Article 3 of the Governor's recommended FY2027 Budget includes a proposal to increase the overall program cap to \$250.0 million.

Miscellaneous Economic Development Initiatives

The Governor includes several new economic development initiatives new to FY2027.

- **Placemaking:** The Governor recommends \$500,000 to continue Commerce's previously federally funded placemaking program. In the wake of the pandemic, the Rhode Island Commerce Corporation supported businesses in tourism, hospitality, and event industries through a grant program that encouraged capital improvement and event programming. Also known as Commerce's Placemaking

Program, the initiative was initially funded by federal ARPA State Fiscal Recovery Funds, but has since closed, having spent its entire authorized amount of \$3.0 million

- **Innovation Opportunities:** The Governor includes \$250,000 in general revenue to support proposed innovation opportunity events to showcase Rhode Island's distinctive strengths in innovation, research, and industry and is designed to position the state as a global hub for advanced industries. It is to be modeled on similar activities that took place in Pittsburgh.

American Rescue Plan Act Federal Funding

Federal funding budgeted within the EOC comes entirely from allocations under the American Rescue Plan Act. EOC has been administering seven ARPA SFRF initiatives, one ARPA Capital Project, and the Small Business Credit Initiative that is directly allocated funds under the Act. The General Assembly was compelled to appropriate all of the State's ARPA allocations in FY2024 in order to meet U.S. Treasury obligation and spending deadlines. Because many of the initiatives take several years to complete, the General Assembly required that any unspent ARPA funds at the end of any given fiscal year be reappropriated for the same purposes. It is for this reason that the Governor includes \$30.9 million in additional federal funds in the FY2026 Supplemental recommendation. The following table summarizes the reappropriations.

ARPA SFRF Initiative	FY2024 Actual	FY2025 Actual	FY2026 Enacted	FY2026 Revised	Change from Enacted
Bioscience Investments	2.0	18.8	-	24.2	24.2
Aid to Tourism, Hospitality, and Events Industries	(0.4)	-	-	1.3	1.3
Port of Davisville	13.4	45.6	-	0.0	0.0
	\$15.0	\$64.4	-	\$25.5	\$25.5
ARPA Capital Projects Initiative					
Broadband	-	1.1	-	24.6	24.6
	\$0.0	\$1.1	-	\$24.6	\$24.6
ARPA Direct Initiative					
State Small Business Credit Initiative	0.0	20.2	20.0	0.7	-
	\$0.0	\$20.2	\$20.0	\$0.7	(\$19.3)
Total ARPA	\$15.0	\$85.8	\$20.0	\$50.9	\$30.9

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

CENTRAL MANAGEMENT

The Budget provides \$3.2 million from general revenues in FY2027 to support the Central Management program within the EOC, \$797,558 more than the FY2026 enacted level. The Central Management program is responsible for supervising, coordinating, and monitoring all departmental functions by providing leadership, management, and strategic planning activities.

Central Management	General Revenue
FY2026 Enacted	\$2,369,982
<i>Target and Other Adjustments</i>	-
Placemaking	500,000
Innovation Opportunities	250,000
A&C ISF Charges (statewide adjustments)	25,053
Personnel Adjustments (statewide adjustments)	18,339
Centralized Services (statewide adjustments)	14,016
ERP Maintenance and Operations Billings (statewide adjustments)	(9,850)
FY2027 Governor	\$3,167,540

Placemaking**\$500,000**

The Governor recommends \$500,000 to continue Commerce's previously federally funded placemaking program. In response to the pandemic, Rhode Island established a program to support activities and investments that strengthen the connection between Rhode Islanders and the places they share. The program, formally known as the Hospitality, Tourism, and Events (THE) Placemaking program, was formally approved by the State's Pandemic Recovery Office (PRO) in June 2025 and was appropriated \$3.0 million in federal State Fiscal Recovery Funds (SFRF). Placemaking investments include main street improvements; maintenance and improvements to public parks, plazas, and recreational areas; public art installations; and improved event venues. COVID-Safe programming includes support for existing "catalytic" events (such as local outdoor festivals) and new events (such as outdoor performances, online programming, and outdoor food festivals). The program has been administered by Commerce and involves providing sub-awards to intermediaries such as municipalities, business improvement districts, chambers of commerce, tourism regions, and other related organizations.

The program officially ended February 2025, with the PRO issuing its [closeout report](#) March 17, 2025. According to the PRO, a small number of grants totaling \$150,000 were awarded for large scale projects such as renovations and programming for outdoor performance venues. Most grants were smaller than \$75,000. Commerce surveyed businesses around the event. Of the 267 that responded, 74.0 percent identifying themselves as part of the hospitality, tourism, or event industries; 265 have less than 500, and over half have less than 10 employees. Commerce indicated that nearly 30,000 people attended the events.

Commerce indicates that it would administer the program in similar fashion to the proposed general revenue appropriation as it did with SFRF funds.

Placemaking Program Awards

Awardee	Municipality	Award
Ballet of Rhode Island	Providence	\$20,000
Blackstone Valley Tourism Council	Central Falls	24,969
Central Falls	Central Falls	72,150
Cranston	Cranston	150,000
East Providence	East Providence	162,357
Pawtucket	Pawtucket	25,000
Providence	Providence	37,500
Cranston Cares	Cranston	20,000
Crescent Park Carousel Preservation	East Providence	14,680
Dirt Palace Public Projects	Providence	87,442
Downtown Providence Park Network	Providence	20,000
East Greenwich Chamber of Commerce	East Greenwich	41,216
Federal Hill Commerce Association	Providence	158,199
First Works	Providence	158,880
Friends of Linden Place	Bristol	34,292
Grow Smart RI	Providence	35,231
Hope Street Merchants Association	Providence	95,971
Island Moving Company	Newport	77,275
Newport Contemporary Ballet	Pawtucket	20,000
Newport County Development	Newport	88,355
Partnership for Providence Parks	Providence	61,691
Providence Foundation	Providence	132,000
Providence Warwick Convention and Visitors	Providence	39,997
Rhode Island Zoological Society	Providence	59,951
Roger Williams Park Conservancy	Providence	27,564
South County Tourism Bureau	Charlestown	50,000
The Avenue Concept Inc.	Providence	152,499
The Empowerment Factory	Pawtucket	19,979
The Wilbury Theatre Group	Providence	59,235
Cumberland	Cumberland	149,616
Glocester	Glocester	149,824
Lincoln	Lincoln	26,320
North Providence	North	150,000
Smithfield	Smithfield	150,000
South Kingstown	South	150,000
Warren	Warren	20,000
Waterfire Providence	Providence	113,505
Woonasquatucket River Watershed Council	Providence	75,000
Woonsocket Neighborhood Development	Woonsocket	15,000
Total		\$2,945,697

Source: Rhode Island PRO

Innovation Opportunities**\$250,000**

The Governor recommends \$250,000 in general revenue to support a proposed set of "innovation opportunities. According to the EOC, this would include events such as a summit that showcases Rhode Island's distinctive strengths in innovation, research, and industry and is designed to position the state as a global hub for advanced industries. It is to be modeled on similar activities that took place in Pittsburgh. According to the EOC, this new proposal will be reinforced by the RI Innovation Ecosystem initiative authorized in the FY2026 Budget as Enacted to demonstrate Rhode Island's strengths in innovation,

research, ocean technology, and commercialization, while also helping attract investors, companies, and talent to the state.

COMMERCE PROGRAMS

The Budget includes \$4.7 million from general revenues in FY2027 to support Commerce Programs, a net \$675,000 less than the FY2026 enacted level.

Commerce Programs	General Revenue
FY2026 Enacted	\$5,420,421
Target and Other Adjustments	-
Wavemaker Fellowship Program	(1,550,000)
Main Street RI Streetscape Improvement Program	875,000
Air Service Development Fund	Informational
FY2027 Governor	\$4,745,421

Wavemaker Fellowship Program (\$1.6 million)

The Budget includes \$1.0 million in general revenue in FY2027 for the Stay Invested in RI Wavemaker Fellowship Fund, \$1.6 million less than the FY2026 enacted level (a 60.4 percent year-over-year reduction).

Established in 2015, the Wavemaker program originally was 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. In 2022 the General Assembly expanded the eligible professions to include healthcare and mental health professionals. In 2023 the program teachers became eligible. In 2024 the General Assembly amended the authorizing statute by adding a definition for primary care healthcare professionals (presumably already included via the 2022 amendments) signaling this classification as a priority. In 2025, the General Assembly clarified that healthcare professionals, also individuals that operate sole proprietorships or pass-through entities, are eligible for the program.

The program provides Wavemaker Fellows with refundable personal income tax credits that can be used to offset their annual student loan payments. Each year a fellow remains eligible (that is employed in the state and in the field) is considered a service period, and the fellow receives a tax credit for each service period up to four. The amount of the service period tax credit depends upon the degree earned by the taxpayer, i.e. \$1,000 for an associate’s degree up to \$6,000 for a graduate or postgraduate degree. To offset the general revenue loss resulting from the use of the credits, the General Assembly established a Stay Invested in RI Wavemaker Fellowship Fund and limited the issuance of credits to the amount in the fund. As credits are used, the equivalent amount is transferred out of the program fund to the general fund.

Since its inception the General Assembly has appropriated \$28.1 million in general revenue. According to Commerce, the Wavemaker Fund has a balance of \$15.1 million, with only \$7.8 million unobligated. This is inclusive of the FY2026 appropriation of \$2.6 million that Commerce expects to obligate by mid-2026. There are 533 active fellows (accepted to the program and are in an approved service period), with 271 joining since January 2025. There have been 795 fellows who have received the full award from the program (received all years of their award, not inclusive of active fellows). Commerce has two new cohorts planned – one for April-May 2026 and one for early 2027 (contingent on the proposed FY2027 appropriation).

Main Street RI Streetscape Improvement Program \$875,000

The Governor recommends \$1.0 million in FY2027, \$875,000 above the enacted level, for the state’s Main Street RI Streetscape Program. The program provides loans, matching grants, and other forms of financing to municipalities and other organizations to upgrade streetscapes in local business districts. Projects include refurbishing facades, improved lighting, and signage. Recipients are required to provide a 30.0 percent

match. Since its inception \$10.3 million has been appropriated to the program of which \$9.7 million has been awarded. The program has supported 54 projects across 23 municipalities.

Air Service Development Fund

Informational

The Governor recommends \$2.7 million in total general revenue for the Air Service Development Fund (ASDF) program (equal to the FY2026 enacted level).

Program Background: The Air Service Development Fund (ASDF) was established by the General Assembly in 2016 for the purpose of providing airlines various incentives to establish new direct flights originating at Rhode Island T.F. Green International Airport. These include the reduction of an airline's risk when implementing a new route by providing revenue insurance that can be used to offset losses incurred if the new route is not profitable. If the routes prove to be profitable, then incentive funds can be recaptured. In addition to revenue supports, the ASDF can also be used for other direct financial incentives determined by the Rhode Island Commerce Corporation's Air Service Development Council to be impactful to incentivizing new air service. The ASDF program is currently set to sunset on December 31, 2026. Article 3 of the Budget would extend the incentive another year.

Current Service at Rhode Island T.F. Green International Airport	
Airline	Non-Stop Service To
Allegiant Airlines	Punta Gorda
American Airlines	Charlotte, Chicago-O'Hare, Philadelphia, Washington-Reagan
BermudaAir	Bermuda
Breeze Airways	Akron/Canton, Charleston, Cincinnati, Columbus, Daytona Beach, Denver, Fort Myers, Jacksonville, Los Angeles, Memphis, Myrtle Beach, New Orleans, Norfolk, Orlando, Pensacola, Pittsburgh, Raleigh-Durham, Richmond, San Diego, Sarasota, Savannah, Tampa, Vero Beach, West Palm Beach, Wilmington
Delta	Atlanta, Detroit, Minneapolis St. Paul
Jet Blue	Fort Myers, Fort Lauderdale, New York - Kennedy, Orlando, San Juan, Tampa, West Palm Beach
Southwest Airlines	Baltimore, Chicago-Midway, Dallas, Denver, Fort Myers, Fort Lauderdale, Nashville, Orlando, Tampa, Washington-Reagan, West Palm Beach
Sun Country	Minneapolis St. Paul
United Airlines	Chicago-O'Hare, Newark, Washington-Dulles
9 Total Airlines	39 Total Non-Stop Destinations

Status: Rhode Island T.F. Green International Airport currently accommodates 39 non-stop destinations, serviced by 9 airlines.

Since FY2017 the ASDF has received \$11.0 million in appropriations. In 2023, the ASDF funds were included used as part of a package of incentives used to secure commitments from Breeze Airlines to establish a hub and expand routes at the Airport. In an agreement that goes to 2033 and has significant ramp up thresholds by 2028, Breeze has committed to building out significant operations and warehouse space, basing up to 6 aircraft at the airport, achieving an average of 20 flights per week (to no less than five underserved routes) by 2028 and increasing to an average of 40 by 2033 (20 underserved routes). In turn, the State has committed to \$2.0 million over 2 years for ground handling, and \$6.0 million over five years for destination marketing.

Recipient	Date Approved	Incentive Parameters	Funds Disbursed		Type	Use	No. of New Routes		Airline Obligations
			to Date				Incentivized		
Frontier	8/9/2017	Up to \$200,000 per route	\$336,460		Grant	Reimbursable marketing expenses.	5		Marketing collateral toward which ASD funds contributed.
Norwegian	8/9/2017	Up to \$750,000 per route	1,663,540		Grant	Reimbursable marketing expenses.	4		Marketing collateral toward which ASD funds contributed.
Breeze Airlines	1/9/2023	Not to exceed \$2,038,400 and not more than \$1,019,200 in a 12 month period	2,038,400		Grant	\$700 per flight for ground handling operations	-		Establish base by 3/29/23, have 3 aircraft by 8/31/23, & average 20 flights/week/yearly from 1/1/24-3/29/28
Breeze Airlines	1/9/2023	\$6,000,000 over five years	4,171,839		Grant	Marketing campaigns to promote unserved and underserved routes	-		Establish base by 3/29/23, have 3 aircraft by 8/31/23, & average 20 flights/week/yearly from 1/1/24-3/29/28
Total			\$8,210,239				9		

ECONOMIC DEVELOPMENT INITIATIVES FUND

The Budget provides \$7.6 million from general revenues in FY2027 to support various incentives, business assistance, and development programs designed to create and expand economic development in Rhode Island. The Budget also includes \$21.3 million in federal American Rescue Plan Act funds to support small businesses and the tourism and hospitality industry.

Economic Development Initiatives Fund	General Revenue
FY2026 Enacted	\$11,735,000
<i>Target and Other Adjustments</i>	-
Rebuild RI	(3,985,000)
RI Innovation Ecosystem	(250,000)
Destination Marketing	100,000
FY2027 Governor	\$7,600,000

Economic Development Initiatives Fund	Other Fund Changes
State Small Business Credit Initiative (federal funds)	\$1,292,601

Rebuild RI **(\$4.0 million)**

The Governor recommends \$6.1 million in FY2027 for the Rebuild RI Tax Credit Program (Rebuild RI), \$4.0 million less than the FY2026 enacted level. Rebuild 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. Total credits and exemptions are limited to \$225.0 million, and the per-project cap is set at \$15.0 million. Article 3 of the FY2027 Budget extends the Rebuild sunset from December 31, 2026, to December 31, 2027, and increases the total program cap to \$250.0 million.

- **Tax Credit Details:** Under Rebuild RI the Secretary of Commerce may issue a tax credit up to \$15.0 million, based on the lesser of 30.0 percent of the project cost or the amount needed to close demonstrated financing gaps. Tax credits are issued once a certificate of occupancy has been obtained. If the amount of the credit exceeds a taxpayer's liability in each year, the credit may be carried forward up to four years or until the full credit is used, whichever occurs first. Credits may be used against the following taxes: business corporations, financial institutions, insurance companies, public service corporations, and personal income taxes. Any use against sales and use taxes may be permitted at the discretion of the Secretary of Commerce. A project is permitted to elect to take a 90.0 percent cash value redemption in lieu of the full credit.
- **Sales Tax Exemption Details:** Commerce also has the authority to provide qualifying projects with sales tax exemptions on certain qualified purchases that are related to the project's development. These purchases can include construction materials and services as well as furnishings and other interior improvements. To receive these exemptions, the developer must make application to Commerce and if approved, will receive a rebate those expenditures certified by Commerce. Most of the current Rebuild projects have a sales tax rebate incentive in addition to the Rebuild tax credits.
- **Rebuild RI Fund:** When Rebuild credits and exemptions are exercised by a developer, they negatively impact State revenue. To mitigate this impact, State law requires the state General Fund to be reimbursed for the amount of the credits and exemptions from the Rebuild RI Fund. On an annual basis, Commerce works with the EOC, the Department of Administration, and the Division of Taxation to determine the availability of funds to award new tax credits. Each year, the Director of Revenue requests the amounts necessary to pay for the redemption of tax credits and sales tax rebates. This fund is capitalized by annual appropriations by the General Assembly. Since 2016, the Rebuild RI Fund has received \$199.7 million in appropriations through FY2026, or 91.4 percent of the \$218.5 million in current Rebuild obligations.
- **Status:** Commerce's board has approved \$188.7 million in Rebuild RI tax credits and \$44.8 million in sales tax exemptions across 56 projects, for a combined total of \$233.5 million, or 103.8 percent over the current \$225.0 million statutory program cap. In its testimony at the November 2025 Revenue Estimating Conference, Commerce indicated that the actual estimated use of the awarded credits and exemptions amounts to only \$218.5 million (or 97.1 percent of the cap). According to Commerce the lower amount reflects projects electing to redeem credits at 90.0 percent of their cash value (which is allowed by the program) and anticipated unused sales tax exemptions.

The following table shows estimated future appropriations needed to cover projected drawdowns from the Rebuild RI fund.

Estimated Cash Flow Summary for Rebuild RI									
	2025	2026	2027	2028	2029	2030	2031	2032	2033
Beginning Balance	\$94.0	\$84.9	\$80.6	\$74.6	\$66.9	\$50.8	\$43.9	\$40.9	\$40.7
Combined Drawdowns*	(19.2)	(14.4)	(12.1)	(17.7)	(26.1)	(16.9)	(13.0)	(10.2)	(4.7)
Estimated Appropriation^	10.1	10.1	6.1	10.0	10.0	10.0	10.0	10.0	10.0
Ending Balance	84.9	80.6	74.6	66.9	50.8	43.9	40.9	40.7	46.0

*Includes tax credits and sales tax exemptions. Amounts take into consideration all projects as of November 2025.

^ Appropriation levels for FY2028 through FY2033 have been chosen for demonstration purposes only.

Consideration was given to keeping annual appropriations below \$25.0 million, while covering the drawdowns, and leaving a reasonable ending balance (Senate Fiscal Staff estimates).

RI Innovation Ecosystem

(\$250,000)

The FY2026 Budget as Enacted authorized a new initiative to strengthen collaboration between Rhode Island's higher education institutions and private industry to drive workforce development and innovation. Program elements include creating talent pipelines, fostering research partnerships, supporting internships and training programs, conducting workforce assessments, enhancing business recruitment, offering relocation incentives, and attracting skilled professionals to Rhode Island. According to the EOC, the Governor and the EOC are interested in integrating the RI Innovation Ecosystem initiative with the new Innovation Opportunities initiative proposed in the FY2027 Budget (within the Central Management program). The FY2026 funding is still available and EOC believes there is benefit in having the programs reinforce each other to create an impactful showcase for Rhode Island's strengths in innovation, research, ocean technology, and commercialization, while also helping attract investors, companies, and talent to the state.

Destination Marketing

\$100,000

The Budget includes \$1.5 million in general revenue in FY2027, \$100,000 more than the FY2026 enacted level to market Rhode Island as a destination in out-of-state markets and airports. The ability of the Rhode Island Airport Corporation to directly do this work is limited by federal regulations. In both FY2023 and FY2024, the General Assembly appropriated \$1.5 million in federal SFRF funds for this purpose (The Pandemic Recovery Office has since issued its [closeout report](#) on the Destination Marketing Initiative). It also required the Commerce Corporation to provide an equivalent amount out of its portion of the state hotel tax for the same purposes, for a total of \$6.0 million over the two fiscal years. No hotel tax revenue is required in FY2026 or FY2027.

According to the EOC, destination marketing funds are being used to maintain existing air service programs and launch advertising in new markets, invest in New England sports media buys, create experiential events and installations, support Hotel Month, and underwrite agency fees for the creation and execution of the campaign and marketing assets. The marketing is targeted at driving leisure travel during the shoulder and off-season from gateway cities such as Los Angeles, Chicago, Washington DC, and Detroit. The Destination Marketing program supports broader tourism and air service marketing efforts across all airlines servicing Rhode Island.

State Small Business Credit Initiative (federal funds)

\$1.3 million

The Governor recommends \$21.3 million in federal American Rescue Plan Act (ARPA) Direct Funds for the State Small Business Credit Initiative in FY2027, \$1.3 million above the enacted level. The program supports Rhode Island-based small businesses and entrepreneurs by providing capital and technical assistance to assist in growth and sustainability. Capital is made available through loan participation and guarantees, collateral support, equity and venture capital arrangements, and other capital access programs.

Rhode Island was awarded \$67.1 million in Direct Funds under ARPA for the program. This funding is available under three tranches. EOC indicates that the first tranche has been fully expended and that there is approximately \$700,000 left in the second. The Governor’s recommended appropriation reflects the remaining amount of the third and final tranche.

QUASI-PUBLIC APPROPRIATIONS

The Governor recommends \$14.0 million from general revenues to support the Rhode Island Commerce Corporation and several pass-through appropriations to fund specific economic programs. There are no FTE positions allocated to this program.

Quasi-Public Appropriations	General Revenue
FY2026 Enacted	\$14,007,421
<i>Target and Other Adjustments</i>	-
Industrial Recreational Building Authority Obligations	Informational
Rhode Island Commerce Corporation Base Appropriation	Informational
FY2027 Governor	\$14,007,421

Industrial Recreational Building Authority Obligations **Informational**

Consistent with the FY2025 Budget as Enacted, the Governor’s FY2026 Supplemental Budget recommendation includes \$105,094 in general revenue in to meet a statutorily mandated moral obligation related to the Rhode Island Industrial Recreational Building Authority (RIIRBA). The Governor also recommends \$105,094 in FY2027 for the same purpose.

Background: RIIRBA is a quasi-public entity established to promote the expansion of commercial, industrial, and recreational (travel/tourism) facilities in the state. It does this through the provision of mortgage insurance that lowers risk to private lending institutions when making loans to businesses looking to expand their facilities.

The insurance can backstop tax-free bonds, taxable bonds, and conventional mortgages. Businesses pay premiums to maintain the insurance through RIIRBA. This revenue comprises the reserve out of which RIIRBA makes any required payments to lenders on bad debt. RIIRBA is limited to \$60.0 million in the total amount that it may insure and \$5.0 million per project. It can cover up to 90.0 percent on real estate, 80.0 percent on machinery and equipment, and 75.0 percent on tourist/travel recreation projects.

Payments: In 2010, the Providence-based company Capco Steel, L.L.C. was looking to expand its facilities and purchase additional capital equipment. The company received a \$5.0 million loan from Webster Bank that was secured through a tax-free bond issued by the Rhode Island Industrial Facilities Corporation and insured by RIIRBA. In 2012, Capco defaulted on its payments to the bank, triggering RIIRBA to step in and begin making the scheduled payments out of its cash asset balance. RIIRBA continues to make these payments.

The remaining balance owed on the bonds as of July 1, 2026, will be \$384,805. At present, RIIRBA has insufficient funds in its portfolio to make the next payment, which totals \$105,094. Under Rhode Island law, RIIRBA insurance is back by the full faith and credit of the State (RIGL 42-34-15) and therefore requires the General Assembly to appropriate the necessary funds.

Rhode Island Commerce Corporation Base Appropriation **Informational**

The Rhode Island Commerce Corporation (Commerce) is a quasi-public entity charged with implementing the delivery, performance, and accountability of the State’s economic development activities.

The State provides general revenue appropriations to Commerce; however, the General Assembly does not directly approve its budget. Commerce’s board has the sole responsibility to authorize the Corporation’s annual budget.

The Governor recommends \$8.5 million from general revenues to Commerce as its base allocation in FY2027, even with the enacted level. Commerce's total budget in FY2027 is \$14.0 million. The base allocation represents 44.3 percent of the quasi-public agency's annual revenue in FY2027. The balance is comprised of hotel tax revenue (40.9 percent), federal grants (1.9 percent), financial programs (4.4 percent), and other miscellaneous revenue (8.6 percent).

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

Revenues	FY2024 Actual	FY2025 Actual	FY2026 Projected *	FY2027 Projected *	Change
State Appropriations					
RI Commerce Corporation Base Appropriation	\$8,290,488	\$8,506,041	\$8,506,041	\$8,506,041	\$0
Total State Appropriations	\$8,290,488	\$8,506,041	\$8,506,041	\$8,506,041	\$0
Other Revenues					
Hotel Tax Revenue	\$6,981,140	\$7,321,236	\$7,860,000	\$7,860,000	-
Finance Program Allocation	504,166	781,644	812,910	837,297	24,387
Federal Grants	377,386	351,024	361,092	361,092	-
Other	1,696,123	1,628,248	1,662,186	1,645,217	(16,969)
Total Other Revenues	\$9,558,815	\$10,082,152	\$10,696,188	\$10,703,606	7,418
Total Revenues	\$17,849,303	\$18,588,193	\$19,202,228	\$19,209,647	7,418
Expenditures					
Total Operations (Personnel and Operating)	\$25,229,331	\$27,190,881	\$26,210,106	\$26,700,494	\$490,388
Grants or Partnerships	5,838,982	6,483,249	6,161,116	6,322,182	161,066
Total Expenditures	\$31,068,313	\$33,674,130	\$32,371,222	\$33,022,676	\$651,454
Operating Surplus/(Deficit)	(\$13,219,010)	(\$15,085,937)	(\$13,168,994)	(\$13,813,029)	(644,036)
Pass-Through and Federal Grants					
STAC Research Alliance (EPScore)	\$900,000	\$900,000	\$900,000	\$900,000	\$0
Innovative Matching Grants	1,000,000	1,000,000	1,000,000	1,000,000	-
Renewable Energy Fund	2,768,760	3,000,000	6,500,000	6,500,000	-
Airport Impact Aid	1,005,740	1,000,000	1,010,036	1,010,036	-
Chafee Center at Bryant/International Trade Export Prog.	476,200	476,200	476,200	476,200	-
Polaris Manufacturing Technical Assistance	450,000	500,000	500,000	500,000	-
East Providence Waterfront Commission	50,000	50,000	50,000	50,000	-
Blackstone Valley Visitor Center	-	75,000	75,000	75,000	-
Urban Ventures/Minority Entrepreneurship Prog.	140,000	140,000	140,000	140,000	-
Municipal Infrastructure Bank Match	-	3,000,000	-	-	-
Infrastructure Bank Statewide Coastal Resilience	-	750,000	-	-	-
Industrial Recreation Building Authority Obligation	-	452,553	105,094	105,094	-
RI Innovation Ecosystem	-	-	250,000	250,000	-
Other	-	-	-	-	-
Pass-Through - Subtotal	6,790,700	11,343,753	11,006,330	11,006,330	-
Federal Grants	333,738	351,024	361,092	361,092	-
Federal Grants - Subtotal	333,738	351,024	361,092	361,092	10,068
Total	7,124,438	\$11,694,777	\$11,367,422	\$11,367,422	(\$327,355)

Source: Executive Office of Commerce

* Pending Board Approval

CAPITAL PROJECTS

The Budget includes \$193.5 million in capital project spending for FY2026-FY2031, with \$42.5 million in FY2026 and \$34.2 million in FY2027. The funding recommendation is inclusive of the \$115.0 million in new debt proposed in Article 6.

EOC Capital Projects	FY2026			FY2027			FY2028-FY2031			Total
	RICAP	Bonds	Agency Funds	RICAP	Bonds	Agency Funds	RICAP	Bonds	Agency Funds	
Statewide Industrial Site Development (Article 6)	-	\$10.3	-	-	\$13.2	-	-	\$70.0	-	\$93.5
Growth Industry Infrastructure (Article 6)	-	-	-	-	-	-	-	45.0	-	45.0
CPF Broadband	-	-	6.8	-	-	4.6	-	-	0.9	12.3
Innovation Centers	-	8.3	-	-	3.4	-	-	0.5	-	12.2
Port of Davisville Infrastructure	-	3.2	-	-	-	-	-	-	-	3.2
Port of Davisville Landside Improvements	-	6.0	-	-	9.0	-	-	-	-	15.0
I-195 Park Improvements	2.5	1.3	-	0.5	-	-	-	-	-	4.2
I-195 Infrastructure Development	0.7	-	-	1.0	-	-	0.4	-	-	2.1
Quonset Business Park Infrastructure	2.5	-	-	2.5	-	-	-	-	-	5.0
PFAS Mitigation at Quonset Business Park	1.0	-	-	-	-	-	-	-	-	1.0
Total	\$6.7	\$29.0	\$6.8	\$4.0	\$25.6	\$4.6	\$0.4	\$115.5	\$0.9	\$193.5

\$ in millions

- **Statewide Industrial Site Development (Article 6):** The Governor recommends \$10.2 million in bond proceeds funding in FY2026 and \$13.2 million in FY2027 for industrial site development. In March 2021, voters approved a \$40.0 million bond referendum for this purpose. According to the EOC, the funds are being allocated competitively for the purpose of preparing sites for the development of facilities related to manufacturing, assembly, distribution, and other job-producing commercial activities. The Governor also recommends \$70.0 million in new bond proceeds for these purposes in FY2028. This additional funding is contingent upon both the passage of a proposed bond referendum in Article 6 of the Budget and the subsequent approval by voters in November 2026.
 - **Growth Industry Infrastructure (Article 6):** The Governor recommends \$45.0 million in new bond proceeds in FY2028 to finance infrastructure that supports “growth industries” Rhode Island. This additional funding is contingent upon both the passage of a proposed bond referendum in Article 6 of the Budget and the subsequent approval by voters in November 2026. According to the EOC, the bonds will support infrastructure, projects, and investments in Rhode Island’s ocean, defense, life sciences, data analytics, and related industries. Eligible uses include but are not limited to capital investments in facilities and projects that advance business and job growth in life sciences.
- CPF Broadband:** The Governor recommends \$6.8 million of ARPA Capital Projects Funds (CPF) for Broadband initiatives within the EOC’s Commerce Programs in FY2026 and \$4.6 million in FY2027. ConnectRI is the State’s primary broadband development program. Administered by the Commerce Corporation in concert with the state’s Broadband Advisory Council, it coordinates the planning, and implementation of expanded internet capacity in the state. According to the state’s Pandemic Recovery Office FY2025 Q3 report Commerce has completed three requests for proposals (RFPs) for the following regions:
- Jamestown, Newport, and Westerly: \$12.9 million approved in September 2024; with subawards completed in March 2025.
 - Portsmouth and Tiverton: \$4.7 million awarded in January 2025, with subawards completed in March 2025.
 - Balance of State: \$6.3 million approved in January 2025, with subawards completed in March 2025.
- **Innovation Centers:** The Governor recommends \$8.3 million in FY2026 and \$3.4 million in FY2027 from bond proceeds to support additional business collaborations with higher education institutions, where cutting-edge research will be developed into new products, services, and businesses. Project funding was authorized by voters in 2016. Projects include the RI Innovation Hub and Accelerator, the University of Rhode Island & Arizona State University Innovation Hub, and the RI Agricultural Technology Park.
 - **Port of Davisville Infrastructure:** The Governor recommends \$3.2 million in bond proceeds FY2026 to advance of the Quonset Development Corporation’s (QDC) infrastructure master plan. According to the QDC, funds will be used to support channel dredging and construction of a new pier for transport barges. **Port of Davisville Landside Improvements:** The Governor recommends \$6.2 million in bond

proceeds FY2026 and \$9.0 million in FY2027 to finance the completion of the Terminal 5 Access Road at the Port of Davisville.

- **I-195 Park Improvements:** The Governor recommends \$2.5 million in RI Capital Plan Funds and \$1.3 million in bond proceeds to help finance the construction of park infrastructure enhancements adjacent to the Providence River Pedestrian Bridge in the I-195 District in FY2026 and an additional \$500,000 in FY2027. In March 2021, voters approved a \$4.0 million bond referendum for this purpose. Funding is being used to construct park infrastructure enhancements, including a pavilion for food and beverage service, enhanced infrastructure, office space, and a small storage facility.
- **I-195 Infrastructure Development:** The Governor recommends \$735,000 from the RI Capital Plan Fund in FY2026 and \$1.0 million in FY2027 for the continued development of the land made available by the relocation of I-195. Funding will continue to support engineering, design review, legal work for ongoing and prospective deals, and the design and construction of additional park infrastructure enhancements.
- **Quonset Business Park Infrastructure:** The Governor recommends \$2.5 million in Rhode Island Capital Plan funds in FY2026 and \$2.5 million in FY2027 for capital improvements to the infrastructure and piers at Quonset. The Port has two piers (Pier One and Pier Two) that are long past their expected useful lifespan. As part of the Quonset Development Corporation's \$205.0 million Port of Davisville master plan, Pier 2 will be rehabilitated by building an east extension and installing a sheet pile bulkhead. The Governor also includes \$1.0 million in FY2026 to mitigate per- and polyfluoroalkyl substances (PFAS) contamination at the park.

Executive Office of Housing

Expenditures By Program	FY2025 Actual	FY2026 Enacted	FY2026 Revised	Change from Enacted		FY2027 Governor	Change from Enacted	
Central Management	\$103.8	\$45.1	\$164.7	119.7	265.5%	\$52.4	\$7.3	16.2%
Total	\$103.8	\$45.1	\$164.7	\$119.7	265.5%	\$52.4	\$7.3	16.2%

Expenditures By Source								
General Revenue	\$5.2	\$6.5	\$7.7	1.2	18.4%	\$8.3	\$1.9	29.1%
Federal Funds	93.3	15.6	117.0	101.4	650.10%	19.3	3.7	23.8%
Restricted Receipts	5.2	23.0	39.8	16.8	72.94%	23.0	-	-
Other Funds	-	-	0.3	0.3	-	1.7	1.7	-
Total	\$103.8	\$45.1	\$164.7	\$119.7	265.5%	\$52.4	\$7.3	16.2%

Authorized FTE Levels	38.0	38.0	38.0	-	-	38.0	-	-

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

The Department of Housing was established by a series of authorizing statutes enacted by the General Assembly in 2021 and 2022. Prior to 2021, statewide coordination of housing-related planning, policy, and programming was decentralized, with pieces of it occurring in several quasi-public agencies and commissions, including the Executive Office of Commerce (EOC) with its Secretary in a central role.

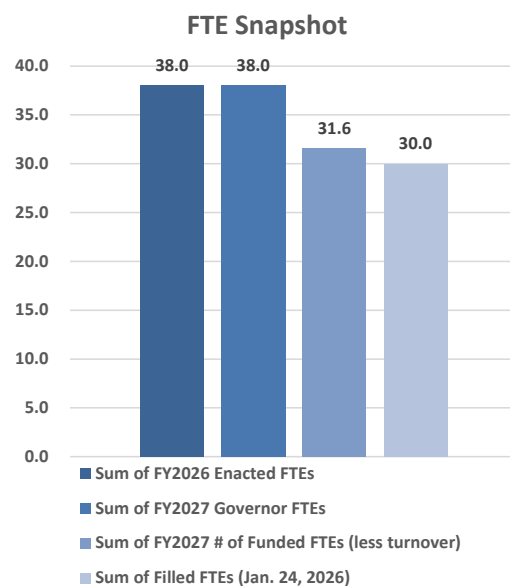
With Rhode Island experiencing chronic affordable-housing shortages, persistent homelessness, and a significant influx of housing-related federal pandemic-relief funding, the 2021 General Assembly established a new state-level housing capacity centered around a Deputy Secretary of Commerce for Housing within the EOC. This new “Housing Czar” was charged with overseeing all housing initiatives in the State; developing a statewide housing plan; coordinating interagency implementation, policy development, and other housing-related activities; and developing a comprehensive annual report on the status and needs of housing in the State.

Reinforcing this priority in 2022, the General Assembly authorized the creation of a new Department of Housing, launched on January 1, 2023, and led by a new cabinet-level secretary. The Deputy Secretary position was elevated to the position of Secretary of Housing (Secretary) taking with it all of the responsibilities of the previous position. In addition, the Secretary is charged with developing a State Housing Reorganization Plan assessing housing governance and making recommendations regarding the Department of Housing structure and interagency relationships and functions.

Since the enabling legislation was cursory in nature, Article 6 of the FY2024 Budget as clarified the authority of the Secretary of Housing and the Department, providing the agency with powers and duties that are mostly consistent with other cabinet-level directors and departments. These include more detailed regulatory, administrative, operational, and programmatic authorities. Article 9 of the FY2026 Budget updated the Department of Housing into an Executive Office of Housing.

MAJOR ISSUES AND TRENDS

The Budget includes \$52.4 million in all funds for the Executive Office of Housing. This includes \$8.3 million in general revenue, \$19.3 million in federal funds, and \$23.0 million in restricted receipt funding. General revenue funding increases by \$1.9 million, or 29.1 percent, relative to the FY2026 Budget as Enacted. The increase



reflects additional costs associated with operating and managing state-owned homelessness and housing properties.

The Budget also includes funding for 31.6 of the 38.0 FTE positions authorized for FY2027, or 83.2 percent. As of January 24, 2026, EOH had 30.0 FTE positions filled (79.0 percent).

Affordable Housing Bonds

Article 6 of the Governor's FY2027 Budget includes a \$120.0 million general obligation bond authorization to be placed on the November 2026 ballot to "increase and preserve the availability of affordable and accessible housing" and to "support community revitalization through the redevelopment of existing structures, new construction, property acquisition, and infrastructure improvements. At least \$25.0 million is to be reserved for the development of housing designated for home ownership. Assuming full issuance in bond year 1 and 5.0 percent interest, annual debt service payments are estimated to be \$9.6 million. Total debt service over a 20-year term would be \$192.6 million, including \$72.6 million in interest payments.

According to the Executive Office of Housing (EOH), this bond initiative build upon efforts supported by the 2024 housing bond and will "fill gaps in the system and create opportunities for a broader array of housing development" as informed by the EOH, partners and stakeholders. EOH explains that setting aside \$25.0 million for the development of housing designated for home ownership is part of a strategy to prevent rental and homeownership projects from competing.

In 2024 voters approved a \$120.0 million housing bond. The bond was more prescriptive than the one currently proposed, with the following categories and budgets outlined:

November 2024 Affordable Housing Bond

Affordable Housing	\$90.0
Acquisition and Revitalization	10.0
Homeownership	10.0
Site Acquisition	5.0
Housing Related Infrastructure	4.0
Municipal Planning	1.0
Total	\$120.0
<i>\$ in millions</i>	

According to the EOH, \$106.0 million of the 2024 bond has been released through competitive solicitations. This includes:

- \$66.0 million has been incorporated into a joint One Stop development funding application process with RI Housing.
 - EOH indicates that \$176 million in funding was requested by developer applicants under the One Stop process.
- \$8.0 million for housing-related infrastructure was released in an RFP in October 2025.
- \$1.0 million for municipal architecture and engineering was released in an RFP in October 2025.

- \$6.0 million for home repair was awarded to the Providence Revolving Fund to administer. The program was announced in November 2025.
- An RFP to select an administrator for the \$5.0 million Site Acquisition Program was released in October 2025. The EOH is currently in negotiations for a vendor.
- An RFP for the \$10 million affordable homeownership funds was released in February 2026
- EOH released \$10 million for Public Development in February 2026

EOH anticipates that \$100.00 million from the 2024 bond will be awarded by the end of 2026.

State Housing Plans

The EOH is required to develop a singular statewide comprehensive housing plan to assess current and future housing needs, consider barriers to home ownership and affordability, and identify services needed for increased investments toward disproportionately impacted individuals and communities. The EOH contracted with Abt Associates as a consultant for the statewide housing plan, entitled *Housing 2030*. The plan was developed throughout 2025 and was approved by the State Planning Council on December 11, 2025.

The EOH also delivered its first Integrated Housing Report in December of 2023, with support from Abt Associates through the Statewide Housing Plan SFRF project. The FY2025 Budget as Enacted shifted the deadline for the Integrated Housing Report from December 3 annually to April 15. The most recent report was published on April 15, 2025, and integrated recommendations from the *Housing 2030* plan. The FY2025 Budget as Enacted also added the following requirements to the report:

- Requires every three years, beginning in 2026, and contingent upon funding, an assessment of the suitability of existing housing stock in meeting accessibility need of residents;
- Requires every three years, beginning in 2026, a projection of the number of units required to meet estimated population growth based on household formation rates;
- Requires data on the disparities in mortgage loan financing by race and ethnicity;
- Requires the annual median gross rent for each of the previous five years by municipality; and,
- Requires the annual growth in median owner-occupied home values for each of the previous five years by municipality.

CENTRAL MANAGEMENT

Central Management	General Revenue
FY2026 Enacted	\$6,464,465
Target and Other Adjustments	130,960
Emergency Shelter Operations	1,748,192
Low-Income Housing Tax Credit Program	Informational
FY2027 Governor	\$8,343,617
Central Management	Other Funds
Non-ARPA SFRF Federal Grants (federal funds)	\$3,704,694
ARPA SFRF Housing and Homelessness Initiatives (federal funds)	Informational
Housing Resources and Homelessness Fund (restricted receipts)	Informational
Housing Production Fund (restricted receipts)	Informational

Emergency Shelter Operations **\$1.7 million**

The Governor includes \$1.7 million in general revenue in FY2027 to support the Office’s increased operational costs accompanying the recently acquired homelessness and affordable housing properties. The

state owns three housing/homelessness related properties: 100 Randall Street (Charlesgate), 1 Victor Street, and 662 Hartford Avenue, all in Providence. According to EOH, these properties have ongoing (and increasing) gas, electricity, and other property management costs that require sustained funding.

Low Income Housing Tax Credit Program

Informational

The General Assembly first authorized the state's Low-Income Housing Tax Credit program in 2023. The program allows the Secretary of Housing to grant up to \$30.0 million in tax credits annually for five years to promote development of affordable, low-income housing. The General Assembly also established a Low-Income Housing Tax Credit (LIHTC) restricted receipt fund within the Department for the purpose of paying for the redemption of credits or reimbursing the state for credits applied to tax liabilities. In FY2024, an initial investment of \$28.0 million in general revenue was made in this restricted receipt account. A \$4.0 million appropriation in FY2025 brought cumulative fund deposits to \$32.0 million. According to the EOH, seven projects have been awarded credits to date across the same number of municipalities. The projects support the development of 600 new affordable units and the preservation of another 30.

Non-ARPA SFRF Federal Grants (federal funds)

\$3.7 million

The Budget includes a net \$3.7 million increase in non-ARPA SFRF federal grant programs in FY20267.

	FY2026	FY2026		FY2027	
Non-ARPA SFRF Federal Grants	Enacted	Supplemental	Change	Governor	Change
CDBG Program	\$10.0	\$13.4	\$3.4	\$9.9	(\$0.1)
Shelter Funding	2.7	3.4	0.7	2.6	(0.1)
Housing Opportunities for Persons with AIDS	0.4	0.6	0.3	0.4	-
Recovery Housing Program	2.0	3.2	1.2	5.4	3.4
Affordable Housing	0.5	1.0	0.5	1.0	0.5
Total	\$15.6	\$21.7	\$6.1	\$19.3	\$3.7

\$ in millions

- **CDBG Program:** The Budget includes a \$97,368 decrease in Community Development Block Grant (CDBG) Funds for FY2027. Grant fund expenditures for CDBG projects are calculated at different times and it can take several years to complete the drawdown of funds. The FY2026 Budget included increases in Project Year 2021 and Project Year 2022 grants to reflect updated project funding needs and balance estimates. The FY2027 Budget includes no additional funding from the FY2015, FY2016, and FY2019 and a decrease in CDBG administration funding.
- **Shelter Funding:** The Budget includes \$2.6 million in standard federal shelter and homelessness funding in FY2027, a \$130,977 decrease as compared to the FY2026 enacted level. This funding is received from the U.S. Housing and Urban Development (HUD) Emergency Shelter Grant (ESG) program. Additional funds from CDBG and SFRF are also used for shelter funding.
- **Housing Opportunities for Persons with AIDS:** The Budget includes \$350,000 in federal Housing Opportunities for Persons with AIDS (HOPWA) funding in FY2027, equal to the FY2026 enacted level. The program funds supportive services and housing for low-income people living with HIV/AIDS.
- **Recovery Housing Program:** The Budget includes \$5.4 million in FY2027 for the Recovery Housing Program (RHP), a \$3.4 million increase as compared to FY2026. The increase represents an amended distribution plan including carryforward funding of previously unspent funds. This HUD initiative supports stable, transitional housing for individuals in recovery from a substance use disorder. RHP eligible activities include public facility improvements; site acquisition; lease, rent, and utilities payments; rehabilitation and construction of housing; clearance and demolition; and relocation.
- **Affordable Housing:** The Budget includes \$1.0 million in FY2027 for a new federal Department of Housing and Urban Development grant, \$500,000 more than the enacted level. The multi-year grant

totals \$3.8 million and is provided to identify and remove barriers to affordable housing production and preservation.

ARPA SFRF Housing and Homelessness Initiatives (federal funds)

Informational

The Governor recommends the reappropriation of \$95.3 million in federal American Rescue Plan Act (ARPA) State Fiscal Recovery Funds (SFRF) in FY2026 within the Executive Office of Housing. Between FY2022 and FY2024 the General Assembly authorized the creation of 16 housing and homelessness programs and appropriated \$332.2 million in SFRF funds to support them. The General Assembly was compelled to appropriate all of the State's ARPA allocations in FY2024 to meet U.S. Treasury obligation and spending deadlines. Because many of the housing and homelessness programs take several years to complete, the General Assembly required that any unspent ARPA funds at the end of any given fiscal year be reappropriated for the same purposes. The status of these various projects may be found at the state's Pandemic Recovery Office's reporting page here: [SFRF Quarterly Reports](#). The following table summarizes the reappropriations.

ARPA SFRF Initiative	FY2022 Actual*	FY2023 Actual*	FY2024 Actual	FY2025 Actual	FY2026 Enacted	FY2026 Revised	Total Appropriation
Development of Affordable Housing	\$14.7	\$0.0	\$25.2	\$20.1	\$0.0	\$40.0	\$100.0
Homelessness Infrastructure	-	3.7	23.7	13.4	-	4.2	45.0
Targeted Housing Development	-	-	-	8.0	-	18.0	26.0
Down Payment Assistance	-	10.0	20.0	-	-	-	30.0
Site Acquisition	6.0	9.0	10.0	-	-	0.0	25.0
Home Repair and Community Revitalization	-	-	7.0	7.8	-	9.7	24.5
Homelessness Assistance Programs	-	5.6	10.1	14.1	-	9.0	38.8
Workforce and Middle-Income Housing	-	-	3.7	8.0	-	8.3	20.0
Affordable Housing Predevelopment Program	-	2.5	7.5	-	-	-	10.0
Housing Related Infrastructure	-	-	-	1.1	-	1.9	3.0
Municipal Homelessness Support	-	-	0.3	1.2	-	0.7	2.2
Municipal Planning	-	-	-	0.3	-	1.7	2.3
Statewide Housing Plan	-	-	0.0	0.9	-	1.0	2.0
Predevelopment and Capacity Building	0.1	0.5	0.6	0.2	-	0.0	1.5
Proactive Housing Development	-	-	-	0.7	-	0.7	1.4
Preservation of Affordable Housing Units	-	-	-	0.5	-	-	0.5
Total	\$20.8	\$31.3	\$108.2	\$76.2	-	\$95.3	\$332.2

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

* FY2022 and FY2023 levels reflect the amount included for the Office of Housing and Community Development

Housing Resources and Homelessness Fund (restricted receipts)

Informational

The Governor includes \$19.7 million in Housing Resources and Homelessness Fund restricted receipt expenditures in both FY2026, and FY2027. In 2024, the General Assembly renamed the "Housing Resources Commission" account the "Housing Resources and Homelessness Fund" and transferred oversight of the account to the Department of Housing in consultation with the Housing Resources Commission. The Housing Resources Commission (HRC) was established under Rhode Island General Law 42-128, the RI Housing Resources Act of 1998. The HRC is comprised of 28 members who meet monthly, representing a variety of stakeholders and intended to serve as the State's planning, policy, standards, and program agency for housing issues. The majority of the HRC funding is allocated through the Consolidated Homeless Fund (CHF) which supports homeless shelter operations, outreach, rapid re-housing rental assistance, and other system supports. Additional resources are directed towards the centralized wait list for subsidized properties, lead hazard mitigation, and predevelopment and capacity building.

The FY2026 Budget as Enacted added two dedicated revenue streams for the Housing Resources and Homelessness Fund. The state's 5.0 percent rental tax was extended to include whole-home short-term rentals, with 50.0 percent of the revenue directed to the fund (the remaining 50.0 percent is split evenly between municipalities and tourism districts). The FY2026 Budget as Enacted also increased the real-estate conveyance tax and dedicated the revenue collected on sale value over \$800,000 to the fund.

Housing Production Fund (restricted receipts)**Informational**

The FY2022 Budget as Enacted established a new fund to finance housing programs in the State. The Housing Production Fund (HPF) is a restricted receipt fund that provides “financial assistance by loan, grant, or otherwise for the planning, production, or preservation of affordable housing in Rhode Island for households earning not more than 80.0 percent of area median income”. The fund may also be used to support technical and financial assistance for municipalities to support increased local housing production. It is administered by RIHousing. The authorizing legislation directs RIHousing to prioritize households either experiencing homelessness or earning not more than 30.0 percent of area median income.

The FY2022 Budget also provided a dedicated revenue stream for the fund. Article 14 increased the State’s real estate conveyance tax on the portion of real estate value over \$800,000, with the marginal new revenue to be deposited into the HPF and used to support increased affordable housing opportunities in the State. The 2021 General Assembly Budget also provided \$25.0 million in one-time general revenue to capitalize the HPF. The FY2026 Budget added a new dedicated revenue stream for the HPF resulting from increasing both the first- and second-tier real-estate conveyance tax to 0.75 percent.

The following table shows expenditures and revenues for the Housing Production Fund.

	FY2022	FY2023	FY2024	FY2025	FY2026*
Beginning Balance	\$25.0	\$26.4	\$16.0	\$16.9	\$18.8
RECT Receipts	1.4	3.6	3.9	4.8	4.5
Obligations/Expenditures	-	(14.0)	(3.0)	(3.0)	(14.1)
Ending Balance	\$26.4	\$16.0	\$16.9	\$18.8	\$9.2

\$ in millions

* FY2026 RECT receipts is an Senate Fiscal Office estimate.

According to RIHousing, \$35.2 million in HPF funds has been obligated and \$8.2 million has been spent. The status of these funds is summarized below.

Category	Committed	Expended	Status
Housing Production	\$22,473,833	\$5,572,385	Financed the development or preservation of 13 developments/714 units, of which 612 are deed restricted
Extremely Low Income	\$9,375,000	\$0	Provided funding for operating support of 127 units in 15 developments serving households earning no more than 30% AMI.
Technical Assistance	\$3,342,875	\$2,610,257	Funded 38 projects in 32 municipalities, with 23 completed and the rest still in progress. Funded projects involve updating zoning ordinances to comply with land use laws, update of housing elements in comprehensive plans, and infrastructure assessments.
Total	\$35,191,708	\$8,182,642	

Executive Office of Health and Human Services

Expenditures by Program	FY2024 Final	FY2025 Enacted	FY2025 Actual	FY2026 Enacted	FY2026 Governor	Change from Enacted		FY2027 Governor	Change from Enacted	
Central Management	\$249.8	\$316.4	\$226.7	\$249.1	\$277.0	\$27.9	11.2%	\$357.2	\$108.1	43.4%
Medical Assistance	3,359.9	3,701.3	3,645.3	3,977.3	3,948.3	(29.1)	-0.7%	4,051.7	74.4	1.9%
Total	\$3,609.7	\$4,017.8	\$3,872.0	\$4,226.4	\$4,225.3	(\$1.2)	0.0%	\$4,409.0	\$182.5	4.3%
Expenditures by Source										
General Revenue	\$1,265.7	\$1,416.4	\$1,380.0	\$1,490.4	\$1,477.2	(\$13.2)	-0.9%	\$1,549.5	\$59.1	4.0%
Federal Funds	2,299.9	2,543.9	2,454.2	2,709.5	2,702.9	(6.6)	-0.2%	2,844.8	135.3	5.0%
Restricted Receipts	44.1	57.5	37.8	26.5	45.1	18.7	70.5%	14.6	(11.9)	-44.8%
Total	\$3,609.7	\$4,017.8	\$3,872.0	\$4,226.4	\$4,225.3	(\$1.2)	0.0%	\$4,409.0	\$182.5	4.3%
Authorized FTE Levels	218.0	233.0	233.0	243.0	243.0	-	-	252.0	9.0	3.7%
<i>\$ in millions. Totals may vary due to rounding.</i>										

The Executive Office of Health and Human Services (EOHHS) is the umbrella agency which oversees the Departments of Health (DOH); Human Services (DHS); Children, Youth and Families (DCYF); and Behavioral Healthcare, Developmental Disabilities and Hospitals (BHDDH). EOHHS coordinates the organization, finance, and delivery of publicly-funded health and human services programs and serves as the single State agency for Medicaid. Its mission is to ensure access to high quality and cost-effective services which foster the health, safety, and independence of all Rhode Islanders.

MAJOR ISSUES AND TRENDS

The FY2027 Budget contains an increase of \$59.1 million in general revenues due primarily to the projected costs of compliance with HR-1 changes and support the first year, or three quarters based on October start, of a two-year phase-in of the biennial rate adjustments required by the OHIC Rate Review, pursuant to RIGL 42-14.5. The November 2025 Caseload Estimating Conference estimate projected the need for an additional \$17.2 million from general revenues and \$29.7 million from federal funds to support the Medicaid program in FY2027 compared to the FY2026 Enacted level. In anticipation of an increase in uncompensated care due to HR-1, the Budget includes an increase of \$10.0 million in DSH payments to non-government-owned hospitals, including \$4.2 million in general revenue and \$5.8 million in federal funds. In addition, the Budget includes \$995,037 in general revenue to support wage increases for non-employee Personal Care Attendants (PCAs) and \$600,000 in general revenue for a one-time grant to support Planned Parenthood of Southern New England (PPSNE) provide healthcare services.

To partially offset the increased costs, the Governor recommends the annual inflationary increases on rates paid to hospitals, nursing facilities, and FQHCs be reduced to 2.5 percent to match state revenue growth, and the annual inflationary adjustment to Medicaid reimbursements rates for Substance Use Disorder (SUD) residential services be eliminated in FY2027, instead shifting the rate adjustments to the biennial OHIC rate review process. In addition, the Governor recommends eliminating Medicaid coverage for GLP-1 as prescribed only for weight loss.

In FY2026, general revenues decrease by \$13.2 million (\$1.2 million all funds) primarily driven by adjustments for the November Caseload Estimating Conference that resulted in a net general revenue decrease of \$13.7 million (\$40.2 million all funds) due to lower utilization. The increase in restricted receipts is primarily due to updated expenditure projections for the Statewide Opioid Abatement funds and the final expenditures from the Health System Transformation Project (HSTP). The HSTP began in FY2017 as a product of the Governor's Working Group to Reinvent Medicaid, which established a model to reform the State's Medicaid program to shift to value-based payments; coordinate physical, behavioral, and long-term healthcare; rebalance the care delivery system away from high-cost settings; and, promote efficiency, transparency, and flexibility in publicly-funded healthcare.

Rural Health Transformation Program: In December 2025, the Centers for Medicare & Medicaid Services (CMS) announced a \$156.2 million federal Rural Health Transformation Program (RHTP) grant award to Rhode Island for the first of five grant years. Any of the first-year funds not spent by September 30, 2027, Rhode Island must be returned to CMS. Year two begins October 31, 2026, with an expenditure deadline of September 30, 2028. The Department anticipates level funding through the five grant years; however, CMS may adjust the award based on program performance. While the funds from this grant are not currently included in the Governor's budget recommendation, a budget amendment is expected that will clarify the distribution of the funds and the policy initiatives the State has to implement to keep the full award.

Pay for Success and Ladders to Licensure: Article 10 makes changes to the State's Pay for Success (PFS) supportive housing program, including extending the pilot and expanding the organizations with whom EOHHS can collaborate in providing annual progress reports; however, no new state funds are provided. The article also loosens restrictions on the use of funds for the Ladders to Licensure program by decreasing the number of grant partnerships required from three to four to at least two and eliminating the need for the grantees to be private sector organizations.

Advancing All-Payer Health Equity Approaches and Development (AHEAD): The Budget includes federal funding of \$1.4 million in FY2027 and \$581,260 in FY2026 toward the implementation of the federal Advancing All-Payer Health Equity Approaches and Development (AHEAD) model, a decrease of \$626,361 and \$1.4 million respectively from the enacted level, effectively shifting unused funding forward. Article 8 of the FY2027 Budget recommendation requires the Secretary of Health and Human Services to carry out pre- planning and readiness activities and implement the AHEAD Model Grant program, in coordination with the Health Insurance Commissioner, and report to the General Assembly on the program's activities by October 31, 2026, and annually thereafter.

Corrective Action Plan: Due to a projected deficit in the Central Management program of \$1.3 million in general revenue (\$32.7 million in all funds) in the FY2026 First Quarter Report, EOHHS was placed under a corrective action plan (CAP). The Governor's FY2026 Revised recommendation increased general revenue funding for Central Management by \$486,523 to \$64.5 million.

According to the Department, the projected deficit was due to an increase in costs for Medicaid Management Information system (MMIS) and the implementation of new primary care assessment. Based on the March 17, 2026, Corrective Action Plan update, the deficit increased to \$2.2 million due to costs associated with the application for the federal Rural Health Transformation Program grant; however, the shortfall has been resolved through the Governor's FY2026 revised budget recommendation. The deficit has been addressed primarily by reducing expenses for the Medicaid Enterprise System (MES) and unobligated contract funds for the Ladders to Licensure and Health Planning Oversight programs.

EOHHS Corrective Action Plan for Central Management Program
General Revenue only

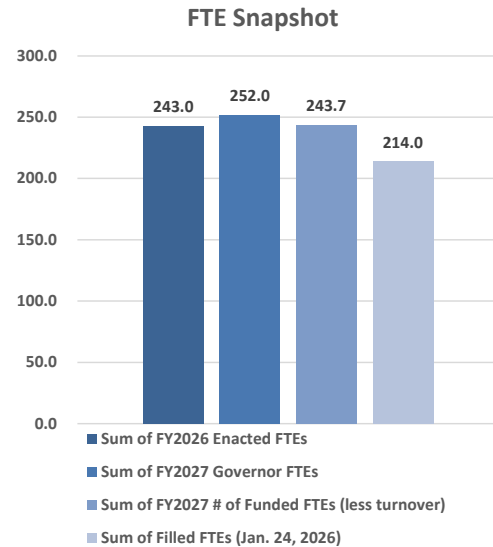
Projected Deficit Expenses	Amount
MMIS Gainwell Contract	\$1,668,302
Primary Care Assessment Administration	193,667
Rural Health Transformation grant application support	290,000
Total	\$2,151,969
Savings Initiative Items	
MES Delays	(860,000)
Thundermist Residency Program	(500,000)
Centralized Services under budget	(275,000)
Primary Care Assessment Administration (Article 8)	(193,667)
Ladders to Licensure pause on new education commitments	(144,000)
RI Bridges undispensed	(108,865)
Health System Planning - shift of contract to Medicaid match	(75,000)
Balance	(4,563)

Source: EOHHS

The Budget authorizes 252.0 FTE positions for EOHHS in FY2027, an increase of 9.0 FTEs relative to the FY2026 Enacted level. The increase includes 8.0 FTE positions to implement and comply with new HR-1 requirements and 1.0 FTE Olmstead position transferred from the Department of Health to EOHHS. In FY2026 243.0 FTE positions are provided, consistent with enacted level.

CENTRAL MANAGEMENT

EOHHS' Central Management Division is responsible for consolidating and coordinating major programmatic and administrative functions of the four health and human services agencies, including budget, finance, and legal services.



Central Management	General Revenue
FY2026 Enacted	\$64,008,128
<i>Target and Other Adjustments</i>	<i>2,556,750</i>
HR-1 Compliance (8.0 new FTE positions)	15,086,975
Medicaid Enterprise System (MES) Transformation Project	5,504,444
eLTSS Case Management IT	1,609,604
Medicaid Management Information System (MMIS)	1,597,048
RIBridges Strategic Planning	1,406,285
Personal Care Attendants	998,037
RIBridges Contractual Inflation	727,688
Planned Parenthood State Grant	600,000
Thundermist Family Medicine Residency Program	(500,000)
RI Ecosystem and HealthFacts RI	321,262
Primary Care Assessment	290,500
Home and Community Based Services (HCBS) LTSS Compliance	260,945
OHIC Rate Review	150,000
CCBHC MRSS Staff	143,705
Inflation Adjustment - Actuarial and Financial Analytics Contract	106,000
DCYF Court Monitor	75,000
Olmstead FTE Transfer from RIDOH to EOHHS (1.0 new FTE position)	informational
FY2027 Governor	\$94,942,371

Central Management	Other Fund Changes
Advancing All-Payer Health Equity Approaches and Development (AHEAD)(federal funds)	(\$626,361)
Opioid Accounts (restricted receipts)	(7,152,500)
Pay for Success (restricted receipts)	(1,506,525)

HR-1 Compliance (8.0 new FTE positions) \$15.1 million

The EOHHS budget includes \$15.1 million in general revenue (\$36.1 million in all funds) and 8.0 new FTE positions to support the state's compliance with the provisions of the federal HR-1 bill, including the following:

- **HR-1 AI & SNAP Quality Control (PER) – RIBridges (\$4.4 million):**The Budget includes \$4.4 million in general revenue (\$11.0 million in all funds) to support technology services for the Office of Program Integrity (OPI) in the Department of Human Services (DHS) and Enhanced Training initiatives to create

real-time dashboards to monitor the payment error rate (PER) for SNAP benefits and adjust staff training. The use of automated intelligence enables targeted training in high-error areas, build out of a unified statewide training program for all DHS programs, and real-time dashboards for staff analysis.

Pursuant to Article 8 of the FY2026 Budget as Enacted, the Secretary of Health and Human Services convened an advisory working group to assist in the review and analysis of the potential impact of federal actions related to Medicaid programs. In October 2025, the Advisory Group published the [Federal Compliance Advisory Group: Federal Policy Changes Report](#) containing findings, recommendations, and options for consideration to comply with HR 1. Additional information is available including [Advisory Group Meetings/Materials](#), the [Report at a Glance](#), and the [Final Meeting Slide Deck](#).

- **RIBridges HR1 System Compliance (\$4.0 million):** The Budget includes \$4.0 million in general revenue and \$6.0 million in federal funds for contracted services and operating supplies to support compliance with HR-1 changes such as the increased mandatory work requirements and increased Medicaid renewal cycles. According to the Department, more than twenty modifications to the RIBridges system software are needed to comply with the federal mandates within HR 1. Failure to comply could result in penalties and reduced federal funding. System modifications are planned over four years from FY2026 through FY2029 with updates being activated quarterly. In FY2026, the Department utilized available resources to meet federal deadlines.
- **HR-1 Managing the HHS Transition - RIBridges (1.0 new FTE position) (\$3.8 million):** The Budget includes \$3.8 million in general revenue and \$6.1 million in federal funds to support modifications to the RIBridges software and 1.0 new Interdepartmental Project manager FTE position to coordinate HR 1 compliance efforts across EOHHS, DHS, and HealthSource RI (HSRI). Total funding includes \$9.5 million in technology services, \$214,677 in operating expenses, and \$183,796 in salary and benefits.
- **HR-1 Medicaid FTE & Contract Support (7.0 FTE positions) (\$1.2 million):** The Governor recommends \$1.2 million in general revenue and \$1.2 million in federal funds to support 7.0 new FTE positions and contracted services support for the state Medicaid program to implement and comply with new the HR-1 requirements. Of the total \$2.3 million funding, \$1.0 million will support salaries and benefits while \$1.3 million will support contract professional services.
- **HR-1 Community Engagement (\$1.0 million):** The Budget includes \$1.0 million in general revenue to facilitate capacity-building for SNAP and Medicaid beneficiaries to meet the volunteering, educational, and/or work requirements required to meet the new community engagement requirements. Effective December 31, 2026, certain adults must work at least 80 hours a month or be enrolled in school at least half time in order to be eligible for Medicaid benefits. EOHHS estimates that approximately 24,600 individuals could lose coverage. HR-1 imposed similar work requirements for SNAP eligibility on March 1, 2026, impacting an estimated 9,000 beneficiaries.
- **HR-1 Work Requirement Platform – Verification Hub (\$797,090):** The Budget includes \$797,090 in general revenue (\$1.9 million in all funds) to implement a platform to track community engagement requirement participation across Medicaid, SNAP, and TANF. A centralized verification hub will have three main functions:
 - Tracking and verifying employment, education, and volunteer hours
 - Identifying and verifying exclusions and exceptions that are not currently determined through existing RIBridges data sources
 - Referring and connecting beneficiaries with employment, education, or volunteer opportunities needed to establish or maintain eligibility.

According to the Department, a verification hub that provides all of these services does not currently exist; however, vendors are working to fill the gaps. It is expected that additional contracts will be needed for automated data verification from other sources for integration into the hub.

Medicaid Enterprise System (MES) Transformation Project

\$5.5 million

To reflect the updated project schedule, the Budget increases implementation expenses for the new Medicaid Enterprise System (MES) by \$5.5 million in general revenue (\$59.5 million in all funds), including \$99,957 in general revenue and \$899,612 in federal funds to support 5.0 FTE positions within the Department's current authorization. The State's existing Medicaid Management Information System (MMIS), originally implemented in 1993, is a rules-based, table-driven, client server system. The MES is a module structure for managing data. The existing MMIS system will run in tandem with the new MES modules until the transition is completed.

To facilitate the transition to the modular Medicaid Enterprise System (MES), the Budget provides funding to support the salaries and benefits for 5.0 FTE positions. While the Department requested 5.0 new FTE positions for this purpose, the Governor does not recommend additional positions. The Center for Medicare and Medicaid Services (CMS) is requiring states to shift to a modular system. According to the Department, CMS will be reviewing the FMAP percentage for states that do not comply and has specifically spoken to the RI Medicaid team about ending the contract for the current MMIS system. The project is expected to continue through FY2031; however, the Department cautions that the timeline is in jeopardy without the new FTE positions potentially exposing the state to a lower FMAP. Currently, only 1.0 FTE position is dedicated to this project.

The positions requested include:

- 1.0 FTE Chief Data Analyst (\$234,100 in salaries and benefits) to function as the OASIS Solutions Architect and execute the MES through the mapping of workflow and touch points between the MES modules and the MMIS to ensure accurate system design by the vendor.
- 1.0 FTE Data Analyst III (\$206,500 in salaries and benefits) to function as the OASIS release Manager to coordinate the progression of software changes.
- 1.0 FTE Administrator for Medical Services (\$197,300 in salaries and benefits) to operate as the Quality Assurance Manager and oversee the quality assurance and testing activities for the system.
- 1.0 FTE Data Analyst II (\$178,000) to manage the loading of data into to the OASIS data warehouse.
- 1.0 FTE Interdepartmental Project Manager (\$183,600 in salaries and benefits) to oversee the project work, testing, and contract management, including processing invoices and contract changes, as well as monitoring Key Performance Indicators (KPIs).
- An additional Interdepartmental Mental Project Manager FTE is requested for FY2028.

The Medicaid Enterprise System (MES), a module structure for managing data, as required by the Center for Medicare and Medicaid Services (CMS). The State's existing Medicaid Management Information System (MMIS), originally implemented in 1993, is a rules-based, table-driven, client server system that supports integrated MMIS functionalities and data management capabilities. In order to come into CMS compliance, the State must adopt a modular system. CMS projects that the modular system will improve functionality and cost-effectiveness by allowing the state to procure technology that fits the state's business and operational needs from multiple vendors. The MES Transformation program includes the procurement, modernization, and modularization of the Medicaid systems and provides 90.0 percent federal funding for design, development, and implementation costs, and 75.0 percent federal funding for maintenance and operation costs.

The cost for the shift to the MES is expected to continue through FY2031 as modules and vendors are procured. Planning for the MES began in FY2023 and modules, including Third-Party Liability (TPL), a

System Integrator (SI), and an Operational Data Store (ODS), are scheduled for implementation in late FY2026 and FY2027. The existing MMIS system will run in tandem with the new MES modules until the transition is completed.

Analyst Note: Current projection assumes a 90/10 FMAP; however, as the project moves from Design, Development, and Implementation (DDI) into Maintenance and Operation (M&O) the FMAP will shift to 75/25.

eLTSS Case Management IT

\$1.6 million

The Budget includes an additional \$1.6 million general revenue and \$9.4 million in federal funds (\$11.0 million total) for continued IT system support and management of the long-term services and support IT system (eLTSS). Of the total amount, \$183,599 would support the salary and benefits of the 1.0 Interdepartmental Project Manager FTE, including \$45,901 in general revenue, and \$10.8 million would support professional services. The Governor recommends funding but does not add a new position. This project is part of a multi-year effort to make long-term services and support (LTSS) more person-centered and quality-driven that began in 2022 with home and community-based services (HCBS) eFMAP funding and is projected to reach initial operating capability by the end of FY2026. However, since the HCBS eFMAP funding is depleted, ongoing development and operation of the system requires a shift to general revenue funding.

The eLTSS is a single electronic case management platform that allows for the coordination of benefits for Medicaid members receiving home and community-based services (HCBS) across programs based on the individual member's needs. The system includes a central client record, a comprehensive assessment tool, support for person-centered planning, and capacity for conflict-free case management.

Medicaid Management Information System (MMIS)

\$1.6 million

The Budget includes a \$1.6 million increase in general revenue and \$8.5 million federal funds (\$36.1 million total funding in FY2027) to support the Medicaid Management Information System. In FY2026, the Budget includes an increase \$1.7 million in general revenue and \$8.4 million in federal funds (\$35.7 million in total funding) to account for a shortfall not included in the FY2026 Budget request. Instead of a two-year contract, the Center for Medicare and Medicaid Services (CMS) would only approve a one-year contract with the possibility of two one-year extensions. This change required a six-month extension while the new contract was negotiated. The request did not include the cost of a new one-year contract with Gainwell to provide services beyond September 2025. The new contract took effect on October 1, 2025.

The State's existing MMIS was originally implemented in 1993. This MMIS is a rules-based, table-driven, client server system that supports integrated MMIS functionalities and data management capabilities. Over the years, the State's MMIS has continued to be adapted to meet the needs of the State, but in order to come into compliance Centers for Medicare and Medicaid Services (CMS), the State must adopt a modular system; however, the existing MMIS system will run in tandem with the new MES modules until the transition is completed. The Department estimates the need for at least two more years of contract services.

RIBridges Strategic Planning

\$1.4 million

The Budget shifts \$1.4 million in general revenue and \$2.2 million in federal funds from FY2026 into FY2027, resulting in a net zero impact across FY2026 and FY2027. The Budget had originally assumed level spending over two years, but the updated schedule places most of the spending projections in FY2027. The strategic planning vendor will aid in prioritizing efforts to modernize the eligibility system through modularized components.

Personal Care Attendants

\$995,037

The Budget includes \$995,037 in general revenue to support wage increases for non-employee Personal Care Attendants (PCAs). Under the Home and Community Based Services (HCBS) Personal Choice program, a Medicaid member, who is eligible for LTSS HCBS, may choose to self-direct their services with support from a Conflict Free Case Management (CFCM) agency and a Fiscal Intermediary agency.

An assessment of the Medicaid member’s needs to support daily living at home is used to determine the member’s budget. The member can then hire a PCA at an hourly rate within the range established by the Secretary of Health and Human Services. The member hires, trains, manages, and determines the hours and wages for the PCA. The Fiscal Intermediary is responsible for managing payroll, issuing the paychecks, and monitoring spending to stay within the assigned budget.

Prior to January 1, 2026, the salary range approved by the Secretary was \$15 to \$21 per hour; however, pursuant to RIGL 28-12-3, Rhode Island's standard minimum wage is \$16.00 per hour effective January 1, 2026, shifting the approved range to \$16 to \$21 per hour. The state minimum wage is set to increase to \$17.00 per hour effective July 1, 2027.

In May 2025, 2,000 PCAs voted to unionize in an effort to increase wages and benefits. Through ongoing talks with the State, SEIU1199 continues to negotiate benefits such as expanding training and professional development, increasing reimbursement rates, and establishing a grievance process.

Analyst Note: These funds were put in Central Management as a placeholder; however, since the wages are generally paid through Medicaid a Governor’s budget amendment is expected to move the funds.

RI Bridges Contractual Inflation **\$727,688**

The Budget includes \$727,688 in general revenue and \$1.1 million in federal funds (\$1.9 million total) to support hourly rate increases provided in the Deloitte contract signed in 2021 while maintaining current services. In FY2027, the total UHIP contract costs within the Department total \$111.4 million, including \$38.7 million in general revenue. Statewide costs, including the Department of Human Services and the HealthSourceRI, total \$130.8 million, including \$42.0 million in general revenue. RI Bridges is the benefit eligibility determination system that integrates more than 15 health and human services, such as Medicaid, Supplemental Nutrition Assistance Program (SNAP), and Temporary Assistance for Needy Families (TANF).

Contractual Price per Hour		
Fiscal Year	Hourly Rate	Percent Change
FY2024 ¹	\$105	0.0%
FY2025	115	9.5%
FY2026	115	0.0%
FY2027	134	16.5%
FY2028	138	3.0%

¹ Hourly rate from 7/1/2021 to 6/30/2024.
Source: EOHHS FY2027 Budget Request

Planned Parenthood State Grant **\$600,000**

The Budget includes \$600,000 in general revenue for a one-time grant to support Planned Parenthood of Southern New England (PPSNE) to provide healthcare services. PPSNE provides reproductive healthcare services at 15 health centers across Connecticut and Rhode Island.

Thundermist Family Medicine Residency Program **(\$500,000)**

In support of primary care in Rhode Island, the FY2026 Budget as Enacted included \$500,000 in general revenue as the state share to support the Thundermist Health Center’s Family Medicine Residency Program. The program was intended to support 12 residents, 4 residents per year for 3 years, who would provide primary care to patients. These funds, however, were only available if the residency program received funding in the federal budget for FFY2026. Since federal funding was not provided the Governor recommends other funds to support this program in FY2027. According to the Department, a portion of the federal Rural Health Transformation Project (RHTP) grant will be used to establish a Rural Family Medicine Residency program with Block Island Health Services, the only rural health clinic in RI, serving as one of the rural clinical education sites.

RI Ecosystem and HealthFacts RI **\$321,262**

The Budget provides an additional \$321,262 in general revenue to support contract services for the RI Data Ecosystem, a partially integrated data system that cleanses, connects, and de-identifies diverse data systems to allow for the tracking of individuals across different data sets. The system development has been largely funded from federal funds; however, there is a reduction of federal funds in FY2027 of \$1.4 million and in

FY2026 of \$1.6 million in federal funds to reflect the reduction in the federal match from 90/10 to 75/25 as the project moves from design, development, and implementation (DD&I) to maintenance and operation (M&O).

Primary Care Health Services Assessment

\$290,500

The Budget includes \$290,500 for FY2027 and \$193,667 for FY2026 in general revenue funded professional services to support the collection of the primary care assessment included in Article 10 of the FY2026 Budget as Enacted. If the cost were to be provided from the assessment fund, an amendment would be required for RIGL 42-7.4-3. The estimate reflects a service charge of 1.0 percent of the \$30.0 million in total program costs. Generally, the fee would represent 3.0 to 5.0 percent of program costs; however, the Department was able to negotiate with the vendor for the reduced fee currently used for the child and adult immunization program assessments. The estimate also includes \$70,000 for the technology fee, a 30.0 percent reduction, and \$12,000 for the annual audit fee.

The levy is similar to the child and adult immunization program assessments and is projected to be about \$4.00 per month per covered life beginning January 1, 2026. The assessment is estimated to generate \$30.0 million annually to support primary care and other critical healthcare programs; however, due to the effective date, \$15.0 million is estimated for FY2026 and \$30.0 million in FY2027.

Analyst Note: According to the Department, based on CMS guidance around the new hold harmless threshold under HR-1, it is Medicaid's opinion that the primary care assessment is impermissible as of October 1, 2026; however, the final policy will depend on a review of the State's taxes and the final rule changes pursuant to HR-1. Since the Governor's FY2027 Budget assumes \$30.0 million in revenue from the health services assessment, if it stands, this ruling results in a revenue shortfall of \$22.5 million (3/4 fiscal year).

Home and Community Based Services (HCBS) LTSS Compliance

\$260,945

The Budget provides \$260,945 in general revenue and \$684,175 in federal funds to support the ongoing implementation of Conflict-Free Case Management (CFCM) as required under the Corrective Action Plan with the Center for Medicare and Medicaid Services (CMS). Of the total funding, \$162,576, including \$40,654 in general revenue, supports the salary and benefits of 1.0 Health Program Administrator FTE position and \$782,544, including \$220,300 in general revenue, will provide contract professional services. Although the Department requested a new FTE position, the Governor provides funding but not an additional position. The Health Program Administrator will work with EOHHS staff to certify and monitor assisted living residences and Shared Living providers compliance with the settings rule, update certification standards, and educate providers on state and federal requirements. The contracted services would work to certified CFCM agencies and homecare agencies on training standards and electronic visit verification (EVV) utilization to ensure compliance with state and federal regulations.

OHIC Rate Review

\$150,000

The Budget includes \$15.2 million in general revenue (\$40.0 million in all funds) to support the first year, starting in October 2026, of a two-year phase-in of the biennial rate adjustments required by the OHIC Rate Review pursuant to RIGL 42-14.5. Of the total, \$150,000 in general revenue and \$400,000 in federal funds is budgeted within Central management, including \$25,000 in general revenue (\$50,000 all funds) to provide actuarial support for the implementation of the rate recommendations and \$125,000 in general revenue (\$500,000 all funds) for IT implementation. Of the total, \$15.1 million in general revenue (\$39.4 million in all funds) is addressed in the Medical Assistance section of this analysis.

CCBHC MRSS Staff

\$143,705

The Budget includes \$143,705 in general revenue and \$90,342 in federal funds (\$234,047 total) to support the contracted services of a MRSS Director and CCBHC Program Manager. Of the total funding, \$99,056 in general revenue and \$62,275 in federal funds (\$161,329 total) would support nine months in contract services for the current Mobile Response and Stabilization Services (MRSS) Director after the current SAMHSA System of Care grant supporting the position expires in September 2026.

An additional \$44,694 in general revenue and \$28,069 in federal funds (\$72,718 total) support the contracted services of a Program Manager through Knowledge Services to transition from the use of consulting services to contractor support to manage the Certified Community Behavioral Health Clinic (CCBHC) program. The general revenue will replace the federal SFRF funds used to procure the Program Manager in the fourth quarter of FY2025 that are only available through December 2026.

Inflation Adjustment: Actuarial and Financial Analytics Contract ***\$106,000***

The Budget includes \$106,000 in general revenue (\$212,000 all funds) for two years of inflation at 3.4 percent compounded on the contracted actuarial and financial analytic services provided by Milliman. The adjustment was applied to the contract amount in the FY2026 Budget as Enacted, excluding new projects such as the Pharmacy Initiative.

DCYF Court Monitor ***\$75,000***

To support costs required by the consent decree with the United States Department of Justice pertaining to the hospitalization of children with behavioral health disabilities under DCYF care, the Budget includes an increase of \$75,000 in general revenue, a total of \$250,000 in general revenue, for a court monitor to oversee the State’s compliance.

Olmstead FTE Transfer from DOH to EOHHS (1.0 new FTE position) ***Informational***

The Budget transfers 1.0 FTE Chief of Special Projects position from the Department of Health to EOHHS to align programmatic direction with where the funding is located but does not include any additional funding although the Department requested an additional \$148,065 in general revenue and \$49,355 in federal funds to support the position. Provisory language in Article 1 of the FY2026 Budget as Enacted, specified that \$150,000 of the general revenue appropriation to Central Management is for an Olmstead Plan Coordinator. Olmstead is a 1999 Supreme Court decision that found the segregation of people with disabilities to be discriminatory under the Americans with Disabilities (ADA) requiring people with disabilities to have access to the least restrictive setting.

Advancing All-Payer Health Equity Approaches and Development (AHEAD) (federal funds) ***(\$626,361)***

The Budget includes federal funding of \$1.4 million in FY2027 and \$581,260 in FY2026 toward the implementation of the federal AHEAD model, a decrease of \$626,361 and \$1.4 million respectively from the enacted level and effectively shifting unused forward. Article 8 of the FY2027 Budget recommendation requires the Secretary of Health and Human Services to carry out pre- planning and readiness activities, and implement the AHEAD Model Grant program, in coordination with the Health Insurance Commissioner, with a report to the General Assembly on the program’s activities by October 31, 2026, and annually thereafter. The reports are to outline activities and funding from the previous year; any legislative authority needed for implementation; stakeholder interest and participation; and the long-term value of implementing alternative payment models.

According to EOHHS, the State entered into a cooperative agreement with the Centers for Medicare & Medicaid Services (CMS); however, the terms are currently being revised and remain subject to amendment to account for the current federal administration priorities. EOHHS indicated that the intent of the article is to require a detailed overview of grant activities and necessary General Assembly actions moving forward.

Analyst Note: While it is fiscal staff’s understanding that the article is not intended to obligate future general revenue expenditures, it is unclear whether the language of the article could do so by requiring the Secretary to implement the AHEAD Model grant program.

In October 2024, Rhode Island was chosen to participate in the federal [AHEAD](#) model. In September 2023, the Centers for Medicare & Medicaid Services (CMS) announced this voluntary, total cost of care (TCOC) model intended to curb health care cost growth, improve population health, and promote healthier living. According to CMS, the TCOC model holds participating states “accountable for quality and population health outcomes, while constraining costs of health care services delivered in a state or specified sub-state

region. As applied by the CMS Innovation Center, this process takes places across all health care payers, including Medicare, Medicaid, and private health insurers and plans.”

The first state chosen to participate was Maryland, followed by a second cohort including Connecticut, Hawaii, and Vermont. As part of Cohort 3, Rhode Island began a pre-implementation and readiness period that goes from January 2025 to December 2026. The first of eight performance years will begin in January 2027. Performance years will begin following the completion of the readiness period, subject to final CMS timelines and state approvals.

Through the program, Rhode Island would analyze and plan for potential participation in the following:

- Implementation of state accountability targets, such as TCOC growth, primary care investments, and population health accountability plans;
- Hospital global budgets that provide a pre-determined, fixed annual budget;
- Primary Care AHEAD, which is the primary care component of the model; and
- Cooperative Funding Agreement which provides up to \$2.0 million in annual, federal funding over the first five to six years of phased implementation, contingent on CMS approval and state participation milestones.

While EOHHS is still analyzing the initiative, it is unlikely the federal funding will cover all the costs of implementation or the Medicaid hospital and primary care investments requested by stakeholders and recommended by CMS.

Opioid Accounts (restricted receipts)

(\$7.2 million)

Statewide, the Budget includes \$14.3 million in spending from restricted receipt opioid accounts in FY2027 and \$50.2 million in FY2026. Of the total in FY2027, \$4.6 million is in EOHHS, representing a net decrease of \$7.2 million from the enacted, including the following:

Project	FY2024 Actual	FY2025 Actual	FY2026 Enacted	FY2026 Governor	Change from Enacted	FY2027 Governor	Change from Enacted
Statewide Opioid Abatement Account							
Investment in Community -Based Mental Health - RI Foundation	\$1,125,000	\$874,973	\$1,200,000	\$2,100,028	\$900,028	\$0	(\$1,200,000)
Overdose Prevention Center	867,642	1,332,358	1,250,000	2,900,000	1,650,000	1,000,000	(250,000)
Harm Reduction Technologies	189,858	125,324	550,000	870,926	320,926	-	(550,000)
First Responder/Peer Recovery Specialist Trauma Supports	1,000,000	250,000	250,000	-	(250,000)	-	(250,000)
Housing Capital, Operating, and Services for High-Risk Communities	802,534	1,175,964	1,000,000	4,341,503	3,341,503	200,000	(800,000)
Non-Profit Capacity Building and Technical Assistance - RI Foundation	-	-	-	-	-	-	-
BIPOC Industry Workers and Chronic Pain Treatment and Prevention	160,879	219,402	600,000	1,018,587	418,587	-	(600,000)
Recovery Infrastructure	-	400,000	800,000	1,700,000	900,000	600,000	(200,000)
Family Recovery Supports	450,000	450,000	450,000	450,000	-	400,000	(50,000)
Project Evaluation (contractor)	250,203	365,859	800,000	1,683,938	883,938	350,000	(450,000)
Communications - multilingual media	114,352	160,681	447,500	849,273	401,773	227,500	(220,000)
Emergency Response Set-Aside - Department of Housing	33,100	312,214	1,000,000	2,281,376	1,281,376	700,000	(300,000)
Racial Equity Across All Agencies	-	-	350,000	820,000	470,000	-	(350,000)
Youth Treatment Infrastructure	-	-	500,000	-	(500,000)	-	(500,000)
Post Overdose	-	-	300,000	640,430	340,430	-	(300,000)
Treatment - Stimulant	-	-	325,000	825,000	500,000	-	(325,000)
Program Administration	221,700	422,195	667,500	1,314,632	647,132	600,000	(67,500)
Harm Reduction Infrastructure/Naloxone	-	-	300,000	-	(300,000)	-	(300,000)
Analytical Drug Testing Forensic Toxicology Laboratory	-	-	240,000	240,000	-	-	(240,000)
Workforce Supports	-	-	200,000	-	(200,000)	-	(200,000)
Total	\$5,215,268	\$6,088,969	\$11,230,000	\$22,035,691	\$10,805,691	\$4,077,500	(\$7,152,500)
McKinsey Opioid Settlement Fund							
Harm Reduction Communications Campaign	\$190,145	\$19,945	\$24,000	\$266,731	\$242,731	\$0	(\$24,000)
Total	\$190,145	\$19,945	\$24,000	\$266,731	\$242,731	\$0	(\$24,000)
Opioid Stewardship Fund							
Administration: Director and Accountant Positions	\$347,088	\$312,221	\$474,128	\$438,656	(\$35,472)	\$408,300	(\$65,828)
Support for the Task Force Work Group Community Co-Chairs	39,600	57,725	65,000	97,675	32,675	65,000	-
Total	\$386,688	\$369,946	\$539,128	\$536,331	(\$2,797)	\$473,300	(\$65,828)
Total	\$5,792,101	\$6,478,861	\$11,793,128	\$22,838,753	\$11,045,625	\$4,550,800	(\$7,242,328)

Source: EOHHS

- **Statewide Opioid Abatement Account:** The Budget provides \$4.1 million in Statewide Opioid Abatement, a.k.a. Distributors Settlement, funds in FY2027 and \$22.0 million in FY2026, a decrease of \$7.2 million and an increase of \$10.8 million respectively from the FY2026 Budget as Enacted. The fund supports 2.5 FTE positions with \$551,562 in salaries and benefits. The programming of the Opioid Abatement Account is determined through formal recommendations from the [Opioid Settlement Advisory Committee](#) to the Secretary of EOHHS. The Distributors Settlement requires the establishment of an Advisory Committee to ensure that the State and participating municipalities have equal input into the distribution of the funds for approved purposes across the State. Distributions from the McKinsey Settlement Agreement will continue to be deposited into a separate account.

According to the [Opioid Settlement Funded Project Annual Report](#), dated December 29, 2025, opioid settlement revenue decreased to \$10.0 million in FY2027, down from \$20.0 million in FY2026, and, over the last two fiscal years, annual expenditures have totaled \$11.0 million.

- **McKinsey Opioid Settlement:** The Budget provides \$266,731 in McKinsey Opioid Settlement restricted receipts in FY2026, and no additional allocations are provided in FY2027. In FY2024, FY2025 and FY2026, the communications funds support the evidence-based, Harm Reduction Campaign. In FY2023, the funding for the communications campaign was used for an interagency evidence-based communications campaign on polysubstance use, fentanyl risk, and harm reduction, and \$60,000 was used for the West Elmwood Health Equity Zone.

In February 2021, the Attorney General's office reached a settlement with McKinsey and Company, consultant to several opioid manufacturers including Purdue Pharma. Rhode Island has received \$2.6 million as part of the settlement for McKinsey's role in the opioid epidemic. The funds must be used to address the impact of the opioid epidemic in the State through treatment, rescue, recovery, and prevention programs.

- **Opioid Stewardship Fund:** The Budget provides \$473,300 in restricted receipts from the Opioid Stewardship Fund within EOHHS in FY2027 and \$536,331 in FY2026, a decrease of \$65,828 and \$2,797 respectively relative to the enacted level. The funds support 1.5 FTE positions, including one half of the Director of Overdose, Prevention, and Response and a Supervising Accountant.

The FY2020 Budget as Enacted established an annual restricted, \$5.0 million Opioid Stewardship Fund requiring all licensed manufacturers, distributors, and wholesalers to contribute towards the fund through a registration fee. The registration fee is intended to encourage the monitoring of prescription opioids produced and distributed in Rhode Island and to provide accountability for the role that pharmaceuticals have had in the opioid crisis. Licensed manufacturers, distributors, and wholesalers are required to report the details of all opioids sold or distributed in the State to calculate their liability. Registration payments are due annually on December 31. The first payment was due by December 31, 2019, based on 2018 data.

The Opioid Stewardship Fund is only to be used for opioid addiction treatment, recovery, prevention, education services, and other related programs. The FY2023 Budget as Enacted transferred the management of the Opioid Stewardship Fund and the assessment of the registration fee to the Executive Office of Health and Human Services (EOHHS) from the Department of Health. According to the Office of Management and Budget, as the health and human services umbrella agency, EOHHS can better lead and coordinate the Opioid Stewardship Fund efforts.

Pay for Success Pilot Program (restricted receipts)

(\$1.5 million)

The Budget eliminates restricted receipt funding for the five-year pay-for-success (PFS) pilot program within EOHHS in FY2027. However, Section 3 of Article 10 extends the State's Pay for Success (PFS) program from five to six years, ending the pilot program in 2027; adds "person-centered" to describe the housing the pilot program provides; and allows the Executive Office of Health and Human Services

(EOHHS) to collaborate with other qualified organizations, in addition to the Rhode Island Coalition to End Homelessness (RICEH), in providing annual reports to the General Assembly. According to EOHHS, the language to allow EOHHS to collaborate with other organizations was intended to be broader than for reporting and to ensure continuity should circumstances with Rhode Island Coalition to End Homelessness RICEH change their ability to participate. In FY2026, the Budget provides a total of \$1.7 million including \$1.6 million assistance and grants and \$83,775 in salaries and benefits.

Analyst Note: While not reflected in the Budget, it appears that the Governor intends to roll any remaining balance into FY2027 to support program expenses. Historically, the annual outcome payments made to the Rhode Island Coalition to End Homelessness have totaled \$1.3 million. According to EOHHS the final payment of \$1.3 million will be transferred to the Coalition by June 2026 and, if the pilot is extended through Article 10, the remaining balance will be requested for FY2027. Based on a final payment of \$1.3 million, the remaining balance would be \$280,493. Presumably the funds would be shifted to salaries and benefits, since the final award was made in FY2026. In FY2023 through FY2025, an average of \$103,478 was used annually to support salaries and benefits.

The FY2022 Budget as Enacted authorized a five-year pay-for-success pilot program within EOHHS to provide supportive housing and additional wraparound services to a cohort of 125 individuals experiencing homelessness. In addition to \$875,000 in federal grant funds, the article limited the State's investment to \$6.0 million in one-time general revenues to capitalize a new restricted receipt account within EOHHS for the program. EOHHS must submit annual progress reports to the General Assembly. The first report was submitted January 31, 2023, although the statute required the report by January 30, 2022.

Pay-for-success models provide a method to fund innovative programs while mitigating financial risk. Instead of paying for services directly as they are provided, the State issues social impact bonds to private investors who, in turn, provide upfront capital to non-profits to provide the services. The State then executes a contract which specifies expected program outcomes and associated evaluation and repayment processes. The State repays investors for the upfront investment plus interest only if the performance metrics are met, i.e. the State only pays for the program if it is successful.

The FY2022 Budget assumed the program would support \$10,000 in housing voucher costs per individual per year, with 60.0 percent paid through existing housing voucher resources and 40.0 percent through pay-for-success dollars. In addition, the program was projected to support an estimated \$8,000 per individual per year in wraparound services, of which 60.0 percent would be paid through pay-for-success and the remainder through existing resources. Therefore, for 125 individuals, pay-for-success would support approximately \$500,000 in housing costs and \$600,000 for wraparound services per year, plus \$315,000 in other costs, including legal support and program evaluation.

While the FY2022 Budget did not assume savings from the program, it was asserted that providing supportive housing will ultimately reduce the State's overall spending, while improving outcomes for individuals in need. The State completed a pay-for-success feasibility study in 2017, funded by a grant from the federal Departments of Housing and Urban Development (HUD) and Justice (DOJ), which concluded that a successful intervention could reduce shelter days by 70.0 percent, criminal justice days by 40.0 percent, and Medicaid costs by 27.0 percent, for estimated savings of \$10,000 to \$20,000 per person.

According to the [Annual Report](#), dated December 23, 2025, EOHHS contracted with Rhode Island Coalition to End Homelessness (RICEH) to execute the program as lead implementation partner and Faulkner Consulting Group is the independent evaluator. In addition, four service providers have been engaged including Crossroads Rhode Island, East Bay Community Action Program, House of Hope Community Development Corporation, and OpenDoors Rhode Island. Due to a lag in implementation, in 2025 the program "almost completed its second full year of program operations"; consequently, 2026 is the third year of operations, not the fourth. As of December 12, 2025, 88 people were enrolled in the PFS program with 44 housed. EOHHS has transferred three-years' worth of payments to RICEH totaling \$4.0 million and RICEH has made eight outcome payments to the lead investor. The five made in 2025 total \$1.2 million. According to the annual report dated January 30, 2024, three previous payments were made

between December 2023 and June 2024 totaling \$392,395 and the lead investor's total funding commitment is \$5.0 million.

MEDICAL ASSISTANCE

The Medical Assistance (Medicaid) program provides medical benefits to low-income, elderly, and disabled individuals. The State pays for a growing portion of Medicaid services through *managed care*, whereby the State contracts with managed care organizations (Neighborhood Health Plan of Rhode Island, Tufts Health Plan, and United Healthcare) and pays a fixed monthly fee, or capitation rate, for each enrolled beneficiary. A smaller portion of Medicaid services continue to be financed through *fee-for-service* arrangements, whereby providers bill the Medicaid program directly based on the specific services utilized.

Medical Assistance	General Revenue
FY2026 Enacted	\$1,426,413,116
<i>Target and Other Adjustments</i>	-
November 2025 Caseload Estimating Conference	17,161,703
OHIC Rate Review	15,082,977
Glucagon-Like Peptide-1 (GPL-1) Coverage Removal	(6,341,061)
Disproportionate Share Hospital (DSH) Payment to Private Hospitals	4,219,000
November 2025 Caseload Estimating Conference (CEC) FMAP Adjustment	2,066,047
Nursing Facilities/Hospice Rate Freeze	(2,063,073)
Federally Qualified Health Centers (FQHCs) Rate Freeze	(1,150,339)
Substance Use Disorder (SUD) Residential Services Rate Freeze	(669,761)
Hospital Rate Increase - Reduction to Statutory Increase	(498,706)
Parent and Caregiver Premium Assistance (PCPA) Program	342,177
FY2027 Governor	\$1,454,562,080

November 2025 Caseload Estimating Conference \$17.2 million

Each November and May, the Caseload Estimating Conference (CEC) estimates expenditures for human services and medical entitlement programs for the current and budget year. These adopted expenditure levels determine the appropriations for the Governor's and Enacted Budgets. Projections are based on enrollment trends as well as inflation-based price adjustments.

May 2025 CEC	FY2026 Enacted		FY2027 November CEC		Change to Enacted	
	GR	AF	GR	AF	GR	AF
Hospitals - Regular	\$130,443,116	\$408,226,193	\$137,870,573	\$418,200,000	\$7,427,457	\$9,973,807
Hospitals - DSH	5,794,894	13,900,000	5,851,900	13,900,000	57,006	0
Nursing and Hospice Care	204,266,507	477,321,981	201,716,000	478,000,000	(2,550,507)	678,019
Home and Community Care	125,703,952	293,779,386	123,013,000	291,500,000	(2,690,952)	(2,279,386)
Managed Care	464,278,305	1,117,462,318	481,567,459	1,165,300,000	17,289,154	47,837,682
Rhody Health Partners	140,718,732	341,201,948	142,952,526	348,900,000	2,233,794	7,698,052
Rhody Health Options	94,258,122	220,353,823	101,920,781	247,800,000	7,662,659	27,446,177
Medicaid Expansion	78,747,971	730,790,208	76,623,513	701,600,000	(2,124,458)	(29,190,208)
Pharmacy	3,669,654	7,800,000	880,597	1,300,000	(2,789,057)	(6,500,000)
Clawback	96,400,000	96,400,000	98,100,000	98,100,000	1,700,000	1,700,000
Other Medical Services	82,131,863	233,812,840	73,078,469	223,300,000	(9,053,394)	(10,512,840)
Total	\$1,426,413,116	\$3,941,048,697	\$1,443,574,819	\$3,987,900,000	\$17,161,703	\$46,851,303

The November 2025 CEC projected a net general revenue increase of \$17.2 million (\$46.9 million all funds) relative to the FY2026 Budget as Enacted. The estimates project total Medicaid spending of \$3,987.9 million in FY2027, including \$1,443.6 million from general revenues. More detailed information is provided in the [November 2025 Caseload Estimating Conference Report](#).

The changes attributed to the Medicaid initiatives, described below, are calculated relative to the caseload estimate, rather than the Enacted Budget.

OHIC Rate Review**\$15.1 million**

The Budget includes \$15.2 million in general revenue (\$40.0 million in all funds) to support the first year, starting in October 2026, of a two-year phase-in of the biennial rate adjustments required by the OHIC Rate Review pursuant to RIGL 42-14.5. Of the total, \$15.1 million in general revenue (\$39.4 million in all funds) will support services to Medicaid beneficiaries, including \$2.6 million in administrative expenses and premium tax payments for benefits received through managed care organizations. The remaining \$150,000 in general revenue and \$400,000 in federal funds is budgeted within Central management, including \$25,000 in general revenue (\$50,000 all funds) to provide actuarial support for the implementation of the rate recommendations and \$125,000 in general revenue (\$500,000 all funds) for IT implementation.

OHIC Rate Review - Governor Recommended

Service Category	General	
	Revenue	Total
Home and Community Based Services	\$8.5	\$20.1
Children's Services	1.1	2.5
Behavioral Health	4.6	14.2
Managed Care Administration and Taxes	0.9	2.6
Total	\$15.1	\$39.4

\$ in millions - Sourced from EOHHS

Glucagon-Like Peptide-1 (GLP-1) Coverage Removal**(\$6.3 million)**

As part of the constrained budget, the Department proposed to eliminate Medicaid coverage for GLP-1 as prescribed only for weight loss for a savings of \$6.9 million in general revenue and \$14.0 million in federal funds (\$20.3 million all funds). The Governor included the proposal. According to EOHHS, Medicaid, GLP-1 drug expenditures under Managed Care for weight loss are projected to increase by 400.0 percent between early FY2024 to the third quarter of FY2025, and between 130.0 percent to 200.0 percent by the end of FY2027. According to a [report](#) by the Kaiser Family Foundation (KFF), as of January 2026, 13 states, including Massachusetts and Rhode Island, provide Medicaid coverage for GLP-1s for obesity treatment; however, three states, including New Hampshire have eliminated coverage since October 2025. Currently, Connecticut, Maine, and Vermont do not provide coverage. In addition, other states are considering eliminating coverage or only providing coverage to beneficiaries with the highest risk of obesity-related complications in FY2026 or FY2027.

Analyst Note: In January 2026, Massachusetts imposed [new restrictions](#) on GLP-1 coverage.

Disproportionate Share Hospital (DSH) Payments to Private Hospitals**\$4.2 million**

In anticipation of an increase in uncompensated care due to HR-1, the Budget includes an increase of \$10.0 million in DSH payments to non-government-owned hospitals, including \$4.2 million in general revenue and \$5.8 million in federal funds. This increase brings total DSH payments to non-government-owned hospitals to \$11.0 million. Payments to government-owned hospitals remain at the FY2026 level of \$12.9 million. Through the narrowing of “qualified alien” categories for Medicaid and CHIP, effective October 1, 2026, and the implementation of Medicaid work and community engagement requirements, effective December 31, 2026, roughly 33,000 individuals are at risk of losing Medicaid coverage.

The Disproportionate Share Hospitals (DSH) payments are required under federal statute and intended to offset uncompensated care costs for hospitals in order to improve access for Medicaid and uninsured patients, as well as improving the financial stability of safety-net hospitals. The Governor recommends the increase as part of the response to the federal House Resolution-1 (HR-1) bill to offset a portion of the increased costs associated with uncompensated care. The DSH program subsidizes hospitals with high uncompensated care costs, which include certain expenses that are not covered by Medicaid or other sources. DSH payments are lump-sum disbursements issued each June and are subject to the applicable

Federal Medical Assistance Percentage (FMAP) at the time of issuance. Funds are distributed in proportion to each hospital’s share of statewide uncompensated care.

Payments to both government-owned and other participating hospitals must be made by June 30, 2027, and are conditioned upon approval by the Secretary of the United States Department of Health and Human Services of all state plan amendments necessary to secure the benefit of federal financial participation for the DSH payments in FFY2026.

November 2025 Caseload Estimating Conference (CEC) FMAP Adjustment **\$2.1 million**

Subsequent to the adoption of the estimates for the November 2025 CEC, it was discovered that the Federal Medical Assistance Percentage (FMAP) that was used to determine the state and federal share of Medicaid expenses was based on the preliminary rate. The Budget shifts \$2.1 million in federal costs to general revenue to reflect the application of the actual FMAP for FY2027.

Nursing Facilities/Hospice Rate Freeze **(\$2.1 million)**

As a cost containment measure, Article 8 reduces the annual inflationary increases on rates paid to nursing facilities to 2.5 percent to match state revenue growth instead of increasing them by the national nursing home inflation index as required by RIGL 40-8-19, saving \$2.1 million in general revenue and \$2.9 million in federal funds relative to the November Caseload Estimating Conference (CEC). The CEC adopted estimates based on inflationary rate increases to nursing facilities of 3.2 percent. Under current law, the rate increase is projected at 5.3 percent for FY2027.

History of Rate Adjustments and State Revenue Growth			
Nursing Facilities		State General Revenue Growth	
Rate		Fiscal Year	Percentage Growth
Date	Increase		
1-Oct-22	4.0%	2023	0.1%
1-Oct-23	6.9%	2024	3.0%
1-Oct-24	14.5%	2025	3.5%
2-Oct-25	5.3%	2026	3.3%
Average	7.7%	Average	2.5%

In addition, Article 8 creates a restricted receipt account, entitled “Nursing Facility Rate Adjustment Wage Pass-through Compliance”, to collect penalties from the wage pass-through penalty provision of the minimum staffing statute and limits appropriations from the account to workforce development and compliance assistance programs. Pursuant to current law, funds not spent in compliance with the minimum staffing statute are subject to clawback and a 25.0 percent penalty of unspent or impermissibly spent funds. Article 10 of the FY2026 Budget as Enacted amended the minimum staffing level compliance and enforcement program, RIGL 23-17.5-33, to require that funds recovered through payment adjustments be allocated to workforce development and compliance assistance; however, the Budget did not create a restricted receipt account to receive the funds for distribution.

Federally Qualified Health Centers (FQHCs) Rate Freeze **(\$1.2 million)**

As a cost containment measure, the Governor reduces the annual inflationary increases on rates paid to FQHCs to 2.5 percent to match state revenue growth, instead of increasing the rates by the FQHC Market Basket less Productivity Adjustment issued by CMS. The rate freeze reduces estimated expenditures by \$1.2 million in general revenue (\$2.2 million in federal funds) relative to the November Caseload Estimating Conference (CEC). The November CEC adopted inflationary rate increases to FQHCs of 3.4 percent. According to the Department, Rhode Island has higher rates than those most recently available in Massachusetts. FQHCs provide an array of services including primary, dental, and behavioral healthcare. The rate increase will apply to primary and behavioral healthcare.

FQHCs	
Fiscal Year	Percentage Growth
2023	2.1%
2024	3.9%
2025	4.7%
2026*	12.7%
Average	5.8%
*Reflects a 3.4 percent increase in the base plus \$10.0 million increase in funding	

Substance Use Disorder (SUD) Residential Services Rate Freeze **(\$669,761)**

As a cost containment measure, the Governor recommends eliminating the annual inflationary adjustment to Medicaid reimbursements rates for Substance Use Disorder (SUD) residential services, instead of increasing the rates by the percentage change in CPI-U for medical care in New England as provided in the Rhode Island Medicaid State Plan. Freezing the rates at the FY2026 levels would realize a savings of

\$669,761 in general revenue and \$914,817 in federal funds (\$1.6 million in all funds). According to the Department the SUD rates are included in the biennial OHIC rate review process. This proposal requires a state plan amendment which, if delayed, could reduce the estimated savings.

According to the Department, prior to FY2025 there was no authority for annual inflationary increases. In FY2025 rates increased but were realigned to the American Society of Addiction Medicine (ASAM) levels transitioning from individual unit claims to a per diem rate. In FY2026 rates increased by 7.6 percent.

Hospital Rate Increase - Reduction to Statutory Increase

(\$498,706)

As a cost containment measure, through Article 8 the Budget reduces the annual inflationary increases on rates paid to hospitals to 2.5 percent to match state revenue growth, saving \$498,706 in general revenue and \$1.1 million in federal funds relative to the November Caseload Estimating Conference (CEC). The November CEC adopted inpatient and outpatient inflationary rate increases to hospitals of 3.3 percent for fee-for-service.

History of Rate Adjustments and State Revenue Growth

Hospitals		State General Revenue Growth	
Date	Rate Increase ¹	Fiscal Year	Percentage Growth
SFY2023	5.0%	2023	0.1%
SFY2024	4.1%	2024	3.0%
SFY2025	3.3%	2025	3.5%
SFY2026	3.4%	2026	3.3%
Average	4.0%	Average	2.5%

¹ for Inpatient and Outpatient services

Parent and Caregiver Premium Assistance (PCPA) Program

\$342,177

To ease the impact of premium increases in the Rhode Island Marketplace due to the expiration of enhanced premium assistance tax credit subsidies, the Governor recommends an increase of \$342,177 in general revenue (\$805,122 in all funds) for the Parent and Caregiver Premium Assistance (PCAP) Program. Pursuant to RIGL 40-8.12-3, the PCPA program provides federally matched premium assistance for adults enrolled in HealthSource RI (HSRI) with Medicaid-eligible dependents and incomes less than 175.0 percent of the federal poverty level (FPL). The Department estimates that, as of April 2025, approximately 2,500 individuals are eligible for the PCPA program with a total cost of \$1.6 million, including \$684,353 in general revenue; however, the Budget assumes an effective date of January 1, 2027. The monthly subsidies ranged from \$39 to \$88 depending on family size and income.

According to the Department, in 2023, the program had an average-monthly enrollment of 70 individuals and dispersed \$2,648 in monthly subsidies for a total of \$31,776 in annual subsidies. The state's 1115 waiver demonstration authorizes up to \$3.5 million in expenditures which would support approximately 7,700 participants and leverage \$2.1 million in federal funds. The Department identifies three key barriers to enrollment and identifies opportunities to increase enrollment:

- Marketing, outreach, and call center training would address limited program awareness for customers and HSRI customer service agents
- System updates to automate enrollment and payment processes would ease the application process
- Updates to program rules and guidance would ensure consistency and remove unnecessary barriers to enrollment

CAPITAL PROJECTS

The Executive Office has no capital projects.

Department of Children, Youth, and Families

Expenditures by Program	2025 Final	FY2026 Enacted	FY2026 Governor	Change from Enacted		FY2027 Governor	Change from Enacted	
Central Management	\$37.0	\$33.2	\$34.5	\$1.4	4.1%	\$34.1	\$1.0	2.9%
Child Welfare	302.9	307.5	300.9	(6.59)	-2.1%	303.7	(3.85)	-1.3%
Children's Behavioral Health Services	21.1	15.9	24.0	8.08	50.7%	17.8	1.91	12.0%
Higher Education Incentive Grants	0.2	0.2	0.2	0.00	-	0.2	0.00	-
Youth Development Services	55.1	37.6	54.7	17.14	45.6%	50.1	12.48	33.2%
Total	\$416.3	\$394.4	\$414.4	\$20.0	5.1%	\$405.9	\$11.5	2.9%

Expenditures by Source	2025 Final	FY2026 Enacted	FY2026 Governor	Change from Enacted		FY2027 Governor	Change from Enacted	
General Revenue	\$261.4	\$262.8	\$262.8	(\$0.0)	0%	\$268.3	\$5.5	2.1%
Federal Funds	124.5	118.6	122.7	4.1	3.4%	113.2	(5.4)	-4.6%
Restricted Receipts	1.5	1.7	1.9	0.1	7.2%	1.7	(0.1)	-4.3%
Other Funds	29.0	11.3	27.1	15.8	1.41	22.8	11.50	1.02
Total	\$416.3	\$394.4	\$414.4	\$20.0	5.1%	\$405.9	\$11.5	2.9%

Authorized FTE Levels	714.5	713.5	719.5	6.0	0.8%	719.5	6.0	0.8%

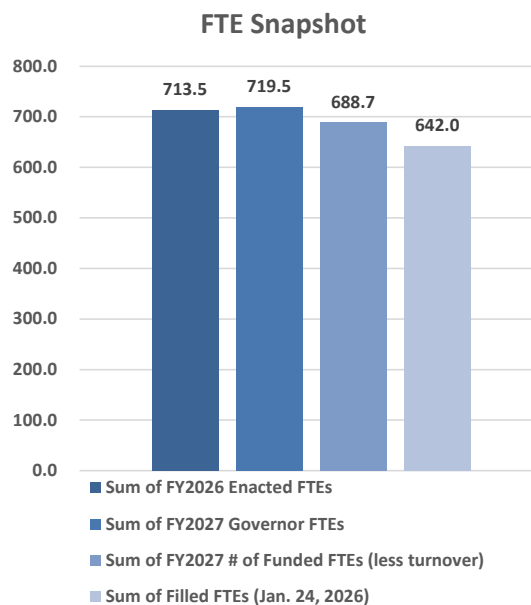
\$ in millions

The Department of Children, Youth, and Families (DCYF) is charged with implementing a statewide network of supports to protect vulnerable children and families. The Department develops, oversees, and evaluates programs which provide opportunities for children to reach their full potential. DCYF has three major operational divisions: Children's Behavioral Health Services; Child Welfare (including child protective services, family services, and permanency supports); and Youth Development Services (formerly Juvenile Correctional Services), which includes the Rhode Island Training School and juvenile probation. The Department supports an average of 3,400 children and their families and indirectly services thousands more through community-based programs.

MAJOR ISSUES AND TRENDS

The Budget includes \$405.9 million in all funds for the Department. This includes \$268.3 million in general revenue, \$113.2 million in federal funds, \$1.7 million in restricted receipts, and \$22.8 million in other funds. General revenue funding increases by \$5.5 million, or 2.1 percent relative to the FY2026 Budget as Enacted. Federal funding decreases by \$5.4 million, or 4.6 percent. Restricted receipt funding decreases by \$74,287, or 4.3 percent.

The Budget authorizes 719.5 FTE positions, an increase of 6.0 FTE positions from Enacted. The FY2027 Budget includes \$4.4 million in general revenue, and \$5.4 million in all funds to implement changes necessary for the consent decree and support 6.0 new FTE positions. These positions include 5.0 social service analysts and 1.0 caseload worker supervisor II and cost \$356,124 in all funds in FY2027. The FY2026 Revised budget also includes these positions, which are estimated to cost \$317,230 in all funds.



As of January 24, the Department had 688.7 FTE positions filled.

Accreditation

In light of ongoing challenges at the Department, the 2019 General Assembly required that DCYF seek accreditation from the national Council on Accreditation (COA) in order to ascertain how its operations compare to national standards and identify areas for improvement. Article 13 of the FY2020 Budget as Enacted amended RIGL 42-72-5.3 to require that the Department initiate the application process by September 1, 2019, with a final accreditation plan due by October 1, 2020, to inform the Governor and the General Assembly regarding necessary organizational changes to obtain and maintain accreditation along with the resources needed to do so.

The Department engaged with the COA in September 2019 and submitted its accreditation plan on October 1, 2020. The plan analyses the Department's alignment with 59 COA standards and establishes a timeline and process to implement policy, practice, programmatic, and operations changes needed to reach accreditation. The analysis is limited to the Department's child welfare and behavioral health standards and does not include benchmarks for the juvenile justice population, which are reviewed separately by the Annie E. Casey Foundation.

The analysis found that many of the Department's practice models, screening tools, risk assessments, and service planning already compete with many COA standards. The report recommended replacing the Department's case management information system, known as RICHIST.

The report also highlighted that staffing is the primary structural barrier to accreditation. Specifically, it identified the Department's need for an additional 34.0 Child Protective Investigators, 7.0 Child Protective Supervisors, 24.0 Social Case Workers, and 5.0 Casework Supervisors to satisfy COA per-worker caseload standards in the Child Protective Services and Family Services units. In addition, the report identified the need for 2.0 FTEs to notify kin of a DCYF placement, 1.0 FTE to monitor assessments of adolescent life skills development, 10.0 FTEs to enhance clinical capacity for behavioral health services, 5.0 FTEs for a permanent unit to manage accreditation and ongoing reform activities, and 3.0 additional staff to support continuous data monitoring and staff training and development functions at DCYF. The additional 91.0 FTE positions and pay incentives would require a sustained investment of approximately \$10.8 million from all funds per year. The report also recommends an additional \$300,000 to boost efforts to recruit resource families and \$291,851 for fixed expenditures to maintain support from the COA, including site visits and application fees.

The report recommends a "Prioritized Practice" approach for the Department, occurring over a four-year period, where the Department completes a self-study and gradually demonstrates alignment with COA standards. The timeline is "contingent upon the approval and appropriation by the Governor and the General Assembly of sufficient and sustained funding necessary for the Department to achieve COA accreditation". Accordingly, the FY2022 Budget as Enacted authorized and funded the 91.0 FTE positions and incidental operating costs identified in the COA report. The Budget also provides a financing mechanism to replace the RICHIST system. These investments provide the necessary support for the Department to continue its progress towards accreditation.

Accreditation Update: On February 14, 2025, the Department received notification that it had received accreditation and the final accreditation report containing the scores from the review team was provided. The accreditation is valid through February 28, 2029. The Department is developing a calendar and monitoring procedure to ensure each division remains on track to maintain key standards and related activities. The Department will submit quarterly and annual reports to COA over the next four years, at which time they will need to be re-accredited. This re-accreditation process will begin in FY2028 and is expected to have a budgetary impact.

RICHIST Replacements

The FY2021 Revised Budget transferred \$17.0 million to the Information Technology Investment Fund (ITIF) to provide upfront capital to fund the 60.0 percent State share of the costs to replace RICHIST, the Department's case management information system, over a three-year period. RICHIST was developed in 1998 and serves as a registry for all confidential case, financial, provider, and staff management information. RICHIST also generates the caseload and financial data which the Department reports to the Governor, General Assembly, and federal government. While Rhode Island was a national leader when RICHIST was first developed, it now relies on antiquated technology that has not adapted well to changes over the last 23 years. The existing system will be maintained as portions of the new system are developed and phased in, with a full transition occurring when all components of the new system are sufficiently tested. The project was initially scheduled to take place from FY2022 to FY2024, but the FY2023 Budget as Enacted included an adjusted schedule stretching the project into FY2025 due to project delays while awaiting federal approvals. The FY2025 Budget stretched the project into FY2026 and added a general revenue line to account for IT personnel expenditures related to the project. The RICHIST project technically appears under the Department of Administration budget.

RICHIST Replacement Update: The FY2027 Budget is the final year of the project, estimated to be \$45.6 million, \$11.3 million below last year's projected costs. The project officially kicked off with the selected vendor in January 2025. Following the competition of the Discovery phase, the project has moved into the Build and Configuration phase as of summer 2025 and is expected to continue in this phase for approximately one year. The project is scheduled to begin the next phase, testing, in January 2027.

Children's Rights Settlement

In January 2018, the State and DCYF settled a long-standing class action lawsuit. The lawsuit, initially filed in 2007, demanded systemic reforms to the State's child welfare system and cited deficiencies throughout DCYF, including excessive caseworker assignments and an inappropriate residential service array. The settlement outlined a number of new screening and reporting requirements to be met by the Department and overseen by the Office of the Child Advocate. The Department continues to monitor these benchmarks and provides monthly reports pursuant to the settlement. The Budget contains \$138,000 in annual general revenue funding within the Child Welfare program for a data validator for this purpose.

Children's Behavioral Health Consent Decree

In December 2024, a Consent Decree was filed following a federal investigation which found that from 2017 to 2022, children with behavioral health disabilities in the care of the State of Rhode Island were unnecessarily segregated in an acute-care psychiatric hospital, a violation of federal civil rights law. The State worked with the U.S. Department of Health and Human Services and the U.S. Attorney's Office to develop the Consent Decree, which formally went into effect on January 7, 2025. The Consent Decree is intended to strengthen community-based services for children with behavioral health disabilities, transition children who have been hospitalized at Bradley Hospital to family settings, and to prevent further avoidable psychiatric hospitalization. There are three intended phases: a planning phase lasting from 2025-2026, an implementation phase from 2026-2028, and a monitoring phase through 2029. A Court Monitor and consultant team were assigned to monitor and support the State's progress.

Status Update: The first action step in the Consent Decree is a Baseline Data Report due 180 days from the effective date. The report was delivered on July 3, 2025, and includes an overview of the focus population including Bradley Hospital admissions, availability of community-based services and therapeutic foster care parents, and number of children with open cases experiencing three or more emergency room visits in a period of twelve months. A third-party consultant report on preliminary observations and recommendations from the Baseline Data Report was due within six months from the completion of the Baseline Data Report. This consultant report was completed and submitted in January 2026. A proposed Implementation Plan is due within 90 days from the submission of the consultant's report. This plan should be published in April 2026 and will receive comments from the Monitor within 14 days.

of receipt. The State will provide quarterly updates to the report beginning after the publication of the final version of Implementation Plan.

The FY2027 Budget includes \$4.4 million in general revenue, and \$5.4 million in all funds to implement changes necessary for the agreement and support 6.0 new FTE positions. These positions include 5.0 social service analysts and 1.0 caseload worker supervisor II and cost \$356,124 in all funds in FY2027. The FY2026 Revised budget also includes these positions, which are estimated to cost \$317,230 in all funds.

Consent Decree	General Revenue	Federal Funds	Total
Child Welfare	\$3,787,385	\$790,431	\$4,577,816
Central Management	657,125	207,514	864,639
Total	\$4,444,510	\$997,945	\$5,442,455

Psychiatric and Intensive Residential Treatment Facilities

The FY2023 Budget included funding for the expansion of a current psychiatric residential treatment facility (PRTF) as well as the construction of a new step-down facility, both of which will help increase state capacity to house female youth with severe behavioral challenges. A current shortage of available, in-state, residential facilities for these youth results in, on average, approximately 25 to 30 female youth being placed out of state at any given time.

Psychiatric Residential Treatment Facility: The FY2023 Budget as Enacted included \$11.0 million in federal American Rescue Plan Act (ARPA) State Fiscal Recovery Funds (SFRF) to expand existing in-state capacity at private facilities. The Department announced a signed agreement for the expansion of services with St. Mary's Home for Children, the only existing licensed PRTF in the State, on February 9, 2023. The expansion was intended to consist of the construction and operation of an additional 12-bed facility on the St. Mary's Campus in North Providence, bringing their total capacity to 26.

PRTF Status Update: The project was officially paused on June 14, 2024, following the issuance of a letter from the Division of Purchases requiring St. Mary's to cease all work and \$644,724 in unexpended funds was returned to the State. All children were transitioned out of St. Mary's, with no children remaining in its facilities as of June 2024, and the facility was closed in August 2024, ending the contract for this project. The FY2026 Governor's proposal shifted unspent funds from the project to the expansion and maintenance of a similar facility at Bradley Hospital, however, this project was ultimately discontinued. As of August 29, 2025, the St. Mary's Board had unanimously accepted a letter of intent from the state and the Division of Capital Asset Management and Maintenance (DCAMM) was conducting a due diligence assessment on the St. Mary's property to determine a potential forward course of action for this project. As of March 2026, the Department has purchased the facility for \$760,000, stating that it meets all requirements for a new residential treatment facility. The Budget includes \$1.0 million in general revenue for maintenance and \$28.0 million in RICAP funds to support renovations. The facility is projected to be completed in 2028 and the Department indicated in follow-up to a Senate Finance hearing that they plan to release an RFP for provider services "approximately one year in advance of the anticipated opening of the facility. This will allow the awarded provider time to have input into the layout and structure of the facility."

Intensive Residential Treatment Facility: The FY2023 Budget included \$15.0 million per year in RICAP funds from FY2024 through FY2026, for a total of \$45.0 million in RICAP funds for the construction of a new 16-bed intensive residential treatment facility. \$1.0 million in SFRF funding was also included for the initial design and construction stage of the project. The IRTF facility began construction in FY2024, with an estimated opening in May 2026, with services starting when the school year begins in the fall of 2026.

IRTF Status Update: Construction on the facility began on August 13, 2024. The SFRF portion of the project is considered completed as of September 18, 2024, and a closeout report was issued on October 1, 2024. The FY2026 Budget decreases total RICAP funding of \$42.2 million. Although the construction of the IRTF is anticipated to be completed in FY2026, the Budget allows unused funds to be utilized for an additional in-state facility.

Assessment and Reduction of Discretionary Spending: The Departments constrained budget request included a \$1.3 million general revenue reduction, resulting in decreased nonessential spending while preserving DCYF's mission effectiveness. The Governor concurs with the constrained request, including the \$1.3 million in general revenue savings. Examples of discretionary expenditures that would be impacted include travel related to conferences and training, discontinue annual DCYF employee event, reduce office supplies, evaluating continuation of contractors, and evaluation of parking garage validation for non-employees. The Department notes that the reduction may impact on employee morale.

There are three Divisions in which this budget item will be realized, Child Welfare, Central Management, and Youth Development Services. The following table illustrates the impact to these three Divisions.

Assessment and Reduction of Discretionary Spending	General Revenue
Child Welfare	(\$825,000)
Central Mangement	(250,000)
Youth Development Services	(200,000)
Total	(\$1,275,000)

Aligning Personnel Expenses to FY2025 Spend: To satisfy the target reduction of \$19.8 million, the Department recommended a \$3.0 million general revenue reduction, (\$4.8 million in all funds), to reduce personnel expenses in FY2027. According to the Department, these reductions will align with FY2025 actuals.

In FY2024, the General Assembly provided \$902,924 in general revenue, fully funding salaries and benefits for positions associated with the accreditation process. The 2022 General Assembly also provided \$10.8 million in general revenue to support 91.0 FTE positions and operating costs that the Department stated was required to achieve accreditation. Since the Department has received and maintained accreditation, a portion of these funds are no longer required and can now be removed from the Department's budget.

In FY2025, the Department spent a total of \$98.5 million on salary and benefits. The Governor recommends \$104.6 million in FY2027 and \$106.7 million in FY2026 Revised. When adjusting FY2025 personnel actuals for the 4.0 percent COLA in FY2026 and 3.0 percent COLA in FY2027, the FY2027 projection is \$744,499 below FY2025 actuals.

According to the Department, this proposal may create barriers in caseload management, despite successfully managing their caseloads. The Governor concurred with their request, including a general revenue decrease of \$3.0 million and a federal funds decrease of \$1.6 million, across four Divisions.

Aligning Personnel Expenses to FY2025 Spend	General Revenue	Federal Funds	Total
Child Welfare	(\$1,455,245)	(\$860,706)	(\$2,315,951)
Central Management	(703,030)	(708,816)	(1,411,846)
Youth Development Services	(701,584)	-	(701,584)
Children's Behavioral Health Services	(150,442)	-	(150,442)
Total	(\$3,010,301)	(\$1,569,522)	(\$4,579,823)

DCYF FTE Correction: The Budget provides a general revenue increase of \$475,406, with a corresponding federal funds increase of \$255,863 to restore 6.0 FTE Social Worker II positions within two Divisions, Central Management and Child Welfare, that the Agency had removed and replaced with Social Service Analysts. The Department had repurposed these positions to accommodate staffing that was required by the consent decree. However, since the Budget recommends 6.0 new FTE positions specifically for the consent decree, these positions are able to revert to Social Worker II.

CENTRAL MANAGEMENT

The Central Management program includes the Office of the Director and Support Services. Central Management functions are primarily administrative and strive to improve policies and maximize operational efficiency. These functions provide coordination and oversight, fiscal management, accountability supports, facility management, legal services, and youth development services.

Central Management	General Revenue
FY2026 Enacted	\$17,937,159
<i>Target and Other Adjustments</i>	<i>134,589</i>
PRTF Property Maintenance	1,000,000
Consent Decree	657,125
Contracted Services	623,480
FTE Correction	277,890
Assessment and Reduction of Discretionary Spending	(250,000)
FY2027 Governor	\$20,380,243

Central Management	Other Fund Changes
RICHIST Replacement (federal funds)	(\$2,649,656)

PRTF Property Maintenance **\$1.0 million**

The Budget includes \$1.0 million in general revenue to support property maintenance of the newly purchased psychiatric residential treatment facility (PRTF) at the former St. Mary's Home for Children. The Department purchased the facility in December of FY2026. As of December 2025, the expected purchase price of the facility is \$760,000, and not to exceed \$1.5 million.

In FY2023, the State had contracted with St. Mary's Home for Children to address the well-documented need for increased psychiatric residential facilities and step-down facilities. However, in 2024, the facility ceased all operations, transferring all outpatient services to Tides Family Services after a 2023 report from the Office of the Child Advocate detailing abuse, neglect, and insufficient psychiatric care at the facility. St. Mary's served as the only psychiatric residential treatment facility in Rhode Island. Since St. Mary's closure, youth requiring psychiatric residential treatment need to be transferred to out of State facilities.

Analyst Note: According to the Department, the facility is equipped with what is required to address Rhode Island's psychiatric residential facility shortages and house children with behavioral needs and developmental disabilities in DCYF custody.

Consent Decree **\$657,125**

The FY2027 Budget includes an additional \$657,125 in general revenue, and \$864,639 in all funds to implement changes necessary for the consent decree and support 6.0 new FTE positions. These positions include 5.0 social service analysts and 1.0 caseload worker supervisor II and cost \$864,639 in all funds in FY2027. This budget initiative is funded through two divisions in the Department, Central Management and Child Welfare. Central Management houses all FTE positions while Child Welfare provides funding for implementation and activities.

Consent Decree	General Revenue	Federal Funds	Total
Child Welfare	\$3,787,385	\$790,431	\$4,577,816
Central Management	657,125	207,514	864,639
Total	\$4,444,510	\$997,945	\$5,442,455

Contracted Services **\$623,480**

The Budget includes an additional \$623,480 in general revenue to support contracts within the Management and Budget and Office of Director subprograms. The contracts, awarded to Faulkner Group, support the

Medicaid independent rate model (IRM). The Department, in conjunction with the Executive Office of Health and Human Services, conducted a Children’s Services Rate Setting project to promote broad access to services, provide high-quality care, and ensure the long-term sustainability of services. The project created better alignment between Medicaid and DCYF by transitioning individually contracted rates for DCYF services to uniform standards by FY2027. These funds help implement the new rates set forth by the rate-setting project.

DCYF FTE Correction **\$277,890**

The Budget provides a general revenue increase of \$277,890, with corresponding federal funds of \$255,863, restoring 2.28 FTE Social Worker II positions to the Division of Child Welfare that the Agency had removed and replaced with Social Service Analysts.

Assessment and Reduction of Discretionary Spending **(\$250,000)**

The Department’s constrained budget request included a \$1.3 million general revenue reduction, resulting in decreased nonessential spending while preserving DCYF’s mission effectiveness. The Governor concurs with the constrained request, including the \$1.3 million in general revenue savings. Examples of discretionary expenditures that would be impacted include travel related to conferences and training, discontinue annual DCYF employee event, reduce office supplies, evaluating continuation of contractors, and evaluation of parking garage validation for non-employees. The Department notes that the reduction may impact on employee morale.

There are three Divisions in which this budget item will be realized, Child Welfare, Central Management, and Youth Development Services. The Central Management division experiences a reduction of \$250,000. The following table illustrates the impact to these three Divisions.

Assessment and Reduction of Discretionary Spending	General Revenue
Child Welfare	(\$825,000)
Central Mangement	(250,000)
Youth Development Services	(200,000)
Total	(\$1,275,000)

RICHIST Replacement (federal funds) **(\$2.6 million)**

The Budget includes \$6.8 million in federal funds to finance the costs to replace RICHIST, the Department’s case management system, a decrease of \$2.6 million from FY2026 Enacted. The Budget also includes \$5.0 million in restricted receipt funds for this purpose within the Department of Administration (DOA) to draw funds from the Large Systems Initiative Fund (LSIF), which is housed in DOA. The upgrade was initially planned to take approximately three years, from FY2022 to FY2024, and \$28.0 million from all funds, with the costs shared 60/40 between the State and federal government. The FY2024 Budget adjusted the funding schedule to stretch the project through FY2026 to reflect project delays as well as an increase in project costs. The FY2025 Budget added a general revenue line to capture IT personnel expenditures related to the project, increasing total project funding across all years and sources to \$56.5 million. In the FY2026 Budget, the project stretched an additional year into FY2027, and the general revenue line item was extended, increasing total project costs to \$56.9 million. The FY2027 Budget recommends a total of \$15.8 million in all funds and adjusts the total projected costs downward to \$45.6 million.

RICHIST Replacement - Revised Schedule	Pre-FY2026	FY2026	FY2027	Total
State Funds - LSIF	\$3.1	\$15.9	\$5.0	\$24.0
General Revenue	-	1.30	1.30	\$2.6
Federal Funds		9.50	9.50	\$19.0
Total	\$3.1	\$26.7	\$15.8	\$45.6

The FY2021 Revised Budget transferred \$17.0 million to the ITIF to provide upfront capital to fund the 60.0 percent State share of the system replacement over the three-year period. The Governor proposed issuing debt, in the form of certificates of participation (COPs), which would have accrued \$2.7 million in interest over ten years; instead, the Budget used one-time general revenues to provide interest-free financing.

RICHIST was developed in 1998 and serves as a registry for all confidential case, financial, providers, and staff management information. RICHIST also generates the caseload and financial data which the Department reports to the Governor, General Assembly, and federal government. While Rhode Island was a national leader when RICHIST was first developed, it now relies on antiquated technology that has not adapted well to changes over the last 23 years. Most significantly, the existing RICHIST system does not enable easy mobility for staff in the field, which inhibits the Department's ability to operate efficiently.

The new system would be a modular system that enables data analytics and reporting, allows easy access to real-time information when making important decisions for children and families, and simplifies the system's mobile interface. The federal government encourages use of modular systems because they are more comprehensive and flexible and enhance the ability to navigate case information and incorporate data analytics into child welfare practice. Modern systems are also more dynamic, allowing child welfare agencies to respond more adeptly to frequent changes in standards and practices. The Budget assumes the use of Custom-Off-the-Shelf (COTS) software package which can be adapted from interfaces being used in other states, as opposed to custom-building a solution from scratch. The existing system will be maintained as portions of the new system are developed and phased in, with a full transition occurring when all components of the new system are sufficiently tested.

CHILDREN'S BEHAVIORAL HEALTH SERVICES

The Children's Behavioral Health Services program designs, implements, and monitors a statewide system of care for children and youth requiring mental health services, including those children who are involved with the Department due to abuse, neglect, or delinquency. The Department seeks to support all children and youth with developmental disabilities or emotional disturbances in the least restrictive settings possible.

Childrens Behavioral Health Services	General Revenue
FY2026 Enacted	\$7,109,636
<i>Target and Other Adjustments</i>	<i>(76,711)</i>
Personnel Adjustments (statewide adjustments)	1,092,671
Children's Mental Health	1,092,116
Align Personnel Expenses with FY 25 Spend	(150,442)
FMAP Adjustment	85,239
FY2027 Governor	\$9,152,509

Childrens Behavioral Health Services	Other Fund Changes
FMAP Adjustment (federal funds)	(85,239)

Children's Mental Health **\$1.1 million**

The Budget includes a \$1.1 million increase in the Children's Mental Health subdivision. These funds are primarily located in the subprograms assistance and grants category and supports community-based

services. According to the Department, the Home and Community Based Services (HCBS) caseload has experienced increased demand. Additionally, the November caseload conferees estimate that HCBS services will increase.

Align Personnel Expenses to FY2025 Spend

(\$150,442)

The Budget includes and general revenue reduction of \$150,442 to satisfy the target reduction of \$19.8 million. This reduction is part of a larger, Department-wide initiative with a \$3.0 million general revenue reduction, (\$4.8 million in all funds), to reduce personnel expenses in FY2027. According to the Department, these reductions will align with FY2025 actuals.

Aligning Personnel Expenses to FY2025 Spend	General Revenue	Federal Funds	Total
Child Welfare	(\$1,455,245)	(\$860,706)	(\$2,315,951)
Central Management	(703,030)	(708,816)	(1,411,846)
Youth Development Services	(701,584)	-	(701,584)
Children's Behavioral Health Services	(150,442)	-	(150,442)
Total	(\$3,010,301)	(\$1,569,522)	(\$4,579,823)

FMAP Adjustment

\$85,239

The Budget includes a general revenue increase of \$85,239 to reflect changes to the blended Federal Medical Assistance Percentage (FMAP) rate of 57.73% with a corresponding \$85,239 reduction to federal funds.

CHILD WELFARE

The Child Welfare division has two major sub-programs:

- **Child Protective Services (CPS):** CPS reviews and responds to reports of child abuse and neglect. CPS staff includes child protective investigators who specialize in the investigation of these reports. If a child is deemed to be at imminent risk of harm, they may be removed from the home and placed in State care for up to 48 hours, pending petitions before the Rhode Island Family Court.
- **Family Services Unit (FSU):** Staff members within Family Services provide ongoing social services and case management to children and families who become involved with DCYF due to abuse, neglect, substance abuse, or behavioral health issues.

The Child Welfare program includes out-of-home placements such as foster and congregate care. Foster care settings include kinship and non-kinship placements as well as private agency homes. Congregate care settings encompass residential treatment facilities, group homes, semi-independent living, and independent living. Child Welfare also includes the Permanency Services Unit, which oversees the administration of the adoption and guardianship subsidy program for children and youth in permanent placements.

Child Welfare	General Revenue
FY2026 Enacted	\$211,849,897
<i>Target and Other Adjustments</i>	<i>3,597,968</i>
Maintain FY26 Rates for all Provider & Parental Rates	(6,387,750)
Consent Decree	3,787,385
Compliance with Overtime Policy	(950,000)
Assessment and Reduction of Discretionary Spending	(825,000)
FY27 FMAP Adjustment	697,219
FCCP Flex Funds - 8.5% Reduction	(600,000)
DCYF FTE Correction	197,516
FY2027 Governor	\$211,367,235

Maintain FY26 Rates for all Providers and Parental Rates**(\$6.4 million)**

The Governor proposes a general revenue reduction of \$6.4 million with a corresponding federal funds decrease of \$2.4 million, resulting in level fund payment to providers, adoption, guardianship, and foster parents with FY2026. This decision maintains the FY2026 current rates, which are reflected in the Governor's Revised Budget. The reduction also reflects the reduction of temporary staffing and redistributions of staff from child welfare to children's behavioral health services.

Consent Decree**\$3.8 million**

The FY2027 Budget includes \$3.8 million in general revenue, and \$4.6 million in all funds to implement changes necessary for the consent decree and support 6.0 new FTE positions. These positions include 5.0 social service analysts and 1.0 caseload worker supervisor II and cost \$864,639 in all funds in FY2027. This budget initiative is funded through two divisions in the Department, Central Management and Child Welfare. Central Management houses all FTE positions while Child Welfare is appropriated funding for implementation and activities.

Consent Decree	General Revenue	Federal Funds	Total
Child Welfare	\$3,787,385	\$790,431	\$4,577,816
Central Management	657,125	207,514	864,639
Total	\$4,444,510	\$997,945	\$5,442,455

Compliance with Overtime Policy**(\$950,000)**

The Department proposed a \$1.1 million reduction for personnel overtime charged to the Council on Accreditation, which can be significantly reduced now that accreditation has been obtained and reflects compliance with the existing overtime policy. The Governor concurs with the request, reducing all funds by \$1.1 million (\$950,000 general revenue) within the Division of Child Welfare.

Assessment and Reduction of Discretionary Spending**(\$825,000)**

The Department's constrained budget request included a \$1.3 million general revenue reduction, resulting in decreased nonessential spending while preserving DCYF's mission effectiveness, of which \$825,000 is in the Child Welfare Division. The Governor concurs with the constrained request, including the \$1.3 million in general revenue savings. Examples of discretionary expenditures that would be impacted include travel related to conferences and training, discontinue annual DCYF employee event, reduce office supplies, evaluating continuation of contractors, and evaluation of parking garage validation for non-employees. The Department notes that the reduction may impact on employee morale.

FY27 FMAP Adjustment**\$697,219**

The Budget includes a neutral budget shift, attributable to a general revenue increase of \$697,219, with a corresponding federal funds decrease of \$697,219, to reflect changes to the blended Federal Medical Assistance Percentage (FMAP) rate of 57.73%.

FCCP Flex Funds – 8.5% Reduction**(\$600,000)**

The Budget includes a \$600,000 general revenue reduction to meet the Department's constrained target. The general revenue reduction would result in the reduction of Family Care Community Partnerships (FCCP) funding by 8.5 percent. According to the Department, this reduction will be offset through the winddown of hotel placements.

DCYF FTE Correction**\$197,516**

The Budget provides a general revenue increase of \$197,516, with corresponding federal funds of \$255,863, restoring 3.7 FTE Social Worker II positions to the Division of Child Welfare that the Agency had removed and replaced with Social Service Analysts.

YOUTH DEVELOPMENT SERVICES

The Youth Development Services program (formerly Juvenile Correctional Services) includes two major sub-programs.

- **Rhode Island Training School (RITS):** The RITS is a secure correctional facility for adjudicated juvenile offenders as well as those who are detained and awaiting trial. The facility has a maximum capacity of 148, with 124 beds for male residents and 24 beds for female residents. The Training School is a 24-hour, 365-day operation providing housing, food, clothing, medical care, education, vocational training, and other programs and services to meet the needs of its residents.
- **Juvenile Probation and Parole:** Juvenile Probation supervises all formerly adjudicated youth placed on probation by the Family Court. Each youth is evaluated to determine their risk for recidivism. Staff members then create and enforce individualized plans to address the factors which contribute to delinquent behavior in order to prevent recidivism.

Youth Development	General Revenue
FY2026 Enacted	\$25,678,366
<i>Target and Other Adjustments</i>	<i>457,328</i>
Assistance and Grants	1,576,858
Align Personnel Expenses with FY 25 Spend	(701,584)
Contracted Services	538,359
Assessment and Reduction of Discretionary Spending	(200,000)
Turnover	(184,057)
FY2027 Governor	\$27,165,270

Youth Development	Other Fund Changes
OJJDP Supporting Youth Success (federal funds)	(400,000)

Assistance and Grants **\$1.6 million**

The Budget includes a general revenue increase of \$1.6 million, reflecting a correction of the omission of two contracts. First, the FY2026 Enacted accidentally omitted the Youth Development Services contract with Tides Family Services for outreach and tracking of reentry services. The Budget also omitted a contract with Rhode Island Hospital for comprehensive medical services at the Rhode Island Training School.

Align Personnel Expenses to FY2025 Spend **(\$701,584)**

The Budget includes a general revenue reduction of \$701,584 to satisfy the target reduction of \$19.8 million. This reduction is part of a larger, Department wide initiative with a \$3.0 million general revenue reduction, (\$4.8 million in all funds), to reduce personnel expenses in FY2027. According to the Department, these reductions will align with FY2025 actuals.

Operating Expenses **(\$565,737)**

The Budget includes a general revenue reduction of \$565,737 related to reductions in institutional services, juvenile probation and parole, and the Rhode Island Training School. These expenses align with the FY2025 actual FY2025 expenditures related to office equipment, maintenance, and repairs.

Contracted Services **\$538,356**

The Budget includes a \$538,356 general revenue increase in contracted services, attributable to a \$433,244 increase to institutional support services and \$105,272 increase to juvenile parole and probation services. According to the Office of Management and Budget (OMB), this expenditure increase aligns with FY2025 spending. These funds support programs at the Rhode Island Training School including music, sports, and therapeutic programs, as well as tutoring sessions for youth who are still in high school or studying for their GED.

Assessment and Reduction of Discretionary Spending**(\$200,000)**

The Department's constrained budget request included a \$200,000 general revenue reduction in YDS, resulting in decreased nonessential spending while preserving DCYF's mission effectiveness. The Governor concurs with the constrained request, including the \$1.3 million in general revenue savings. Examples of discretionary expenditures that would be impacted include travel related to conferences and training, discontinue annual DCYF employee event, reduce office supplies, evaluating continuation of contractors, and evaluation of parking garage validation for non-employees. The Department notes that the reduction may impact on employee morale.

OJJDP Grant (federal funds)**(\$400,000)**

The Budget decreases federal funds by \$400,000 to reflect a federal grant award from the Office of Juvenile Justice and Delinquency Prevention. The grant totaled \$800,000 between FY2025 and FY2026 and supported the development of a community-based continuum of prevention and intervention services related to youth in the juvenile justice system. The grant has no matching requirements.

HIGHER EDUCATION INCENTIVE GRANTS

The Higher Education Incentive Grant Program provides tuition assistance for former foster youth to attend a wide range of post-secondary institutions. The program is funded by State higher education incentive grants and federal Education and Training Vouchers (ETVs). General revenue funding for the incentive program is set by statute at \$200,000 per year. DCYF coordinates with the Office of the Post-Secondary Education Commissioner's Division of Higher Education Assistance (DHEA) to administer this grant program and provide tuition assistance to between 50 and 75 former foster youth each year. DHEA provides information regarding cost of attendance and financial aid for each applicant to the program. This allows DCYF to ensure that funding is distributed equitably across participants.

Higher Education Incentive Grants	General Revenue
FY2026 Enacted	\$200,000
Target and Other Adjustments	-
FY2027 Governor	\$200,000

CAPITAL PROJECTS

The Budget includes a total of \$47.8 million in Rhode Island Capital Plan (RICAP) funds from FY2025 through FY2030, including \$27.1 million in FY2026 and \$22.8 million in FY2027.

Psychiatric Residential Treatment Facility: The Budget includes \$28.0 million in RICAP funds, including \$22.5 million in FY2027 and \$5.6 million in FY2026, to support renovation to the newly acquired property formerly known as St. Mary's Home for Children, which will increase the in-state capacity for adolescents requiring psychiatric residential placements.

Intensive Residential Treatment Facility: The Budget includes \$11.0 million in FY2026 for the construction of a 16-bed Intensive Residential Treatment Facility (IRTF) for female youth in Rhode Island. A current shortage of available, in-state-, residential facilities for female youth with severe behavioral challenges results in an average of approximately 25 to 30 female youth being placed out of state at any given time. The facility began construction in FY2024 and is estimated to be completed in FY2026. Total funding for the project is \$46.0 million, including \$45.0 million in RICAP funds and \$1.0 million in SFRF funds. The SFRF allocation was provided pre-FY2025 for the initial design and construction phase of the project. This spending has been completed, and a closeout report has been issued.

The FY2026 Enacted Budget updated funding levels and language related to this project. The amendment changed "Facility" to "Facilities" in the project name to reflect an intent to utilize excess appropriations from the existing project for the development of other potential residential treatment facilities in Rhode

Island for DCYF youth. The current Exeter Female Youth Facility project is expected to complete approximately \$6.0 million under budget. The budget maintained \$2.0 million of this excess funding in FY2026 to conduct a feasibility study, planning, and design for an additional facility. The remaining \$4.0 million was shifted to FY2027 as a placeholder for future renovation or construction expenses. The excess funding is not expected to cover the full costs of an additional facility; following the planning stage additional appropriations would be needed.

Training School Asset Protection: The Budget funds improvements and ongoing maintenance at the Training School, including resolving security system, water heater, and other structural issues. The Budget includes \$250,000 in FY2026 and FY2027. Pre-FY2026 spending on this project totals \$1.4 million, for a total project total of \$3.2 million.

Department of Health

Expenditures by Program	FY2025 Actual	FY2026 Enacted	FY2026 Governor	Change from Enacted		FY2027 Governor	Change from Enacted	
Central Management	\$19.4	\$32.5	\$39.6	\$7.1	22.0%	\$28.1	(\$4.3)	-13.3%
Community Health and Equity	134.7	157.8	154.4	(3.4)	-2.2%	153.3	(4.6)	-2.9%
COVID-19	83.4	15.2	17.8	2.6	17.2%	7.5	(7.7)	-50.5%
Customer Services	23.1	-	-	-	-	-	-	-
Emergency Preparedness and Infectious Disease	0.1	17.1	18.8	1.7	9.8%	19.9	2.8	16.3%
Environmental Health	19.6	22.4	22.0	(0.4)	-1.8%	22.1	(0.3)	-1.2%
Health Laboratories	17.6	20.9	29.5	8.5	40.7%	13.7	(7.2)	-34.4%
Healthcare Quality and Safety	0.0	15.8	16.3	0.47	0.0%	18.9	3.1	19.5%
Policy, Information, and Communication	6.1	9.2	9.1	(0.1)	-1.2%	9.3	0.0	0.5%
Preparedness, Response, Infectious Disease, and Emergency Medical Services	17.4	-	-	-	-	-	-	-
Medical Examiner	0.0	4.6	4.6	-	-	4.6	0.0	0.8%
Total	\$321.4	\$295.5	\$312.0	\$16.5	5.6%	\$277.5	(\$18.1)	-6.1%

Expenditures by Source	FY2025 Actual	FY2026 Enacted	FY2026 Governor	Change from Enacted		FY2027 Governor	Change from Enacted	
General Revenue	\$37.6	\$40.8	\$42.0	\$1.1	2.8%	\$42.6	\$1.7	4.2%
Federal Funds	214.5	152.9	161.2	8.4	5.5%	147.7	(5.1)	-3.4%
Restricted Receipts	68.1	93.1	92.8	(0.3)	-0.3%	86.8	(6.3)	-6.8%
Other Funds	1.2	8.8	16.1	7.3	83.2%	0.4	(8.4)	-95.4%
Total	\$321.4	\$295.5	\$312.0	\$16.5	5.6%	\$277.5	(\$18.1)	-6.1%

Authorized FTE Levels	575.6	572.6	572.6	-	-	572.6	-	-

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

The mission of the Rhode Island Department of Health (RIDOH) is to prevent disease and to protect and promote the health and safety of the people of Rhode Island. Since Rhode Island has no local health departments the Department coordinates public health activities across the State. The Department's responsibilities include licensing and regulation, collection and analysis of health data, disease surveillance, prevention, and control, vital records, and state laboratories. The Department also houses the Office of the Medical Examiner, the agency responsible for investigating and certifying suspicious or otherwise unexplained deaths.

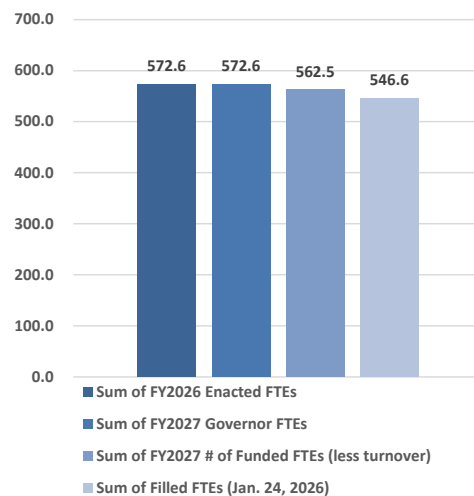
MAJOR ISSUES AND TRENDS

The FY2027 Budget allocates funding for the nine programs within the Department of Health (DOH): Central Management, Community Health and Equity, COVID-19, Emergency Preparedness and Infectious Disease, Environmental Health, Health Laboratories, Healthcare Quality and Safety, Policy, Information and Communications, and Medical Examiner. The Budget includes \$277.5 million in all funds for FY2027, a decrease of \$18.1 million from the FY2026 Budget as Enacted. General revenues total \$42.6 million, an increase of \$1.7 million from the FY2026 Budget as Enacted.

The Budget includes \$312.0 million in all funds for FY2026, an increase of \$16.5 million from the FY2026 Budget as Enacted. General revenues total \$42.0 million, an increase of \$1.1 million from the FY2026 Budget as Enacted.

The Budget includes a total authorized FTE count of 572.6, level with the FY2026 Enacted Budget.

FTE Snapshot



RIDOH Program Restructure

The FY2026 Budget reorganized several programs to facilitate and enhance implementation of their three leading priorities: addressing the socioeconomic and environmental determinants of health in Rhode Island, eliminating disparities of health in Rhode Island to promote health equity, and ensuring access to quality health services for Rhode Islanders, including its vulnerable populations. The public health emergency emphasized gaps and ongoing challenges in the delivery of public health services in Rhode Island. The reorganization enables the Department to streamline and improve coordination across public health operations, create agility to respond to a public health crisis, and leverage analytics and data to identify and address the most critical determinants of health. The reorganization dissolved the Division of Customer Services, shifting its functions to Central Management and Healthcare Safety and Quality; dissolved the Division of Preparedness Response, Infectious Diseases, and Emergency Medical Services, shifting its functions to Emergency Preparedness and Infectious Disease, and Healthcare Quality and Safety; and split the Division of Health Laboratories and Medical Examiner into the Division of Health Laboratories, and the Division of the Medical Examiner. The reorganization also shifted the Health Equity Institute from Central Management to Community Health and Equity.

Functions	FY2025	FY2026
Health Equity Institutes	Central Management	Community Health and Equity
Opioid Overdose Prevention	Customer Services	Central Management
Vital Records	Customer Services	Policy, Information, and Communications
Emergency Preparedness, and Response	Preparedness, Response, Infectious Disease, and Emergency Medical Services	Emergency Preparedness and Infectious Disease
Emergency Medical Services	Preparedness, Response, Infectious Disease, and Emergency Medical Services	Healthcare Quality and Safety
Health Facilities Regulation	Customer Services	Healthcare Quality and Safety
Health Professionals Boards and Licensing	Customer Services	Healthcare Quality and Safety
Medical Examiners	Health Laboratories and Medical Examiners	Medical Examiners
Health Laboratories	Health Laboratories and Medical Examiners	Health Laboratories

Nursing Home Minimum Staffing Levels

The Budget includes a general revenue increase of \$200,000 to support changes to the Nursing Home Minimum Staffing Levels. In FY2027, the Department has requested \$538,324 in general revenue to implement the nursing home minimum staffing laws. Article 10 of the FY2026 Budget as Enacted amended RIGL 23-17.5-32, the State nursing home laws, revising the amount of required staffing hours for certain types of professionals in nursing homes. Penalties for noncompliance will result in a 3.0 percent fine of Medicaid payments for the last year. The law requires RIDOH to develop regulations and conduct analyses of payroll data to determine compliance.

To comply with the new statutes, RIDOH requested 2.5 new FTE positions including, 1.0 Senior Legal Counsel, 1.0 Health Facility Surveyor, and 0.5 Licensing aid, as well as \$331,566 in salary and fringe benefits. The Department also requested \$200,000 to engage UMASS Medical, the consulting firm originally retained upon passing the law several years ago, to review and analyze CMS payroll data. The remaining funds are to support operations such as in-state travel and supplies. The Governor recommended \$200,000 in general revenue to engage UMASS Medical to review and analyze CMS payroll data but not funding for the requested FTE positions.

Article 10 of the FY2026 Budget as Enacted made several changes to RIGL 23-17-5, entitled ‘Rights of Nursing Home Patients’, to alleviate the strain on nursing home resources. Specifically, the article increased the definition of “direct caregiver” to include director of nursing services and RNs and LPNs with administrative duties. The amendment also increased the direct hours of nursing care per resident from 3.58 hours to 3.81 hours. However, it decreased the time in which direct care is provided by a certified nursing assistant from 2.6 hours to 2.2 hours.

Penalties and Fines: The Article waived all fines prior to the third quarter of FY2025 and implemented a new penalty structure beginning **July 1, 2025**. Article 10 implemented a fine of up to \$1,000 per day in a quarter in which the facility fails to comply with the minimum nursing staff requirement. The Department of Health may reduce the penalty to \$250 a day at its discretion. According to the Office of Management and Budget, the estimated net costs of compliance enforcement fines would have totaled approximately \$60.0 million.

Fine Exemption: The Article also introduced exemptions to these fines. The Department may waive penalties in circumstances where mitigating factors exist. The Article defined mitigating factors as an extraordinary circumstance facing the facility, or an acute labor supply shortage of nurse aides, certified nursing aides, licenses practical nurses, or registered nurses.

Direct Care Waiver: Article 10 also introduced a waiver of minimum direct care staffing requirements for organizations who are unable to meet the requirement. Waivers are granted by the Director of the Department of Health for periods up to one year and will be assessed on the following criteria:

- Acuity levels of residents and how stable those acuity levels are based on the case of mixed residents
- Documented evidence of the facility's inability to meet the minimum staffing requirements, despite their best efforts, such as offering competitive wages for nursing staff
- Whether the facility has undergone a system-wide culture change
- The quality performance of the nursing facility as evidenced by a four- or five-star rating from the Centers for Medicare and Medicaid

The Director may consult with the Department of Labor and Training concerning labor availability in connection with any waiver request. The legislation does not indicate any processes extending beyond evaluated criteria related to the waiver. However, the legislation charges RIDOH with the authority to promulgate rules and regulations related to Minimum Staffing Levels.

Rhode Island Kratom Act

The 2025 General Assembly passed the Rhode Island Kratom Consumer Protection Act, which requires the Rhode Island Department of Health to monitor and license all Kratom businesses, enforce product safety and labeling standards, and prohibit sales to individuals younger than 21. The Governor recommends \$251,408 for 1.0 FTE position and start-up costs.

The Department had requested \$588,921 in general revenue to establish a new comprehensive licensing, inspection, and enforcement program for kratom manufacturers, distributors, and retailers pursuant to the Rhode Island Kratom Consumer Protection Act of 2025. \$466,166 of the funds were to support salary and benefits for 3.4 FTE positions, and the remaining funds would support training, audits, response, and enforcement.

Elimination of the TB Clinic at Miriam Hospital

The Budget eliminates all general revenue support of the RISE Tuberculosis Clinic at Miriam Hospital, resulting in \$315,000 in savings. The Clinic sees about 8,500 patients annually and is trained in caring for highly contagious patients. The Clinic also addresses treatment plans for noncontagious patients. This decrease could result in a \$226,000 federal funds decrease, sourced from the Center of Disease Control and Prevention. Additionally, the funding cut could jeopardize the RISE Clinic, as Miriam may find that managing the clinic is no longer financially feasible.

CENTRAL MANAGEMENT

Central Management provides overall leadership, management, and administrative functions for the Department. The Division includes two subprograms: Executive Functions, and Management Services.

Central Management	General Revenue
FY2026 Enacted	\$5,338,732
<i>Target and Other Adjustments</i>	278
Primary Care Training Sites	(2,000,000)
Enterprise Resource Planning (statewide adjustments)	(575,815)
Centralized Services (statewide adjustments)	151,190
Accounts and Control (statewide adjustment)	11,205
FY2027 Governor	\$2,925,590

Central Management	Other Fund Changes
Indirect Account Alignment(restricted receipts)	(\$4,100,000)
Opioid Overdose Preventions (restricted receipts)	(3,191,294)
Laboratory Facility Operating Budget (restricted receipts)	803,533
Elimination of Academic Institute (restricted receipts)	(39,046)

Primary Care Training Sites ***(\$2.0 million)***

The Budget includes a decrease of \$2.0 million in one-time general revenue support for primary care training sites, established through Article 11 of the FY2025 Budget as Enacted. These funds supported the implementation of the Office of Primary Care and grants of up to \$90,000 for participating training sites. Article 11 also provided the Department with the authority to enter into contracts with participating primary care sites with a curriculum based on the patient-centered medical home model (PCMH), a model of care placing patients at the forefront of care. PCMH's build better relationships between patients and physicians, resulting in high quality and efficient care, improving both patient and staff experience. These funds have been completely expended.

Indirect Account Alignment (restricted receipts) ***(\$4.1 million)***

The Budget includes a net decrease of \$4.1 million related to changes in the indirect recovery cost expenditures resulting from changes in various federal grant programs accounts within DOH. In accordance with RIGL 34-4-23.1, the Department applies for federal indirect cost recoveries through an indirect cost proposal, which is submitted directly to the U.S. Department of Health and Human Services (DHHS). To receive this reimbursement, the Department submits an indirect cost proposal requesting federal approval of the indirect rate for the upcoming fiscal year.

Opioid Overdose Preventions (restricted receipts) ***(\$3.2 million)***

The Budget includes a restricted receipt decrease of \$3.2 million reflecting expenditure changes in several opioid abatement accounts. The decrease reflects the removal of opioid abatement grants allocated to the Department from the Executive Office of Health and Human Services (EOHHS). As settlement revenue continues to decline, funding for opioid abatement will continue to be depleted. The 2019 General Assembly enacted an annual \$5.0 million assessment fee; however, additional and permanent funding will be required to continue the State's current activities that respond to opioid abatement. According to EOHHS, the Governor recommended \$4.6 million in settlement funds to the Department.

Laboratory Operating Budget (restricted receipts) ***\$803,533***

The Budget includes \$803,533 in restricted receipts to maintain the new State Health Laboratory facility at 150 Richmond Street. The Budget provides total funding of \$1.9 million, with \$1.1 million in general revenue appropriated to the Division of Health Laboratories.

Programs within the new facility includes shellfish testing, clinical and forensic toxicology, wastewater testing, and pathogen genome sequencing. Previously, operational support has been funded through DCAMMS ISF funds. However, these services will now be contracted through a building administrator, Cushmen and Wakefield. The Chapin building, the States' previous health laboratory, required a total of

\$1.0 million in general revenue for operating expenses, which has been removed from the Department's budget.

Elimination of Academic Institute (restricted receipts)

(\$39,046)

The Budget includes a restricted receipts reduction of \$39,046 in Central Management and \$362,423 for the entire agency, to shift 1.0 FTE Associate Director of Health position from general revenue to restricted receipts and cut federal and restricted funding for 2.6 FTE positions. The Department asserts that the responsibilities of these positions can be absorbed throughout other programs. This recommendation is a one-time shift, and general revenue will be required in future years. These funds were supported through indirect cost recoveries, which the Department applies through an indirect cost proposal, which is submitted directly to the U.S. Department of Health and Human Services (DHHS).

The Academic Institute was created in 2015 to collaborate with academic partners through a multidisciplinary approach to achieve excellence in public health. The institute includes a working group to learn about the past, present and potential collaborations between RIDOH and academicians in Rhode Island. The Institute explores collaborations with RIDOH Programs, putting research and teaching interests into practice.

COMMUNITY HEALTH AND EQUITY

The Division of Community Health and Equity aims to eliminate health disparities, assure healthy child development, control disease, and strive for healthy communities. The division includes four centers: chronic care and disease management, health promotion and wellness, perinatal and early childhood health, and preventive services.

Community Health and Equity	General Revenue
FY2026 Enacted	\$2,051,358
<i>Target and Other Adjustments</i>	-
Community Health and Equity Federal Award Delays	24,594
FY2027 Governor	\$2,075,952

Community Health and Equity	Other Fund Changes
Immunizations (restricted receipts)	(\$4,521,938)
Maternal, Infant, and Early Childhood Home Visiting (MIECHV) Program (federal funds)	2,446,179
Overdose Prevention (restricted receipts)	(535,960)
Women, Infant, and Children (WIC) Expenses (federal funds)	323,762
Advancing Health Equity (federal funds)	(267,295)
Suicide Prevention (federal funds)	230,104
Oral Health Workforce (federal funds)	(137,563)
Pediatric Mental Health Care Access (federal funds)	(79,713)
Pregnancy and Postpartum Death Review Committee (federal funds)	(51,178)

Community and Health Equity Federal Award Delays

\$24,594

The Budget includes a general revenue increase of \$24,594 to reflect the redistribution of subprogram costs to sustain activities related to the federal tobacco program. In FY2026, the Department experienced a delay in grants from the federal tobacco program, which supported contract and FTE positions. As such the Department terminated the contracts linked to the grant and shifted funding to general revenue to sustain program activities. The federal award ends in April 2026, and the Department does not anticipate more federal funding. Consequentially, the delay has caused a shift in funds from assistance and grants and salaries and benefit to operating and contract expenses in FY2027. There is a general revenue increase of \$39,643 within the Health Equity Institute to support the Minority Health Programs accreditation and training, which is partially offset by a \$20,290 decrease in the Associate Directors Office.

Immunizations (restricted receipts)**(\$4.5 million)**

The Budget includes a decrease of \$4.5 million to support immunization efforts within the Department. The immunization estimates were done in 2025 without exact costs and dosage requirements; actual vaccine costs and demand were lower than projected. This decrease reflects revised projections for vaccine costs, dosage, and demand in FY2027.

MIECHV Program (federal funds)**\$2.4 million**

The Budget increases federal funds by \$2.4 million to support the Department's share of the Maternal, Infant, and Early Childhood Home Visiting (MIECHV) Program. This program is financed through two federal grants, the Maternal and Child Health Block grant and the Maternal and Infant Early Childhood Home Visiting grant, which is set to be renewed in FY2027. The influx is primarily related to the Department budgeting all funds from the Maternal and Infant Early Childhood Home Visiting grant in FY2027. Despite the awards history of underspending, which is due to slow spending and invoicing, the Department intends to spend all funds to catch up on incurred invoices and expenditures.

The Home Visiting Program improves public health systems for mothers, children, and their families. The Department emphasizes health equity as an underlying principle of the program, which results in improving the health of women and children by reducing perinatal health disparities, reducing maternal mortality rate, strengthening the bond between mother and baby, ensuring school readiness, supporting behavioral health in adolescence, and ensuring effective care coordination.

Maternal, Infant, and Early Childhood Home Visiting (MIECHV) Program	FY2026 Enacted	FY2027 Governor	Change from Enacted
Maternal and Child Health Block Grant (FFY25)	-	\$1,719,089	\$1,719,089
Maternal and Child Health Services Block Grant	67,807	-	(67,807)
Maternal Health Innovation Program	1,005,202	998,398	(6,804)
Maternal, Infant and Early Childhood Homevisiting Grant	2,592,479	-	(2,592,479)
MCH Title V Block Grant	1,851,405	-	(1,851,405)
Mental Health Awareness	-	-	-
MIECHV (FFY 2024)	4,339,923	1,354,623	(2,985,300)
MIECHV FFY 2025	-	8,230,885	8,230,885
Total	\$9,856,816	\$12,302,995	\$2,446,179

Overdose Preventions (restricted receipts)**(\$535,960)**

The Budget includes a restricted receipt decrease of \$535,960 reflecting expenditure changes in several opioid abatement accounts. The decrease reflects the removal of opioid abatement grants allocated to the Department from the Executive Office of Health and Human Services (EOHHS). As settlement funding continues to decline, funding for opioid abatement will continue to be depleted. The 2019 General Assembly enacted an annual \$5.0 million assessment fee; however, additional and permanent funding will be required to continue the State's current activities that respond to opioid abatement. According to EOHHS, the Governor recommended \$4.6 million in settlement funds to the Department.

Overdose Prevention	FY2026 Enacted	FY2027 Governor	Change from Enacted
Prevention Block Grant FFY2024	846,655	-	(846,655)
PDMP - MMIS-IAPDU	590,181	747,555	157,374
Harold Rogers Prescription Drug Monitoring Program	389,642.00	\$525,947	\$136,305
OD2A Prevention (CE23-0002)	2,090,518	2,143,435	52,917
OD2A Surveillance (CE23-0002)	1,161,584	1,120,058	(41,526)
OD2A Biosurveillance (CE23-0002)	324,774	330,399	5,625
Total	\$5,403,354	\$4,867,394	(\$535,960)

Women, Infant and Children (WIC) Expenses (federal funds) \$323,762

The Budget includes an increase of \$323,762 to support the Department's Women, Infant, and Children (WIC) Supplemental Nutrition program. In FY2025, the Department received an allotment of funds from the U.S. Department of Agriculture (USDA) to provide food assistance to pregnant and postpartum women, and children. The Department's WIC program provides monthly payment of \$25 in cash benefits to children up to age 5, \$44 in benefits to pregnant and postpartum women, and \$49 in benefits to breastfeeding participants.

Advancing Health Equity (federal funds) (\$267,295)

The Budget includes a federal funds decrease of \$267,295 to support equitable health opportunities to Rhode Island residents. The Budget includes funding to support populations with or at risk for diabetes, teen pregnancy prevention, and Asthma control.

Advancing Health Equity	FY2026 Enacted	FY2027 Governor	Change from Enacted
Advancing Health Equity for Priority Populations with or at Risk for Diabetes	933,760.00	\$946,199	\$12,439
Equity-Centered Approaches to Teen Pregnancy Prevention	980,237	714,688	(265,549)
RI Advancing Health Equity in Asthma Control	488,291	474,106	(14,185)
Total	\$2,402,288	\$2,134,993	(\$267,295)

Suicide Prevention (federal funds) \$230,104

The Budget includes a \$230,104 increase in federal funds to support the Department's suicide prevention initiatives. These funds help the Department maintain Prevent Suicide RI and Rhode Island Youth Suicide Prevention Project, as well as provide resources, educate parents and develop the suicide prevention State Plan.

Pediatric Mental Health Care Access (federal funds) (\$79,713)

The Budget includes a federal fund decrease of \$79,713 related to the federal Pediatric Mental Health Care Access which supports access to pediatric mental health care. Rhode Island has received upwards of \$12 million in federal support to address pediatric mental health by increasing access to early intervention, providing resources to school and primary care providers to better identify and address mental health challenges, and integrate mental health services with other social and healthcare services.

Pregnant and Postpartum Death Review Committee (federal funds) (\$51,178)

The Postpartum Committee is a multidisciplinary review board charged with examining the death of individuals who were pregnant or died within one year of pregnancy to identify factors that may have contributed to the death. The Committee is comprised of 50 members, all of which are health professionals with various organizations. The Committee also provides recommendations on how to improve systems of care through their reports. The Committee established a data sharing relationship with the Center for Disease Control and Prevention (CDC) to contribute to national data regarding maternal mortality. Past appropriations have derived from general revenue only, and FY2026 was the first year that the Committee received federal funding. The Budget includes a total of \$295,373, a decrease of \$51,178 from the Enacted Budget to fund the operations of the Committee.

COVID-19

The COVID-19 program was established within the Department of Health in FY2021 to support Rhode Island's pandemic response. The program primarily consists of federal appropriations related to the public health response to the COVID-19 pandemic. This program continues into the FY2024 Revised and FY2025 Enacted budgets. The Department of Health is responsible for coordinating the State's efforts in combatting COVID-19 with contact tracing and case investigations, treatment, testing, vaccinations, and lab processing.

COVID-19	Other Fund Changes
COVID-19 Adjustments (federal funds)	(\$7,657,539)

COVID-19 Adjustments (federal funds) (\$7.7 million)

The Budget decreases federal funds by \$7.7 million to reflect expenditure towards the State's response to the COVID-19 pandemic. Expenditures were funded through the Consolidated Appropriations Act 2021, the CARES Act, PPHCE, FEMA disaster resources, and from the American Rescue Plan Act (ARPA) direct appropriations. The funding within the Department of Health supported efforts in testing, contact tracing, vaccination, other public health-related activities, and the construction of a new State Health Laboratory. The Budget includes \$7.2 million in ARPA funds and \$330,878 in the other COVID-19 funds.

	FY2026 Enacted	FY2027 Governor	Change from Enacted	
COVID-19 Agency Expenditures				
Other Support Services	\$6,939,926	\$7,204,162	\$264,236	3.8%
Contact Tracing/ Case Investigation	4,165,720	177,666	(3,988,054)	-95.7%
Data Analytics, Tech, & Modeling	2,332,023	60,459	(2,271,564)	-97.4%
Testing	1,571,206	76,821	(1,494,385)	-95.1%
Communications	167,772	-	(167,772)	-100.0%
Total	\$15,176,647	\$7,519,108	(\$7,657,539)	-50.5%

	FY2026 Enacted	FY2027 Governor	Change from Enacted	
COVID-19 by Funding Source				
ARPA Direct	\$7,107,772	\$7,188,230	\$80,458	1.1%
CARES Act	748,114	-	(748,114)	-100.0%
PPEHCE	2,327,522	67,162	(2,260,360)	-97.1%
Consolidated Appropriations Act	4,993,239	263,716	(4,729,523)	-94.7%
Total	\$15,176,647	\$7,519,108	(\$7,657,539)	-50.5%

According to the Department, the allocation of FTEs funded through CDC funds were reallocated to the Division of Emergency Preparedness and Infectious Disease as a placeholder for FY2027. All COVID employees are being evaluated and reallocated to existing or new funding sources for FY2027. RIDOH Staff is working to maintain new funding to sustain a portion of the testing, reporting, and monitoring work established under COVID. However, some work will end as the Department scales back pre COVID operations and funding sources.

- **Other Support Services:** The Budget increases federal funds by \$264,236 for support services. These services include miscellaneous costs associated with the overall response to the public health crisis. These include costs related to community mitigation, high density cases, human services relief, childcare, and government readiness.
- **Contact Tracing and Case Investigations:** The Budget decreases federal funds by \$4.0 reflecting decreased need for the infrastructure required for contract tracing and investigations, operating support, and the personnel to manage the overall process.
- **Data Analytics, Tech, and Modeling:** The Budget decreases federal funds by \$2.3 million for costs related to tracking data associated with COVID-19. This includes tracking cases, tests, treatment, hospitalizations, and deaths as well as infrastructure needed to develop models that predict disease projections.
- **Testing:** The Budget decreases federal funds by \$1.5 million for costs related to equipment, staffing, and contracted services related to COVID-19.
- **Communications:** The Budget decreases federal funds for communications by \$167,772 due to expenditures of available funds in FY2026. This funding reduction reflects a decreased need for infrastructure related to delivering information to Rhode Island residents that will assist them in making appropriate health decisions.

EMERGENCY PREPAREDNESS AND INFECTIOUS DISEASE

The Division of Emergency Preparedness and Infectious Disease is responsible for creating and promoting a state of readiness and prompt response to protect the health of Rhode Islanders during catastrophic events, large-scale disasters, and other types of emergencies as well as controlling person-to-person spread of infectious disease. The Division oversees the Center for Acute Infectious Disease Epidemiology, Center for HIV, Hepatitis, STD, and TB Epidemiology, Center for Emergency Preparedness and Response, and Center for COVID-19 Epidemiology.

Emergency Preparedness and Infectious Disease	General Revenue
FY2026 Enacted	1,907,851
<i>Target and Other Adjustments</i>	<i>5,917</i>
Durable Medical Equipment Maintenance, Storage, and Deployment	\$500,000
Elimination TB Clinic Miriam Hospital	(315,000)
Personnel Adjustments (statewide adjustments)	30,750
Enterprise Resource Planning (statewide adjustments)	(27,604)
Accounts and Control (statewide adjustments)	8,915
FY2027 Governor	\$2,110,829

Emergency Preparedness and Infectious Disease	Other Fund Changes
Federal Funds Changes (federal funds)	\$2,585,798

Durable Medical Equipment and Maintenance, Storage, and Deployment **\$500,000**

The Budget includes \$500,000 in general revenue to maintain medical supplies and equipment that were purchased in 2020 as part of the State's response to the COVID-19 pandemic. The Department proposes maintaining this equipment as part of its deployable medical cache for future emergencies where specific equipment exceeds hospital's available assets. The Department will deploy the equipment during acute disasters, including mass casualty incidents. This work is currently supported by COVID-19 funds, which will be fully depleted by July 31, 2026.

Elimination of the TB Clinic at Miriam Hospital **(\$315,00)**

The Budget eliminates all general revenue support of the RISE Tuberculosis Clinic at Mirium Hospital, resulting in \$315,000 in savings. The Clinic sees about 8,500 patients annually and is trained in caring for highly contagious patients. The Clinic also addresses treatment plans for noncontagious patients. This decrease could result in a \$226,000 federal funds decrease, sourced from the Center of Disease Control and Prevention. Additionally, the funding cut could jeopardize the RISE Clinic, as Miriam may find that managing the clinic is no longer financially feasible.

Federal Fund Changes (federal funds) **\$2.6 million**

The Budget includes an increase of \$2.6 million in federal funds, reflecting increased expenses for salaries and benefits. The Department shifted 12.0 FTE positions from the COVID-19 Division to the Division of Emergency Preparedness and Infectious Disease, funding them with two federal grants supporting HIV prevention and surveillance.

Federal Funds Change by Program	FY2025 Enacted	FY2026 Enacted	Change from Enacted	
Acute Infectious Disease	\$5.0	\$6.7	\$1.7	35.0%
Emergency Preparedness and Response	7.1	7.3	0.2	2.2%
HIV, Hep, STDs and TB	3.1	3.8	0.7	22.1%
Total	\$15.2	\$17.8	\$2.6	17.0%

According to the Department, the allocation of FTEs funded through CDC funds were reallocated to the Division of Emergency Preparedness and Infectious Disease as a placeholder for FY2027. All COVID employees are being evaluated and reallocated to existing or new funding sources for FY2027. RIDOH Staff is working to maintain new funding to sustain a portion of the testing, reporting, and monitoring work established under COVID. However, some work will end as the Department scales back pre-COVID operations and funding sources.

ENVIRONMENTAL HEALTH

The Environmental Health program holds responsibility for the licensure and regulatory activities related to Environmental Health and all activities related to Healthy Homes. The program regulates and provides oversight of population-based activities related to safe food; clean water; healthy homes in the areas of lead, asbestos, radon; and, health and safety in the workplace. The program includes three Centers: The Center for Food Protection, the Center for Drinking Water Quality, and the Center for Healthy Homes and Environment.

Environmental Health	General Revenue
FY2026 Enacted	\$6,836,896
<i>Target and Other Adjustments</i>	<i>45,798</i>
Elimination of Academic Institute	(301,357)
Rhode Island Kratom Consumer Protection Act	251,408
Food Protection and Sanitation	241,631
Turnover (statewide adjustment)	(42,013)
Enterprise Resource Planning (statewide adjustments)	26,298
FY2027 Governor	\$7,058,661

Elimination of Academic Institute ***(\$301,357)***

The Budget includes a general revenue reduction of \$301,357 in the Division of Environmental Health and \$362,423 in all funds for the entire agency, shifting 1.0 FTE Associate Director of Health position from general revenue to restricted receipts and eliminated federal and restricted funding for 2.6 FTE positions. The Department asserts that the responsibilities of the eliminated positions can be absorbed throughout other programs and staff. This recommendation is a one-time shift, and general revenue will be required in future years.

The Academic Institute was created in 2015 to collaborate with academic collaborations through a multidisciplinary approach to achieve excellence in public health. The institute includes a working group to learn about the past, present and potential collaborations between RIDOH and academicians in Rhode Island. The Institute explores collaborations with RIDOH Programs, putting research and teaching interests into practice.

Rhode Island Kratom Consumer Protection Act ***\$251,408***

The 2025 General Assembly passed the Rhode Island Kratom Consumer Protection Act, which requires the Rhode Island Department of Health to monitor and license all Kratom businesses, enforce product safety and labeling standards, and prohibit sales to individuals younger than 21. The Governor recommends \$251,408 for 1.0 FTE position and start-up costs.

The Department had requested \$588,921 in general revenue to establish a new comprehensive licensing, inspection, and enforcement program for kratom manufacturers, distributors, and retailers pursuant to the Rhode Island Kratom Consumer Protection Act of 2025. \$466,166 of the funds were to support salary and benefits for 3.4 FTE positions, and the remaining funds would support training, audits, response, and enforcement.

Food Protection and Sanitation **\$241,631**

The Budget includes a general revenue increase of \$241,631, restoring 1.0 FTE Food Inspector position that was shifted to restricted receipts in FY2026, and additional costs related to salary and benefits due to the Department hiring FTEs resulting in a shift from contracted services.

In FY2026, the budget shifted \$137,657 in general revenue funds to restricted receipts to preserve 1.0 FTE Food Inspector position. The position is responsible for ensuring food safety and sanitation in licensed food businesses, including restaurants, hospitals, schools, cottage foods, etc.

The remaining expenses relate to increased salary expenses. In FY2026, the Department reduced contractor services for Food Protection and began to hire FTEs. The Department shifted these expenses from miscellaneous expenses. According to the Department, federal grants provided by the Federal Drug Administration (FDA) were discontinued, causing personnel expenditures to shift to general revenues.

It is a common practice for the Department to place funds for future FTE positions within operating expenditures and then remove these costs the following fiscal year when the position is filled. It is unclear why the Department is budgeting funds for personnel in operating expenditures.

HEALTH LABORATORIES

The Division of Health Laboratories provides laboratory services to state and municipal agencies, health care providers, and the general public, for the purposes of public health, environmental protection, and forensic science.

Health Laboratories	General Revenue
FY2026 Enacted	\$9,514,520
Target and Other Adjustments	(18,173)
Laboratory Facility Operating Budget	1,071,467
Personnel Adjustments (statewide adjustments)	137,057
FY2027 Governor	\$10,704,871

Laboratory Facility Operating Budget **\$1.1 million**

The Budget includes \$1.1 million in general revenue to maintain the new State Health Laboratory facility at 150 Richmond Street. The Budget provides total funding of \$1.9 million, with an additional \$803,533 in restricted receipts appropriated to the Division of Central Management.

Programs within the new facility include shellfish testing, clinical and forensic toxicology, wastewater testing, and pathogen genome sequencing. Previously, operational support has been funded though DCAMM ISF funds. However, these services will now be contracted through a building administrator, Cushmen and Wakefield. The Chapin building, the States’ previous health laboratory, required a total of \$1.0 million in general revenue for operating expenses, which has been removed from the Department’s budget upon the Departments transition from Chapin to the new Health Lab. Maintenance and operating expenditures for the Chapin building are now under the Division of Capital Asset Management and Maintenance (DCAMM).

HEALTHCARE QUALITY AND SAFETY

The Division of Healthcare Quality and Safety oversees the minimum standards for the provision of healthcare services. The Division licenses, investigates, and disciplines healthcare professionals, healthcare facilities, and health-related facilities. The Division encompasses three centers; the Center for Professional Licensing, Boards, and Commissions, the Center for Health Facilities Regulation, and the Center for Emergency Medical Services.

Healthcare Quality and Safety	General Revenue
FY2026 Enacted	\$7,868,321
<i>Target and Other Adjustments</i>	<i>(34,863)</i>
My License Office (MLO) Upgrade/Replacement	2,083,333
Personnel Adjustments (statewide adjustments)	223,427
Nursing Home Minimum Staffing	200,000
Turnover (statewide adjustments)	(42,013)
FY2027 Governor	\$10,298,205

My License Office (MLO) Upgrade/Replacement **\$2.1 million**

The Budget includes a \$2.1 million general revenue increase to replace the expiring My License Office system that provides licensure for more than 145,000 individuals and 433 license types across 80 professions. As of June 30, 2027, MLO will reach its end of life, risking loss of regulatory compliance, data security, and \$33.0 million in biennial State revenue from licensing fees. The recommendation ensures unnecessary licensing operations, maintains statutory mandates, and supports health, food, water, and environmental workforce deployment. In its budget request, the Department requested \$3.1 million in general revenue noting that it was the lowest possible request and required RIDOH to work with the vendor to implement the new system instead of relying solely on the vendor. The Governor recommended \$1.0 million less than the Department's request.

Nursing Home Minimum Staffing **\$200,000**

The Budget includes \$200,000 in general revenue to implement the minimum staffing in nursing homes law. The FY2026 Budget as Enacted amended the State nursing home laws, revising the amount of required staffing hours for certain types of professionals in nursing homes. Penalties for noncompliance will result in a 3.0 percent fine of Medicaid payments for the last year. The law requires RIDOH to develop regulations and conduct analyses of payroll data to determine compliance. These funds support the contract with UMass Medical Center, which reviews payroll data and calculates nursing home staffing compliance fines. The Governor recommends \$200,000 in general revenue, \$338,324 less than the requested. The Governor's recommendation omits 2.5 new FTE positions requested by the Department to comply with statute.

In the FY2027 Budget Request, the Department requested \$538,324 in general revenue to comply with the new statutes. These funds were to support 2.5 new FTE positions including, 1.0 Senior Legal Counsel, 1.0 Health Facility Surveyor, and 0.5 Licensing aid, totaling \$331,566 in salary and benefits. The Department is also requested \$200,000 to engage UMASS Medical, the consultant firm originally retained upon passing the law several years ago, to review and analyze CMS payroll data. The remaining funds were to support operation costs such as in-state travel, and supplies.

POLICY, INFORMATION, AND COMMUNICATIONS

The Division of Policy, Information, and Communication is responsible for public health communications; data collection, analysis, and dissemination; coordination of the Department's legislative and regulatory functions; and ensuring standards of care are maintained in new and existing healthcare facilities. The Division includes four centers: Public Health Communications, Health Data and Analysis and Public Informatics, Health Systems Policy and Regulation, and Legislative and Regulatory Affairs.

Policy, Information, and Communications	General Revenue
FY2026 Enacted	\$2,785,613

<i>Target and Other Adjustments</i>	<i>(1,500)</i>
Desk Audit	34,887
FY2027 Governor	\$2,819,000

Healthcare Quality and Safety	Other Fund Changes
Grants to States for Loan Repayment (federal funds)	(\$530,427)
Medicaid Initiatives (federal funds)	352,396
Hospital Conversion Monitoring (restricted receipts)	178,176
All Payor Claims Database (restricted receipts)	(176,338)

Desk Audit **\$34,887**

The Budget includes a general revenue increase of \$34,887, shifting funds from operating and contracted services to salary and benefits as a result of a desk audit within the Division. According to the Department, 3.0 FTE positions were found to be performing duties outside of their job classifications.

Grants to States for Loan Repayment (federal funds) **(\$530,427)**

The Budget includes a federal funds decrease of \$530,427 related to changes in the federal student loan repayment program. Effective September 1, 2025, a state match will be required to receive funding. Previously, the State had not required general revenue for a match as donated funds from UnitedHealthcare, the Rhode Island Health Care Association, Neighborhood Health, Delta Dental, Blue Cross Blue Shield of Rhode Island, and the Rhode Island Foundation sufficiently covered the State's portion for a match. The program provides loan repayment assistance to health professionals such as licensed primary care, dental, and mental health clinicians, working for a minimum of 2.0 years at an approved health professional shortage area. The program aims to improve access to care and address health professional shortages that cause disparities in health. The General Assembly included \$200,000 in general revenue in FY2026 to support the program.

Medicaid Initiatives (federal funds) **\$352,396**

The Budget includes a federal funds increase of \$352,396 to support 2.0 FTE contract positions who work on Medicaid activities. These employees produce Medicaid advanced planning documents for the Department. These positions serve as Medicaid Informatics Coordinators, a specialized healthcare professional who bridges the gap between IT, data analysis, and Medicaid policy to improve healthcare delivery efficiency, and compliance.

Hospital Conversion Monitoring (restricted receipts) **\$178,176**

The Budget includes a \$178,176 restricted receipt increase in the Hospital Conversion Monitoring Program. These support the vacancy of 1.0 existing FTE position for security services.

All Payor Claims Database (restricted receipts) **(\$176,338)**

The Budget includes a decrease of \$176,338 in restricted receipts for HealthFacts RI, the State's all payor claims database. HealthFacts RI collects healthcare claims data from a variety of sources including Medicare and Medicaid. The reduction is a result of an updated plan with the Executive Office of Health and Human Services where the Office will cover maintenance costs.

MEDICAL EXAMINER

The Office of the Medical Examiner (OSME) determines the cause and manner of death through postmortem investigations of all known or suspected homicides, suicides, accidental deaths, sudden infant deaths, drug-related deaths, medically unattended or unexplained deaths, and deaths that may constitute the

threat of an epidemic or in any way endanger the public. OSME interacts with federal, state, and local law enforcement agencies when a death is found to be due to a crime. Medical examiners provide testimony in court as subject matter experts during criminal prosecutions.

State Medical Examiner	General Revenue
FY2026 Enacted	\$4,521,784
<i>Target and Other Adjustments</i>	-
Deputy Medical Examiner Reclassification	79,392
Turnover (statewide adjustments)	(42,013)
FY2027 Governor	\$4,559,163

Deputy Medical Examiner reclassification **\$79,392**

The Budget includes \$79,392 in general revenue to support the reclassification of the Deputy Medical Examiner position.

CAPITAL PROJECTS

State Health Laboratory Building

The Budget includes \$98.1 million in all funds within the Department to construct a new state health laboratory building, of which \$81.7 million derives from a federal CDC grant. The projected costs of the lab were estimated to be \$81.8 million. However, total expenditures have exceeded the projection by \$16.3 million, which has been subsidized through RICAP funds. The project cost increased due to rising costs of materials, not because the project design had changed. The FY2026 Budget includes \$15.1 million in RICAP funds.

Health Laboratories & Medical Examiner Equipment

The Budget includes \$400,000 in Rhode Island Capital Plan (RICAP) funds within the Department for various capital improvement projects in FY2026 and FY2027, with a total project fund of \$2.9 million from FY2026 through FY2031. The funding will support the Laboratory Medical Equipment Fund to replace laboratory equipment at the State Health Laboratory. Much of the equipment is obsolete or no longer supported by the manufacturer. Failure to replace the equipment could result in the Health Lab losing the capability to complete necessary testing on food and water, infectious diseases, insect-borne viruses, forensics, and air quality.

Department of Human Services

Expenditures by Program	FY2025 Actuals	FY2026 Enacted	FY2026 Governor	Change from Enacted		FY2027 Governor	Change from Enacted	
Central Management	\$15.6	\$16.4	\$16.5	\$0.1	0.7%	\$16.3	(\$0.1)	-0.9%
Child Support Enforcement	17.7	18.4	16.8	(1.6)	-8.6%	17.8	(0.7)	-3.7%
Health Care Eligibility	24.5	27.2	28.0	0.8	3.0%	31.4	4.2	15.6%
Individual and Family Support	182.5	164.0	175.1	11.1	6.8%	164.8	0.8	0.5%
Office of Healthy Aging	33.5	38.9	36.5	(2.5)	-6.4%	37.8	(1.2)	-3.0%
Office of Veterans Affairs	48.5	51.9	54.0	2.1	4.0%	55.7	3.8	7.3%
State Funded Programs	370.5	384.7	352.1	(32.6)	-8.5%	340.5	(44.2)	-11.5%
Rhode Island Works/ Child Care	105.6	119.1	110.9	(8.2)	-6.9%	119.3	0.2	0.1%
Supplemental Security Income Program	16.7	16.7	16.6	(0.1)	-0.5%	16.6	(0.1)	-0.7%
Total	\$815.1	\$837.4	\$806.6	(\$30.8)	-3.7%	\$800.1	(\$37.3)	-4.5%

Expenditures by Source	FY2025 Actuals	FY2026 Enacted	FY2026 Governor	Change from Enacted		FY2027 Governor	Change from Enacted	
General Revenue	\$134.3	\$136.0	\$137.2	\$1.2	0.9%	\$151.8	\$15.8	11.6%
Federal Funds	667.6	690.0	655.6	(34.4)	-5.0%	635.9	(54.1)	-7.8%
Restricted Receipts	8.0	6.0	7.5	1.5	25.5%	6.4	0.4	5.9%
Other Funds	5.2	5.4	6.3	0.9	16.2%	6.1	0.7	12.2%
Total	\$815.1	\$837.4	\$806.6	(\$30.8)	-3.7%	\$800.1	(\$37.3)	-4.5%

Authorized FTE Levels	1,067	1,079	1,089	10.0	0.9%	1,128	49.0	4.5%

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

The Department of Human Services (DHS) administers programs and services that support the needs of children and families, adults and children with disabilities, veterans, and the elderly. These services include health care, child care, cash assistance, and other supportive services for working parents and families.

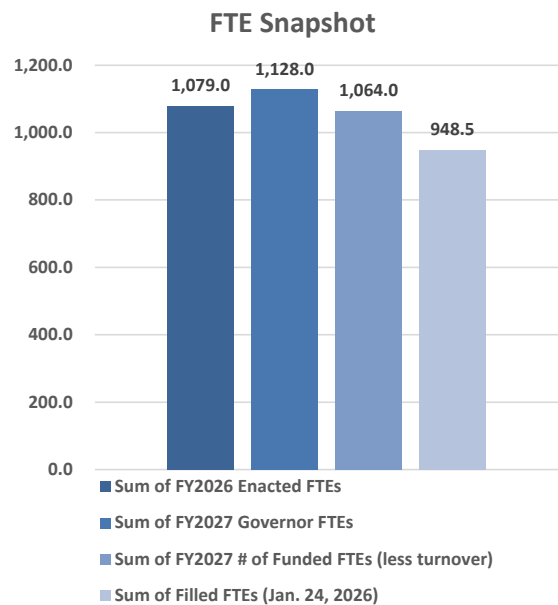
MAJOR ISSUES AND TRENDS

The FY2027 Budget includes total funding of \$800.1 million, a \$37.3 million decrease from the FY2026 Budget as Enacted. This includes a general revenue increase of \$15.8 million.

The Budget authorizes 1,128.0 FTE positions for FY2026, an increase of 49.0 FTE positions to accommodate changes related to HR-1.

HR-1

In July 2025, Congress passed HR-1 making numerous changes to human services programs, including the Supplemental Nutrition Assistance Program, the Health Exchange, and Medicaid. The impacts of HR-1 are not yet fully quantified while the Department continues to wait for official guidance from its federal partners. However, the Department expects significant cuts to federal funding streams that once supported SNAP benefits and increased call volume for eligibility verification and customer service staff. Eligibility, benefits, and financial changes are as follows:



SNAP Eligibility Changes

- **Work Requirement Modifications:** Expands Able Bodied Adults without Disability age to 18-64 and strengthens exemptions and increases monthly work to 80 hours a month (20 hours a week) impacting around 9,000 beneficiaries and increases risk for errors. According to a report published by the [Center on Budget and Policy Priorities](#) (CBPP), most working-age adults without disabilities who receive SNAP benefits supplement their low wages with SNAP or receive SNAP when they're out of work. Many working adults on SNAP work low paying jobs that have unpredictable hours and don't offer benefits, resulting in more frequent periods of joblessness. According to a [report](#) published by the Executive Office of Health and Human Services, this will likely cause a reduction of \$13.4 million in federal funds in FY2027 and \$12.6 million in federal funds in FY2026.
- **Standard Utility Allowance:** Standard Utility Allowances (SUA) are the standard amounts that represent low-income household utility costs in lieu of a household's actual costs when determining eligibility and benefit amount. Individuals receiving benefits must now provide heating and cooling bills, unless disabled or elderly. Previously, any individual residing in a shelter could apply for SUA without providing heating and cooling bills. Now, HR-1 restricts shelter deductions to elderly and disabled individuals and counts only third-party aid. Approx. 20,000 households are affected and increases eligibility workload. According to a [report](#) published by the Executive Office of Human Services, this will likely cause a reduction of \$13.6 million in federal funds in FY2027 and \$13.0 million in federal funds in FY2026.
- **Non-citizen Eligibility Restrictions:** Limits SNAP to citizens and legal permanent residents, resulting in approximately 2,300 individuals losing eligibility. According to a [report](#) published by the Executive Office of Human Services, this will likely cause a reduction of \$1.3 million in federal funds in FY2027 and \$1.5 million in federal funds in FY2026.

Benefit Changes:

- **Thrifty Food Plan:** Freezes benefit adjustments to inflation for costs of a nutritious, low-cost diet, causing gradual erosion of benefit value and greater strain on food assistance networks. Previously, the Thrifty Food Plan was adjusted using the consumer price index.

Financial Changes:

- **SNAP-Ed Grant:** Eliminates \$1.5 million Nutrition Education and Obesity Prevention Program, which provided evidence-based education and community-based interventions that promoted healthy food choices, physical activities, and obesity prevention.
- **Administrative Cost Sharing:** Reduces federal match from 50.0 percent to 25.0 percent, increasing state costs by approximately \$9.3 million in FY2027, and \$13.0 million in out years.
- **Payment Error Rate (PER):** Requires States with error rates in excess of 6.0 percent to share SNAP benefits costs. In 2024, Rhode Island PER was 11.5 percent which would trigger a clawback of 15.0 percent or \$51.5 million. If the PER is above the national average for two consecutive years, there is an additional \$2.5 million penalty.

SNAP Payment Error Rate (PER) Improvement Plan

The Department of Human Services, in conjunction with Human Service Group, submitted the SNAP PER Improvement plan on September 29th, 2025, outlining various policy recommendations and decisions related to decreasing Rhode Island SNAP Error Rate. Article 10 of the FY2026 Budget as Enacted established the one-time report in response to changes to SNAP in the House Resolution, which

Error Rate	State Cost Share (%)	State Cost Share (\$)
0-5.99%	0%	\$0.0
6-7.99%	5%	\$17.1
8-9.99%	10%	\$34.4
10% or More	15%	\$51.5

* \$ in Millions

implemented penalties in relation to SNAP Payment Error Rate's. As of 2024, Rhode Island's PER exceeds 10.0 percent (11.5 percent), resulting in the claw back of 15.0 percent, or \$51.5 million in SNAP benefit funds. Furthermore, if two consecutive years are above the national PER average, there is a \$2.5M penalty assessed to Rhode Island for which 50.0 percent is to be reinvested in the program, and 50.0 percent paid to FNS. The clawback is expected to take effect in CY2028.

The plan identifies the top three drivers of the FFY2024 PER as wages and salaries, shelter deductions, and household composition and targets six reform areas. SNAP Reform strategies are grouped within the identified target areas and link specific DHS reforms with the top drivers to deliver the most impactful reduction to the error rate.

Targeted Reform Areas
Policy Simplification and Federal Flexibility
Move to simplified reporting for all households.
Assign 24-month certification periods to Elderly and Disabled Simplified Application Project (ESAP) households.
Revoke the Change of Address waiver.
Quality Assurance (QA) Framework
Conduct urgent "Find and Fix" reviews of the ESAP population with surge staff.
Build a culture of shared responsibility through organizational change management.
Quality Control (QC) Improvements
Standardized review processes with process maps and performance standards.
Business Process Optimization
Standardize eligibility procedures and documentation.
Provide simulation-based interview training.
IT Systems and Workload Management
Expand use of commercial data sources to track employment and household changes.
Procure an AI-driven Smart Policy Hub that links policy, QA, and training.

Implementation of new SNAP processes began October 2025. While the Department expects to see improvements in the SNAP errors within the first few weeks of implementation, the report cautions that there will be a lag in total measurable impacts of all reforms given the structure of the programs and policies set in place. This lag is primarily influenced by several factors, including the federal sample including cases processed under new and old rules, and the cycle structure of recertification periods of 12-, 24-, and 36-months, which delays the impact of certain policy changes. In all, the report sets out a 16-month timeline in which all implemented policy reforms will be in effect, and the Department will begin to observe measurable outputs impacting the PER.

Pertinent Dates for HR-1 Implementation

Implementation of SNAP Changes have begun. As of October 2025, eligibility changes, which include changes to work requirements, Standard Utility Allowances, and Non-citizen eligibility have begun. As of October 2025, the SNAP-ed grant has been removed as well. Changes to Administrative cost sharing, where the States share will increase from 25.0 percent to 50.0 percent, will begin in October 2026. Changes to the Thrifty Food Plan, and the Error Matching Rate will begin in October 2027.

HR- 1 Response: The Governor recommends a total of \$4.2 million in general revenue to employ a multifaceted strategic plan to lower Rhode Island's SNAP payment error rate, ensure accurate and efficient eligibility verification and customer service delivery, and simplify the navigation of new federal compliance mandates.

Section No.	Short Name	Effective Date
Eligibility Changes		
10102	Work Requirements	Oct-25
10103	SUA Allowances	Oct-25
10108	Non-Citizen Eligibility	Oct-25
Total		
Benefit Changes		
10101	Thrifty Food Plan	Oct-27
Finance Changes		
10105	Error Rate Matching	Oct-27
10106	Administrative Cost Sharing	Oct-26
10107	SNAP-Ed Grant	Oct-25

**Sourced from the Federal Compliance Advisory Group Federal Policy Changes Report dated Oct 30, 2025.*

**Effective dates may change due to lawsuits and delays.*

- **Call Center Accuracy and Modernization Improvements:** The Governor recommends \$3.0 million in general revenue (\$4.9 million all funds) to finance technology improvements at the DHS Call Center; increase customer facing staff by 15.0 FTE positions to effectively handle the expected call volume increase; and, add 3.0 FTE administrative positions to strengthen interagency coordination.
- **Office of Program Integrity:** The Governor recommends \$503,321 in general revenue, and \$878,448 in all funds to create an Office of Program Integrity (OPI), which includes 6.0 FTE positions to shift DHS from reactive corrections to preventative oversight across SNAP, Medicaid, TANF, CCAP, and related programs.
- **Enhanced Training:** The Governor recommends \$708,311 in general revenue, and \$1.2 million in all funds, to finance technology modernization, new training support roles, and increased program accuracy. This includes 5.0 FTE positions to create and administer targeted training in high-error areas, build out a unified statewide training program for all DHS programs, and utilize real time dashboards to monitor and adjust staff training.

HR- 1 SNAP Administrative Cost Share: The Governor recommends \$7.1 million in general revenue to finance the State's increased administrative cost share, which shifted from 50/50 state and federal funding to 75/25 state and federal funding.

RI Bridges

The RI Bridges Project, previously known as Unified Health Infrastructure Project (UHIP), is the largest information technology (IT) project undertaken by the State intended to fully integrate health and human service programs, and establish a State-based health insurance exchange, HealthSource RI. The project was developed in two phases. Phase I, launched in 2013, created an online portal for purchasing commercial health insurance and income-based Medicaid eligibility. Phase II of UHIP, launched in September of 2016, was intended to expand the system to serve as a portal through which residents apply for and enroll in other health and human service programs such as Child Care, Supplemental Nutrition Assistance Program (SNAP), General Public Assistance (GPA), and Supplemental Security Income (SSI) programs.

The terms UHIP and RI Bridges tend to be used interchangeably by the State's health and human services agencies; however, they are distinct. UHIP is the infrastructure that coordinates health and human services programs as supported by the RI Bridges system. RI Bridges is the major eligibility and enrollment system supporting health and human services programs administered by DHS, HSRI, and Medicaid. The UHIP budget supports agency operations and the ongoing development, maintenance, and operation of RI Bridges, which is allocated across three agencies: the Executive Office of Health and Human Services

(EOHHS), DHS, and HealthSource RI (HSRI), totaling \$177.0 million in FY2026 and \$242.2 million in FY2027. The Department's FY2027 budget includes a total of \$13.2 million related to RI Bridges/UHIP expenditures, an increase of \$424,136 from the FY2026 Budget as Enacted level.

UHIP Expenditures (General Revenue)				
	Pre FY2026 Expenditures	FY2026 Enacted	FY2027 Governor	Total
Department of Administration (HSRI)	-	-	-	-
Department of Human Services (DHS)	29,310,243	3,618,132	3,339,273	35,414,077
Executive Office of Health and Human Services (EOHHS)	142,959,433	22,368,654	38,651,742	236,950,256
Total	\$204,386,532	\$25,986,786	\$41,991,015	\$272,364,333
UHIP Expenditures (Federal Funds)				
	Pre FY2026 Expenditures	FY2026 Enacted	FY2027 Governor	Total
Department of Administration (HSRI)	-	-	-	-
Department of Human Services (DHS)	86,860,861	8,619,840	9,843,543	105,844,952
Executive Office of Health and Human Services (EOHHS)	348,761,389	56,857,323	72,778,976	669,940,452
Total	\$435,622,250	\$65,477,163	\$82,622,519	\$775,785,404
UHIP Expenditures (Restricted Receipts)				
	Pre FY2026 Expenditures	FY2026 Enacted	FY2027 Governor	Total
Department of Administration (HSRI)	75,063,879	\$6,314,296	\$6,155,247	87,533,422
Department of Human Services (DHS)	-	-	-	-
Executive Office of Health and Human Services (EOHHS)	-	-	\$0	-
Total	\$75,063,879	\$6,314,296	\$6,155,247	\$87,533,422
UHIP Expenditures (All Funds)				
	Pre FY2026 Expenditures	FY2026 Enacted	FY2027 Governors	Total
Department of Administration (HSRI)	75,063,879	6,314,296	6,155,247	87,533,422
Department of Human Services (DHS)	116,171,104	12,237,972	13,182,816	141,591,892
Executive Office of Health and Human Services (EOHHS)	491,720,822	79,225,977	111,430,718	682,377,517
Total	\$682,955,805	\$97,778,245	\$130,768,781	\$911,502,831

RI Bridges Data Breach

On December 13th, 2024, the State was informed by Deloitte, the vendor for RI Bridges, that there had been a major security threat to the RI Bridges system, which manages the States social and human services programs. According to the State and Deloitte, there is a high probability that cybercriminals obtained personal information for individuals enrolled in the RI Bridges system. This includes names, date of birth, home addresses, and social security numbers. Any individual who received or applied to State health coverage or health and human services programs or benefits could be impacted by this breach.

In January 2025, the State began notifying individuals affected by the data breach, sending out individual notification letters to those whose information was stolen. As of February 5, 2025, it has been reported that personal information of more than 650,000 Rhode Islanders was stolen in the breach and prevented approximately 2,000 Rhode Islanders from enrolling in state-paid healthcare coverage. Deloitte agreed to pay \$5.0 million to the State to cover expenses incurred because of the data breach, as well as credit monitoring and identity theft protection services for the 650,000 individuals who had their data stolen. The FY2026 Budget does not reflect any additional expenditures related to the breach.

The Budget includes \$150,000 in general revenue and \$587,139 in settlement funds in FY2027 to support mitigation and abatement activities related to the data breach.

Caseload Estimating Conference

Every November and May, the State revises cash assistance caseload forecasts in order to estimate entitlement program spending for both the current and the following fiscal year. The November 2025

Caseload Estimating Conference adopted estimates dictate the entitlement program appropriations included in the FY2027 Recommended Budget.

Overall spending for cash assistance programs, including RI Works, child care subsidies to working families, Supplemental Security Income (SSI) state supplement, and General Public Assistance (GPA), is estimated to be \$138.4 million in FY2027, an increase of \$284,383 from the FY2026 Enacted level. Major contributors to the increase include eligibility expansion for the Child Care Assistance Program (CCAP) program, increased childcare reimbursement rates, a Rhode Island Works benefit increase, and the elimination of full family sanctions. The FY2026 Budget authorized a 3-year extension of the Childcare for Childcare Educator's Pilot, and an increase in Infant childcare rates, which also contributed to the increased caseload and costs.

Cash Assistance Program - November 2025 Adopted Estimates

	FY2025 Actual	FY2026 Enacted	FY2026 Governor	FY2027 November	FY2027 Governor	Change to Enacted
Rhode Island Works						
Persons	9,362	9,875	9,400	9,585	9,586	(289)
Monthly Costs per Person	\$285.0	\$298.0	\$287.0	\$288.0	\$288.0	-\$10.00
Federal Funds*	\$34.2	\$37.6	\$34.6	\$35.4	\$35.4	-\$2.2
Child Care						
Subsidies	6,464	6,818	7,000	7,700	7,700	882
Annual Cost per Subsidy	\$10,970	\$11,956	\$10,900	\$10,900	\$10,900	-\$1,056
Federal Funds*	\$60.8	\$71.6	\$66.4	\$74.1	\$74.1	\$2.5
General Funds*	\$10.1	\$9.9	\$9.9	\$9.8	\$9.8	(\$0.1)
SSI - State Supplement						
Persons	30,835	30,757	30,600	30,550	30,550	(207)
Monthly costs per Person	\$45.0	\$45.0	\$45.0	\$45.0	\$45.0	\$0.0
General Revenue*	\$16.7	\$16.7	\$16.6	\$16.6	\$16.6	(\$0.1)
General Public Assistance						
Persons	632	780	772	912	912	132
Monthly Costs per Person	\$136.0	\$169.0	\$162.0	\$167.0	\$167.0	(\$2.0)
General Revenue*	\$1.6	\$2.2	\$2.1	\$2.5	\$2.4	\$0.2
Total	\$123.4	\$138.0	\$129.6	\$138.4	\$138.3	\$0.3
Federal Funds*	\$95.0	\$109.2	\$101.0	\$109.5	\$109.5	\$0.3
General Revenue*	\$28.4	\$28.8	\$28.6	\$28.9	\$28.8	\$0.0

*\$ in millions.

CENTRAL MANAGEMENT

Central Management, which includes the Office of the Director, supervises, coordinates, and monitors all departmental functions within DHS. This division also includes the Office of Policy Analysis, Research, and Development; the Operations Management Unit; the Collections, Claims, and Recoveries Unit; and, the Fraud Investigation Unit.

Central Management	General Revenue
FY2026 Enacted	\$8,050,831
<i>Target and Other Adjustments</i>	-
Enterprise Resource Planning (statewide adjustments)	(\$1,176,490)
State Directed Grants	1,075,000
Personnel Adjustments (statewide adjustments)	(176,714)
Accounts and Control (statewide adjustments)	38,151
Centralized Services (statewide adjustments)	(26,247)
FY2027 Governor	\$7,784,531

Central Management	Other Fund Changes
Overtime (restricted receipts)	\$350,000

State Directed Grants **\$1.1 million**

The Budget includes a general revenue increase of \$1.1 million to support the Department's Community Service Grants, reflecting a \$1.0 million increase to support the RI Community Food Bank, \$25,000 to support Higher Ground International, \$25,000 for United Way, \$25,000 for Oasis International, and \$25,000 for New Bridges for Haitian Success. Generally, community service grants are appropriated to reflect the General Assembly's priorities and provide additional support to organizations outside of the Department's scope. The Budget now includes a total of \$5.1 million in all community service grants.

Overtime (restricted receipts) **\$350,000**

The Budget includes a restricted receipt increase of \$350,000 to support overtime expenses related to increased activity for eligibility services for the State's assistance programs. In May 2025, Congress passed HR-1, which made numerous changes to eligibility and funding for public assistance programs. The Department requires additional overtime expenses to ensure accessible customer support and transition. These funds are sourced from indirect cost revenue, which is recouped on Low Income Home Energy Assistance Program (LIHEAP) and Office of Rehabilitative Services Grants.

CHILD SUPPORT ENFORCEMENT

The Office of Child Support Enforcement assists families by ensuring payment of court-ordered child support payments. The Office provides the following services: location of non-custodial parents, establishment of paternity, establishment and modification of child support orders, and enforcement, through the use of license suspensions, tax refund intercepts, and liens. Collections recovered from families that receive state support through Rhode Island Works or Medicaid are retained by the State, while other collections are distributed directly to families.

Child Support Enforcement	General Revenue
FY2026 Enacted	\$4,390,046
<i>Target and Other Adjustments</i>	(20,574)
Personnel Adjustments (statewide adjustments)	217,445
FY2027 Governor	\$4,586,917

Child Support Enforcement	Other Fund Changes
Assistance and Grants (federal funds)	(\$1,933,280)
Child Support Case Management System Transition (federal funds)	102,960

Assistance and Grants (federal funds)**(\$1.9 million)**

The Budget includes a federal funds reduction of \$1.9 million to account for a new way the childcare pass-through funds are now reflected in the budget. Previously, pass-through was deposited as revenue, but according to the Department of Administration this is not how they should be treated. Funds are now used to credit expenses in the Office.

Child Support Enforcement Case Management System Transition (federal funds)**\$102,960**

The Budget includes a federal funds increase of \$102,960 to support the transfer of RIKidsBridge, the primary mainframe utilized by the Office of Child Support Enforcement, off the mainframe and into a web-based platform. While the mainframe is utilized by the Office, it has become outdated (designed in the early 1990s). Additionally, by CY2028, the Office will be the only tenant following the end of the current contract. The system supports approximately 70,000 child support cases and is the collection platform for about \$93.0 million in child support annually.

OFFICE OF HEALTHY AGING

The Office of Healthy Aging, previously the Division of Elderly Affairs, provides comprehensive services, advocacy, and public policy dedicated to the needs of older Rhode Islanders, adults with disabilities, their caregivers, and families. The Office implements a system of community-based care for individuals sixty years and older as well as adults with disabilities. The Office is responsible for developing and implementing a State Plan on Aging under the federal Older Americans Act. The Office oversees the Aging and Disability Resource Center (called “The Point”) and a network of community information specialists who provide referrals to services and other resources to elders and adults with disabilities.

Office of Healthy Aging	General Revenue
FY2026 Enacted	\$15,623,340
<i>Target and Other Adjustments</i>	<i>39,116</i>
MMIS- Elderly 65 and Over	(1,216,318)
Personnel Adjustments (statewide adjustments)	249,884
OHIC Adjustments	201,662
Senior Center Grants	200,000
VGP and Legal Assistance Developer	50,000
FY2027 Governor	\$15,147,684

MMIS – Elderly 65 and Over**(\$1.2 million)**

The Budget includes a general revenue reduction of \$1.2 million, aligning more closely with FY2025 actual spending for the At Home Supports programs. This reduction also appears in the FY2026 revised budget. The Office provides At Home support programs such as adult day care and home care, to residents aged 65 and older to support independent living.

OHIC Adjustments**\$201,662**

The Budget includes a general revenue increase of \$201,662, with corresponding federal funds, partially implementing the new rates as suggested by the Office of the Health Insurance Commissioner (OHIC). The rate changes affect OHA’s at-home support, including case management, adult day care, and in-home services.

The FY2023 Budget Enacted required the Office of the Health Insurance Commissioner to conduct a Statewide analysis on reimbursement rates related to social and human services. The Office conducted a total of nine assessments concerning an array of services within the Medicaid fee-for-service (FFS) fee schedules, as well as services financed through the State through Medicaid and other funding areas.

Senior Center Grants **\$200,000**

The Budget includes a general revenue increase of \$200,000, resulting in rates equal to \$9.00 per senior. The Governor intends to reach rates equal to \$10.00 per senior by 2030.

Senior Centers are tasked with meeting the needs of the aging community and are one of the most widely used services among older adults. According to Rhode Island Senior Center Directors’ Association, senior centers are significantly underfunded with the present rate equal to approximately \$8.19 per senior in each municipality. The Directors Association concurs with the Governor’s goal to increase funding to \$10.00 per senior and asserts the funding goal will provide the necessary funding to provide holistic, connective, and compassionate services to Rhode Island residents as they age.

As of 2024, 31.0 percent of Rhode Island’s population is age 55 or older, exceeding national rates of 28.0 percent. By 2030, it is estimated that one in four Rhode Island residents will be 65 or older. As the population ages, the utilization and needs for senior services will continue to increase. The Office of Health Aging asserts that increasing funding now may mitigate organizational and industry challenges.

VGP and Legal Assistance Developer **\$50,000**

The Budget includes a general revenue increase of \$50,000, bringing total general revenue funding to \$90,000, to support a legal assistance developer who acts as an important advocate for legal services, a strategic connector, and works across networks to strengthen the delivery system for older adults and adults living with disabilities. A Legal Assistance Developer (LAD) is a state-level specialist mandated by the Older Americans Act that works with state aging units to coordinate, develop, and enhance legal services for older individuals. According to the Office, the Executive Office of Health and Human Services (EOHHS) assigned OHA’s legal counsel to BHDDH and never back-filled the position. The lack of a dedicated LAD may initiate penalties or a corrective action plan. This position would administer the Volunteer Guardianship Program (VGP), which provides volunteer health care decision making guardians to low-income older adults and adults living with disabilities.

OHA currently utilizes \$40,000 in general revenue for a part-time contractor to oversee administrative duties related to the VGP. The Department of Behavioral Health, Developmental Disabilities, and Hospitals (BHDDH) allow OHA to utilize a portion of their Senior Legal Counsel’s time for legal support. The current Senior Legal Counsel has indicated that they plan to retire in 2025, and there is no guarantee that OHA will continue to receive legal support from BHDDH. The Budget includes the \$50,000 increase to bring total VGP funds to \$90,000.

HEALTH CARE ELIGIBILITY

Health Care Eligibility is responsible for determining Medicaid eligibility. This includes the determination of eligibility for medical benefits for certain low-income individuals and/or families with dependent children, and individuals who meet eligibility criteria within the following populations: RI Works participants; SSI participants; Children with Special Health Care Needs; children in foster care or subsisted adoption within the Department of Children, Youth, and Families; low income families; and aged, blind, or disabled individuals.

Health Care Eligibility	General Revenue
FY2026 Enacted	\$10,511,087
<i>Target and Other Adjustments</i>	<i>50,997</i>
Personnel Adjustments (statewide adjustments)	509,516
HR-1 FTEs	332,026
SNAP AI Training Platform	275,478
HR1 SNAP Chat Bot	252,258
Centralized Services (statewide adjustments)	229,297
Accounts and Control (statewide adjustments)	176,177
HR1 SNAP Quality Control	98,132
Shepard Building Parking	41,535
FY2027 Enacted	\$12,476,503

HR-1 FTEs **\$332,026**

The Budget includes a general revenue increase of \$332,026, and \$498,464 in corresponding federal funds to support 12.3 new FTE positions in the Division of Health Care Eligibility. These positions include:

- 7.1 FTE Eligibility Technician I (\$375,000)
- 2.6 FTE Eligibility Technician Specialist (\$162,980)
- 1.9 FTE Interdepartmental Project Manager (\$181,882)
- 0.71 FTE Supervising Eligibility Technician (\$46,710)

HR-1, passed in July 2025, made several changes to human service programs including Medicaid, SNAP, and Health Exchange. The eligibility verification of these programs is housed within the Department of Human Services. To effectively handle increased call volume and ensure equitable and effective access to these services, the Department requires additional FTE positions.

SNAP AI Training Platform **\$275,478**

The Budget includes a general revenue increase of \$275,478, with a corresponding federal funds increase of \$275,478, to finance technology modernization, new training support roles, and increased accuracy. These funds support 5.4 FTE positions to create and administer targeted training in high-error areas, build out a unified statewide training program for all DHS programs, and utilize real-life dashboards to monitor and adjust staff-training.

- 1.1 FTE Assistance Administrator Community and Planning Services (\$88,626)
- 2.2 FTE Clinical Training Specialist (\$161,268)
- 2.1 FTE Principal Human Services Policy and Systems Specialist (\$162,612)

HR-1 SNAP Chat Bot **\$252,258**

The Budget includes a general revenue increase of \$252,258, with a corresponding federal funds increase of the same amount, to improve customer service. These funds will finance technology improvements to existing phone systems. AI-powered chat bots will handle immediate customer questions, call recording, and analytics, improving customer services.

HR-1 SNAP Quality Control **\$98,132**

The Budget includes a general revenue increase of \$98,132, with a corresponding federal funds increase of \$189,903 to support the creation of the Office of Program Integrity. This proposal spans across the agency and additional funds appear in the Division of Individual and Family Support. The Office of Program Integrity houses 25.0 FTE positions and will oversee corrective training and oversight of the Department's eligibility technician to prevent errors and control the State's payment error rate.

Shepard Building Parking**\$41,535**

The Budget includes a general revenue increase of \$41,535, with a corresponding federal funds increase of the same amount to accommodate the adjustment for increased parking due to the reallocation of long-term supportive services from Warwick to the Shepard Building. According to the Department, employee passes are \$195 a month per employee. The current budget supports 53 FTE positions, but the Budget adds an additional 100 FTEs to account for those employees moving from the Powers building to the Shepard building. This is a portion of an agency wide initiative. There is an additional \$150,930 within the Division of Individual and Family Support, bringing total funding to \$234,000.

INDIVIDUAL AND FAMILY SUPPORT

The Division of Individual and Family Support (IFS), also referred to as the Division of Economic Support, operates the Department's economic benefits and work support programs, including the federal Supplemental Nutrition Assistance Program (SNAP), the Emergency Food Assistance Program, child care subsidies, the Rhode Island Works cash assistance program, Supplemental Security Income (SSI), and General Public Assistance (GPA).

The Division also provides services to individuals with disabilities, operating the Office of Rehabilitation Services (ORS), which includes the State's vocational rehabilitation program, services for the blind and visually impaired, and disability determination.

Individual and Family Support	General Revenue
FY2026 Enacted	\$35,143,366
<i>Target and Other Adjustments</i>	<i>71,836</i>
SNAP Administration Adjustments	7,144,852
FTEs for HR1	1,093,658
SNAP Chat Bot	640,267
SNAP/All Program Accuracy & Efficiency Initiative	618,750
Reduce ORS CNOM Programs to FY25 Levels	(565,176)
SNAP AI Training Platform	432,833
SNAP Quality Control	405,792
Turnover (statewide adjustments)	(172,884)
Shepard Building Parking	100,386
Accounts and Control (statewide adjustments)	228,297
Centralized Services (statewide adjustments)	753,506
FY2027 Governor	\$45,895,483

Individual and Family Support	Other Fund Changes
Transfer Weatherization Assistance Program to OER (federal funds)	(\$10,939,693)
Preschool Development Grant (federal funds)	2,905,951
Refugee Social Services Program (federal funds)	(1,102,872)

SNAP Administration Adjustments**\$7.1 million**

The Budget includes a general revenue adjustment of \$6.5 million, with a corresponding federal funds decrease of \$11.5 million associated with changes to the Supplemental Nutrition Assistance Program pursuant to the passage of HR-1 in May 2025. H.R. 1 amended the federal reimbursement for SNAP administration from 50.0 percent to 25.0 percent, requiring the State to increase its SNAP administrative costs by \$7.1 million.

FTEs for HR-1**\$1.1 million**

The Budget includes \$1.1 million in general revenue to support 2.7 new FTE positions in the Division Individual and Family Support. These positions include:

- 1.3 Eligibility Technician Specialist (\$46,764)
- 1.4 Interdepartmental Project Manager (\$67,722)

HR-1, passed in May 2025, made several changes to human service programs including Medicaid, SNAP, and Health Exchange. The eligibility verification of these programs is housed within the Department of Human Services. To effectively handle increased call volume and ensure equitable and effective access to these services, the Department requires additional FTE positions.

SNAP Chat Bot**\$640,267**

The Budget includes a general revenue increase of \$640,267 to improve customer service. These funds will finance technology improvements to existing phone systems. AI-powered chat bots will handle immediate customer questions, call recording, and analytics, improving customer services.

SNAP/All Program Accuracy & Efficiency Initiative**\$618,750**

The Budget includes \$618,750 in general revenue, with a corresponding federal match of \$381,250 in federal funds to develop technology supports that increase worker accuracy and efficiency, to mitigate State fiscal risks associated with the 25 percentage point decreased federal match (from 50.0% to 25.0%), and increased state costs tied to the payment error rate. This initiative includes the implementation of Knowledge Base, Natural Language Understanding, Chat Bots, Call recording and analytics, and Agent Assistants. These improvements extend digital capacity to reduce reliance on manual workflows.

Reduce ORS CNOM Programs to FY2025 Levels**(\$565,176)**

The Budget includes a \$565,476 general revenue reduction, with a corresponding \$816,389 federal funds reduction (\$1.3 million total) to reduce the office rehabilitation services cost, which is not otherwise matchable services to recent spending levels. This is a one-time constrained request to meet the required 7.5 percent savings target. This reduction will impact three programs, including the home modification, personal care assistant, and social services for the blind. The office notes that FY2025 spending was abnormally low.

SNAP AI Training Platform**\$432,833**

The Budget includes a general revenue increase of \$432,833, and \$171,804 in federal funds to finance technology modernization, new training support roles, and increased accuracy. These funds support 4.5 FTE positions to create and administer targeted training in high-error areas, build out a unified statewide training program for all DHS programs, and utilize real time dashboards to monitor and adjust staff-training.

- .92 FTE Assistance Administrator Community and Planning Services (\$75,863)
- 1.8 FTE Clinical Training Specialist (\$138,032)
- 1.8 FTE Principal Human Services Policy and Systems Specialist (\$139,192)

The use of automated intelligence will enable targeted trainings in high-error areas, building out a unified statewide training program for all DHS programs, and utilization of real-time dashboards to monitor and adjust staff training.

SNAP Quality Control**\$405,792**

The Budget includes \$405,792 in general revenue, with a corresponding federal funds increase of \$184,621 to support the creation of the Office of Program Integrity. This proposal spans across the agency and additional funds appear in the Division of Individual and Family Support. The Office of Program Integrity

will oversee corrective training and oversight of the Department's eligibility technician to prevent errors and control the State's payment error rate.

Shepard Building Parking

\$100,386

The Budget includes a general revenue increase of \$100,386, with a corresponding federal funds increase of \$50,544 to accommodate the adjustment for increased parking due to the reallocation of long-term supportive services from Warwick to the Shepard Building. According to the Department, employee passes are \$195 a month per employee. The current budget supports 53.0 FTE positions, but the Budget adds an additional 100 FTEs to account for those employees moving from the Powers building to the Shepard building. This is a portion of an agency wide initiative. There is an additional \$83,070 within the Division of Health Care Eligibility, bringing total funding to \$234,000.

Transfer Weatherization Assistance Program to OER (federal funds)

(\$10.9 million)

The Budget includes a federal funds decrease of \$10.9 million for the transfer of the Weatherization Assistance Program to the Office of Energy Resources. The request will transfer a total of 4.0 federally funded FTEs to the Office of Energy Resources. According to the Department, this transfer will programmatically and administratively align the weatherization program with the rest of the States federally funded weatherization and energy efficiency grants, effectively streamlining energy initiatives. The Department does not conduct any income eligibility activities, as this is contracted out to CAP agencies. CAP agencies will continue to perform income eligibility verification.

Preschool Development Block Grant (federal funds)

\$2.9 million

The Budget includes a \$2.9 million increase to the Preschool Development Block Grant to reflect a new federal grant received in June 2025. These funds will be used to support the Step Up to Wage\$ program. The Wage\$ Program provides supplemental revenue for wages for childcare workers that will aid in the recruitment and retention of staff.

Refugee Social Services Program (federal funds)

(\$1.1 million)

The Budget includes a decrease of \$1.1 million to reflect expenditure changes that support refugee social services. In May, Congress changed the refugee assistance eligibility from 12 months to 4 months, significantly cutting expenditures. According to the Department, the number of refugees coming onto the program went down to zero. These funds support resettlement activities such as case management, employment services, cash and legal assistance, and youth mentoring. These funds are distributed to two resettlement organizations – Dorcas International Institute and Catholic Social Services – as well as to RIDOH, Providence Public Schools, and the Refugee Dream Center.

RHODE ISLAND WORKS/CHILD CARE

Rhode Island Works provides cash assistance and employment support services, including child care assistance, to enable working parents with children to support their families. Applicants may have up to \$5,000 in resources (excluding a home) and one vehicle per adult. Rhode Island Works (RIGL 40-5.2-5) replaced the Family Independence Program in 2008. This program is funded through the federal Temporary Assistance to Needy Families (TANF) program.

Article 13 of the FY2022 Budget as Enacted adjusted the payment standard (the maximum monthly assistance amount provided to eligible families) for families receiving cash assistance under the RI Works program to match 40.0 percent of the 2022 federal poverty line. The payment standard was increased again in the FY2025 Budget as Enacted by 20.0 percent to bring the payment back up to about 40.0 percent of the federal poverty line. As of March 2025, the FY2027 payment standard of \$865 for a family of three is around 38.0 percent of the federal poverty line.

The FY2022 Budget as Enacted also amended the RI Works program to include children who are over 18 and still in high school, and amended 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. Article 13 of the FY2023 Budget as Enacted further amended the earned income disregard, increasing it from \$170 to \$300. The FY2023 Budget also raised the resource limit from \$1,000 to \$5,000. Article 11 of the FY2025 Budget again increased the earned income disregard by \$225, from \$300 to \$525, and eliminated full family sanctions and terminations.

Prior to FY2022, beneficiaries were not allowed to receive cash assistance for more than 24 months (consecutive or not) within 60 continuous months. Article 13 of the FY2020 Budget as Enacted eliminated this constraint. Article 13 of the FY2023 Budget as Enacted extended the lifetime limit to 60 months, aligning Rhode Island with a majority of the country. The lifetime limit includes Temporary Assistance for Needy Families (TANF) cash assistance paid to the beneficiary in other states. Cash assistance provided to a child will not be counted toward their lifetime limit should they need to apply for benefits as adults.

The FY2023 Budget as Enacted expanded child care supports to include families, at or below 200.0 percent of the Federal Poverty Level, with parents enrolled at a Rhode Island institution of higher education or in a qualified training program. The FY2024 Budget as Enacted implemented the Child Care for Child Care Workers pilot, extending CCAP eligibility to individuals working in child care centers earning less than 300.0 percent of the federal poverty line.

The FY2023 Budget as Enacted also expanded the work requirements and now allows RI Works recipients to participate in continuing education programs or vocational training at a Rhode Island institution for up to 24 months while still receiving cash assistance, provided that they successfully completed the first 12 months.

Article 11 of the FY2025 Enacted Budget increased the RI Works benefit by 20.0 percent, increased the earned income disregard to \$500, increased childcare reimbursement rates by 5.0 percent across all age groups and tiers, increased child care eligibility to 261.0 percent of the FPL, and extended the Child Care for Child Care Workers Pilot.

Article 10 of the FY2026 Budget as Enacted increased infant childcare rates by 20.0 percent, and extended the Child Care Workers Pilot for an additional three years.

Rhode Island Works / Child Care	General Revenue
FY2026 Enacted	\$9,891,538
<i>Target and Other Adjustments</i>	-
November CEC - Childcare Assistance Program	(107,317)
FY2027 Governor	\$9,784,221

Rhode Island Works / Child Care	Other Fund Changes
November CEC- RI Works (federal funds)	(2,238,182)
Child Care for Child Care Educators	Informational

November CEC – Childcare Assistance Program **(\$107,317)**

The Budget includes \$9.8 million in general revenue for child care assistance in FY2027 as determined in the November 2025 Caseload Estimating Conference (CEC), a decrease of \$107,317 from FY2026 Enacted levels. The November CEC assumed a total of 7,700 subsidies, an increase of 882 child care subsidies. The cost per subsidy decreased by \$1,056 compared to the FY2026 Budget as Enacted, to \$10,900. There is a corresponding federal funds increase of \$2.5 million.

November CEC - RI Works (federal funds) **(\$2.2 million)**

The Budget includes a decrease of \$2.2 million in federal funds within the RI Works program as a result of the November 2025 Caseload Estimating Conference (CEC). The November 2025 CEC adopted a RI Works

caseload estimate of 9,586 at a monthly cost of \$288.0 per person. The total federal fund cost of the RI Works program in FY2027 is \$35.4 million, a decrease of \$2.2 million from the FY2026 Enacted level. The RI Works program is primarily funded through the federal Temporary Assistance to Needy Families (TANF) grant.

Child Care for Child Care Educators (federal funds) **Informational**

Article 10 of the FY2026 Budget as Enacted extended the Child Care for Child Care Workers Pilot for three years, from July 1, 2025, to July 1, 2028. Eligible participants income must be at or below 300.0 percent of the federal poverty level (FPL) According to the Department of Health and Human Services (HHS), the average family of three who earns 300.0 percent of the FPL grosses about \$65,708 a year. The program exempts eligible staff and educators from copayments, and allows them to choose their preferred childcare facility. The Budget included an additional \$2.7 million in Temporary Assistance to Needy Families (TANF) funds to support this initiative.

STATE FUNDED PROGRAMS

State Funded Programs incorporates two different programs, General Public Assistance (GPA) and the Supplemental Nutrition Assistance Program (SNAP); however, only one of these programs is state-funded.

GPA is a state-funded program (RIGL 40-6-3) that provides basic cash assistance to adults between the ages of 19 and 64, with very limited income and resources, who have an illness, injury, or medical condition that is expected to last 30 days or more and prevents them from working. GPA also includes the hardship contingency fund, intended as the benefit of last resort for Rhode Islanders who do not qualify for Rhode Island Works or SSI. This benefit and funding level are directed by statute and does not typically fluctuate from year to year.

SNAP, or “food stamps”, is a federal nutrition program that provides food assistance to low-income households. SNAP benefits are fully federally funded. SNAP’s benefit disbursements are budgeted within this program; however, administrative responsibility of SNAP, as well as corresponding budgetary resources, are maintained by the Individual and Family Support program.

State Funded Programs	General Revenue
FY2026 Enacted	\$2,231,840
Target and Other Adjustments	-
November CEC	220,808
FY2027 Governor	\$2,452,648

State Funded Program	Other Fund Changes
SNAP Benefits (federal funds)	(41,921,728)
Refugee Assistance (federal funds)	(2,500,680)

November CEC **\$220,808**

Estimators at the November 2025 Caseload Estimating Conference (CEC) projected that, in FY2027, 912 people would receive general public assistance (GPA) at a monthly cost of \$167.00 per person. Expenditures for monthly cash payments, indigent burials, and the GPA hardship contingency fund are projected to be \$2.5 million in FY2027, a \$220,808 general revenue increase from FY2026 enacted levels.

SNAP Benefits (federal funds) **(\$41.9 million)**

The Budget includes \$323.2 million in federal funds for SNAP benefits, a decrease of \$41.9 million from the FY2026 Budget as Enacted. These funds are directly awarded to beneficiaries receiving SNAP benefits. The decrease primarily related to changes in eligibility guidelines pursuant to HR-1.

Refugee Assistance (federal funds)**(\$2.5 million)**

The Budget includes a federal funds reduction of \$2.5 million to support the Refugee Cash Assistance Program, reflecting changes in eligibility pursuant to HR-1. The program provides cash benefits to refugee adults without children, and the decrease in federal funding is attributable to federal changes associated with federal refugee assistance programs where time of benefits have decreased from 12 months to 4 months. Additionally, the State's refugee caseload has essentially decreased to zero.

SUPPLEMENTAL SECURITY INCOME

The Supplemental Security Income (SSI) program is a federal income support program that provides basic cash assistance to individuals aged 65 or older, and to adults and children with serious disabilities. Individuals eligible for SSI are also eligible for Medical Assistance (Medicaid) and SNAP (food stamps). Like all but four states (Arizona, North Dakota, Mississippi, West Virginia), Rhode Island pays beneficiaries a state supplement to the SSI benefit (RIGL 40-6-27).

The federal government, through the Social Security Administration, pays a basic benefit to SSI recipients. The actual monthly benefit depends on the recipient's income; generally, the more income an individual earns, the lower the monthly benefit. Like most states, Rhode Island provides a supplemental state-funded payment to each recipient of the federal payment. The State also makes a state-only payment to some individuals who exceed the federal income eligibility requirements.

The total payment (state and federal) is set at a specific level and is recalculated each year as the federal benefit is adjusted so that the benefit keeps pace with inflation. As of January 1, 2024, the federal SSI payment was increased 3.2 percent based on the cost of living adjustment (COLA) calculated by the Bureau of Labor and Statistics. The state portion of the SSI payment remained the same at \$39.92 for individuals and \$79.38 for couples. Currently, the maximum federal monthly payment is \$943.00 for an individual and \$1,415.00 for a couple.

For SSI recipients in an assisted living residence, a majority of the payment goes to the facility and the resident retains up to \$75.00 of the payment as a personal needs allowance.

In order to be eligible for SSI, an individual must be age 65 or older, blind, or disabled. For the purposes of determining eligibility for SSI, "disabled" means that an individual over the age of 18 has a medically determinable physical or mental impairment that results in an inability to perform any "substantial gainful activity" and that is either expected to result in death or to last for a year or more. For a child, it is a condition that results in "marked and severe functional limitations" and is expected to either result in death or to last for a year or more.

SSI-eligible individuals must also have "limited resources," defined as less than \$2,000 in resources for an individual or child, and less than \$3,000 in resources for a couple. Certain assets and resources are not included in the resource calculation, including the individual's home, household goods and personal effects, burial plots, and a single vehicle.

Supplemental Security Insurance Program	General Revenue
FY2025 Enacted	\$16,680,780
<i>Target and Other Adjustments</i>	-
November CEC	(111,780)
FY2026 Enacted	\$16,569,000
November CEC	(\$111,780)

The November 2025 Caseload Estimating Conference (CEC) adopted a Supplemental Security Income (SSI) estimate of 30,550 persons at a monthly cost of \$45.00, and \$60,000 for transaction fees. This is a

decrease of 207 persons to the FY2026 Budget as Enacted. The total general revenue cost of the SSI program in FY2027 is \$16.6 million, a decrease of \$111,780 from the FY2026 Enacted level.

VETERANS' SERVICES

The Office of Veterans' Services, previously the Division of Veterans' Affairs, serves Rhode Island's veteran population of approximately 70,000. The program operates the Rhode Island Veterans' Home, a state-run nursing facility in Bristol, Rhode Island, and the Veterans' Cemetery in Exeter, Rhode Island.

Office of Veterans Services	General Revenue
FY2026 Enacted	\$33,499,864
<i>Target and Other Adjustments</i>	<i>132,871</i>
VETS Foxtrot Expansion	2,990,062
Personnel Adjustments (statewide adjustments)	1,187,356
VETS Per Diem	(543,229)
Turnover(statewide adjustments)	(172,883)
FY2027 Governor	\$37,094,041

VETS Foxtrot Expansion

\$3.0 million

The Budget includes \$2.9 million in general revenue, and \$100,484 in federal funds, to support the partial reopening of the foxtrot housing neighborhood at the RI Veterans' Home. The request includes 24.0 new FTE positions, 22.0 of which provide direct care. These positions would allow 16.0 beds, or 50.0 percent, to open by the end of FY2027. According to the Department, this puts Veterans' Home on path to full occupancy (191 residents) in FY2028.

- 12.0 FTE Certified Nursing Assistant (\$89,808 each)
- 1.0 FTE Chief Program Development (\$157,584)
- 4.0 FTE Cook (\$88,500 each)
- 1.0 Nursing Instructor (\$223,686)
- 3.0 Registered Nurse A (\$169,131 each)
- 3.0 Registered Nurse B (\$172,323 each)

The Department requested \$425,951 in general revenue to increase CNA staff salaries. The Veterans' Home continues to face staffing challenges related to recruitment and retention due to low CNA wages, which creates staffing shortages, increases resident waitlists, and creates an unsafe environment. According to the Department, CNA compensation begins at about \$47,350 annually and caps out at \$51,514 annually. The salaries listed for the 12.0 new CNA positions begin at \$47,242. The Governor did not provide funding to increase CNA salaries in the Budget.

Vets Per Diem

(\$543,229)

The Budget includes a \$543,229 shift from general revenue to federal funds based on the federal per diem reimbursement rate, which is released annually on October 1. The increase is driven by the increases in national healthcare costs. The VA pays per diem for nursing home care, domiciliary care, and adult day health care.

CAPITAL PROJECTS

The Budget includes \$1.4 million in Rhode Island Capital Plan (RICAP) funding for FY2027 and \$1.9 million in FY2026. Projects include:

Crypt Installation and Cemetery Expansion: The Budget includes \$260,000 in RICAP funding in FY2027 and \$715,003 in FY2026 for the expansion of the Veterans' Cemetery as well as crypt installations, a

decrease of \$40,000 from FY2026. This funding will support the design phase of the expansion and installation.

Veterans' Home Asset Protection: The Budget includes \$977,240 in RICAP funding in FY2027 and \$1.1 million in FY2026 for asset protection projects at the RI Veterans' Home, an increase of \$312,240 from FY2026 Enacted. This funding is intended to extend the useful life of the facility by addressing problems as they arise.

Blind Vending Facilities: The Budget includes \$165,000 in FY2027 and FY2026 for blind vending facilities. This funding supports the ongoing construction and renovation of vending facilities at buildings owned or rented by the State. There are currently 11 locations throughout the State that support six blind vendors who operate the facilities. This ongoing project provides employment opportunities for people who are legally blind.

Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals

Expenditures by Program	FY2025 Actual	FY2026 Enacted	FY2026 Revised	Change from Enacted		FY2027 Governor	Change from Enacted	
Central Management	\$8.6	\$11.2	\$13.7	\$2.5	21.9%	\$19.5	\$8.2	72.9%
Behavioral Healthcare Services	36.5	44.5	60.8	16.3	36.6%	37.6	(6.9)	-15.6%
Services for the Developmentally Disabled	496.0	507.1	516.0	8.9	1.8%	541.3	34.2	6.7%
Hospital and Community Rehabilitation Services	114.7	120.2	120.3	0.1	0.1%	122.3	2.1	1.8%
State of Rhode Island Psychiatric Hospital	35.3	33.7	34.1	0.4	1.1%	35.1	1.4	4.3%
Total	\$691.0	\$716.7	\$744.9	\$28.2	3.9%	\$755.7	\$39.0	5.4%
Expenditures by Source								
General Revenue	\$322.8	\$318.8	\$327.1	\$8.3	2.6%	\$334.1	\$15.3	4.8%
Federal Funds	355.9	385.4	391.8	6.4	1.7%	403.8	18.5	4.8%
Restricted Receipts	12.1	12.1	25.0	13.0	107.6%	12.3	0.2	1.9%
Other Funds	0.3	0.5	1.0	1	101.6%	5.5	5	1000.0%
Total	\$691.0	\$716.7	\$744.9	\$28.2	3.9%	\$755.7	\$39.0	5.4%
Authorized FTE Levels	1,221.4	1,223.4	1,223.4	0.0	0.0%	1,223.4	0.0	0.0%

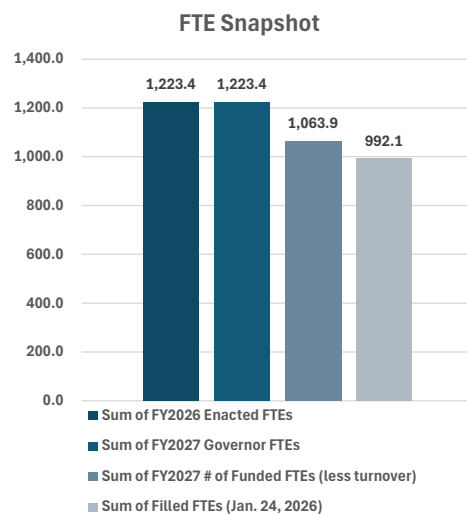
\$ in millions. Totals may vary due to rounding.

The Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals (BHDDH) provides a comprehensive system of care for individuals with mental or physical illnesses, developmental disabilities, and substance use disorders. BHDDH administers a coordinated system of mental health promotion and substance abuse prevention through contracted, community-based and direct services at the Eleanor Slater Hospital, the newly established Rhode Island State Psychiatric Hospital, and the Rhode Island Community and Living Supports (RICLAS) facilities.

MAJOR ISSUES AND TRENDS

The Budget includes \$755.7 million from all funds for BHDDH in FY2027, an increase of \$39.0 million or 5.4 percent as compared to the FY2026 Budget as Enacted. This includes an increase of \$15.3 million, or 4.8 percent in general revenues, bringing total general revenue funding for FY2027 to \$334.1 million. The increase is primarily driven by funding increases to the Services for the Developmentally Disabled program following the November 2025 Caseload Estimating Conference as well as statewide adjustments across programs. The Budget includes \$403.8 million in federal funds, an increase of \$18.5 million (4.8 percent). The increase is also primarily driven by funding increases to the Services for the Developmentally Disabled program following the November 2025 Caseload Estimating Conference as well as resumed Medicaid billing at Eleanor Slater Hospital (ESH). The Budget includes \$12.3 million in restricted receipts, a decrease of \$0.2 million (1.9 percent) due largely to reductions in the Department's various opioid funding allocations. The Budget includes \$5.5 million to fund existing Rhode Island Capital Plan projects.

The Budget authorizes 1,223.4 FTE positions in both FY2026 and FY2027, maintaining FY2025 levels and increasing



See analyst note on next page for more information on funded FTE numbers

FY2026 levels by 2.0 FTE positions. As of January 24, 2026, there were 992.1 filled positions in the Department (82.0 percent).

Analyst Note: Total funded FTEs in FY2027 appear low due to a shift in the Department's approach to budgeting Medicaid expenses which began in FY2025. Total personnel funding as included in the Budget includes two subprograms containing Medicaid Revenue credits for Eleanor Slater Hospital and State Operated Residential and Community Services. These credits result in personnel funding levels appearing lower than they actually are when approaching the Budget per category, as the credits are offset in other categories of the Budget. Although the Department does anticipate some continued hiring and retention difficulties within the hospitals, real funding levels are not expected to be below the number of filled FTE positions as the chart reflects.

Eleanor Slater Hospital

Eleanor Slater Hospital (ESH) provides long-term acute and post-acute hospital levels of care to forensic, psychiatric, and medical patients with complex needs. Currently, the ESH patient population is heavily dependent on court decisions, as the court decides when forensic patients require hospitalization and when a patient may be discharged.

Beginning in August of 2019, BHDDH oversight personnel found there was a possibility that Eleanor Slater Hospital was out of compliance with the Center for Medicare and Medicaid Services (CMS) Institute of Mental Disease (IMD) exclusion regulation. The regulations do not permit the State to bill Medicaid for patients aged 22-64 when the Hospital is in an IMD status, which occurs when the majority of patients have a primary diagnosis of mental illness. In addition, while ESH is licensed as a long-term care hospital, many patients were not receiving and did not need a hospital level of care. As a licensed hospital, the State cannot bill for hospital-level of care if a patient needs a lower level of care. Due to the IMD exclusion and the fact that the Hospital is licensed as a long-term care hospital, the State could not bill Medicaid for patient care beginning in September of 2019. Upon discovering that the State may be violating the IMD exclusion the State hired a law firm, in November 2019, to provide expertise to the State on CMS regulations.

The State submitted a State Plan Amendment (SPA) to allow Eleanor Slater to resume billing for certain patients at the Hospital in May of 2020, and the application was approved by CMS on March 25, 2021, with an effective date of April 1, 2020. Patient counts determined that the state was not in an IMD status between April 1, 2020, and May 1, 2021. Subsequently, the State recouped some of the general revenue that supplemented the loss in federal funds in FY2020 and the beginning of FY2021.

The FY2023 Budget as Enacted approved a proposal for a separately licensed psychiatric hospital, funded entirely by general revenue. The separately licensed hospital has brought patient counts at ESH back into compliance, allowing the State to once again resume billing Medicaid.

- **Status Update:** The Rhode Island State Psychiatric Hospital (RISPH) was licensed in October of 2022 and began operations on November 1, 2022, two months ahead of the anticipated start date of January 1, 2023.

Zambarano Long-Term Acute Hospital (LTACH): The FY2023 Budget as Enacted included \$108.2 million in Rhode Island Capital Plan funds, formally budgeted within the Department of Administration (DOA), to construct a new 110-bed, long-term care facility on the Zambarano campus of 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. The new Zambarano building would be licensed as a mixed-use facility for skilled nursing, custodial care, intermediate care, and traumatic brain injury. The FY2025 Budget adjusted total funding for the project down to \$107.1 million, including \$7.1 million in FY2025, and stretched project funding through FY2029. The FY2026 Budget as Enacted maintained these funding levels. The project's original timeline assumed ongoing design and

demolition phases through 2026, with construction beginning in 2026 and a targeted occupancy date in 2028.

- **Status Update:** In February 2026, BHDDH reported that as the LTACH project neared 75.0 percent design completion, draft construction estimates came in significantly higher than the original \$108.0 million estimated budget (approximately \$300.0 million). The Department developed a proposal that included a bond proposal to bridge the gap; however, the Governor requested that BHDDH and the Executive Office of Health and Human Services (EOHHS) review more options. EOHHS contracted with a consultant, the Falkner Group, to conduct a study of possible other sites. The study is expected to be concluded in April 2026. The Governor has included \$2.0 million in RICAP funds in FY2027 to complete the design work, while the results of the pending study can be reviewed.

Electronic Medical Records Implementation

The Governor recommends \$16.5 million in Large System Initiative Funds (LSIF) in FY2026 and \$4.9 million in FY2027, as well as another \$200,000 in Information Technology Restricted Receipt Funds (ITRR) in FY2028 to support the build-out of a new electronic medical records system for use across BHDDH's hospital systems. These information technology restricted receipt funds are currently budgeted within the Department of Administration. The new system is slated to launch in FY2027 (winter 2026) and is designed to allow electronic capturing and tracking of patient data, which eliminates manual transcriptions, paper file storage, and according to BHDDH, better enables "evidence-based health care decisions, improving patient care, and bringing both hospitals in compliance with federal recordkeeping law". BHDDH has requested to repurpose 5.0 existing FTEs from ESH to the Central Management program to operate and maintain the EMRS once it is up and running.

988 Suicide & Crisis Prevention Lifeline

Article 10 of the Governor's FY2027 Budget includes a proposal to codify the Rhode Island 988 Suicide & Crisis Prevention Lifeline (988 Lifeline). It amends RIGL 40.1-1 by providing BHDDH with the authority to "establish, operate, and/or designate a RI 988 Suicide & Crisis Lifeline center or centers" to provide intervention and crisis care services. The Budget also includes \$5.6 million in all funds, \$1.7 million general revenue in FY2027 for the lifeline. The following table shows funding for the lifeline over time.

Grant/Appropriation	Source (Fed,GR, RR)	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027
SFRF	Federal	-	-	-	\$426,432	\$1,421,200	\$1,126,371	\$2,375,997	-
SAMHSA 988 Connect to Care Grant	Federal	-	-	-	-	16,500	595,771	898,579	193,766
ARPA DIRECT: Mental Health Block Grant	Federal	-	-	-	-	-	625,000	96,971	-
Community Mental Health Services Block Grant	Federal	-	-	-	-	-	-	252,669	1,152,741
Substance Abuse Block Grant	Federal	-	-	-	-	-	-	24,989	114,007
Transformation Transfer Initiative Grant	Federal	-	-	-	-	-	114,054	125,000	90,000
EOHHS SAMHSA Grant	Federal	-	-	-	-	-	-	350,000	-
Opioid Stewardship Fund Allocation (BHDDH)	Restricted Receipts	-	-	-	-	-	-	92,921	150,005
MMIS IAPD State Share	General Revenue	-	-	-	-	-	-	-	-
MMIS IAPD Federal Share	Federal	-	-	-	-	-	-	746,189	553,886
988 Medicaid Admin State	General Revenue	-	-	-	-	-	-	217,986	1,653,740
988 Medicaid Admin Federal	Federal	-	-	-	-	-	-	217,986	1,653,740
Marijuana Trust Fund	General Revenue	-	-	-	-	-	-	-	-
Total		-	-	-	\$426,432	\$1,437,700	\$2,461,196	\$5,399,287	\$5,561,885

Source: BHDDH

Consent Decree

The State has been under a Consent Decree with the United States Department of Justice since 2014 for violating the Olmstead Decision of the Americans with Disabilities Act. The United States Department of Justice, focusing specifically on sheltered workshops, concluded that the State's services for individuals with developmental disabilities were not adequately integrated within the community. The State subsequently entered into a Consent Decree, which requires BHDDH to foster more supportive and less isolated employment opportunities and day services for individuals with intellectual and developmental disabilities. Employment placements must be typical jobs that pay at least minimum wage and support

employment for 20 hours or more per week. The Consent Decree requires funding to support a reformed system of care within the Division of Developmental Disabilities (DD) until FY2024.

In order to achieve compliance with the Consent Decree by FY2024, the State and the federal government have agreed to an action plan. The action plan required the State to increase wages to Direct Support Professionals (DSPs) to \$20 an hour by FY2024. The State was also required to conduct a rate review process in FY2023, and to include the Developmental Disabilities program in the semi-annual Caseload Estimating Conference. The action plan also required the State to establish a transformation fund and a technology fund.

Consent Decree Update: In October 2023, an addendum to extend the Consent Decree through a two-year oversight period was included, maintaining federal judge and court monitor involvement through June 30, 2026. It was noted that although the State has made significant improvements, it would be unable to meet full compliance by the original date of July 1, 2024. The FY2023 Budget as Enacted included \$35.1 million all funds to increase the average DSP wage from \$15.75 to \$18.00 per hour. The FY2024 Budget as Enacted included funding to meet the final wage requirement of the consent decree and increase DSP wages further to \$20 per hour, as well as additional funding to increase DSP wages to an average of \$22 per hour following the findings of the required rate review report which was delivered to the Department in December 2022. The Department was included in the Caseload Estimating Conference beginning in November of 2021. The FY2027 Budget includes funding and language for the transformation and technology funds.

CENTRAL MANAGEMENT

The Office of the Director provides overall management and policy direction for the Department. The program oversees most functions within BHDDH. The program's functions include Management and Administration, Legislative Affairs, Constituent Affairs, Advocacy, Hospital Appeals, Strategic Planning, Community and Provider Involvement, and Public Education. The program also centralizes emergency management, asset management, and capital projects, performance improvement, and funds development for the Department.

Central Management	General Revenue
FY2026 Enacted	\$8,058,892
<i>Target and Other Adjustments</i>	<i>166,509</i>
Assistance and Grants	1,508,553
A&C ISF Charges (statewide adjustments)	902,102
Centralized Services Charges (statewide adjustments)	197,283
ETSS Charges (statewide adjustments)	(76,034)
FY2027 Governor	\$10,757,305

Assistance and Grants

\$1.5 million

The Budget includes \$2.8 million in assistance and grant category expenditures within the Central Management program in FY2027, \$1.5 million above the FY2026 enacted level. These additional expenditures are related to:

- **Litigation:** The Budget includes \$1.0 million in general revenues for anticipated litigation expenses related to a lawsuit involving former Department employees and the state's Medicaid billing vendor Gainwell.
- **Forensic Services:** The Budget includes \$2.6 million in forensic services spending in FY2027, \$642,181 above the enacted level. Of this additional funding, \$508,553 is assistance and grants spending related to the Department's Forensic Outpatient Clinic. The clinic is located at the Meyer Building in Cranston but is separate from the Eleanor Slater Hospital, having relocated to the Central Management program in the FY2026 Budget BHDDH is required to conduct all psychiatric evaluations ordered by the judicial courts. Referred individuals also receive treatment at the clinic. According to the Department, the

number of evaluations ordered in FY2025 was 47.0 percent more than what occurred in FY2021. BHDDH is projecting the average number of evaluations to increase by four per week.

Forensic Services Expenditures					
Category	FY2026 Enacted	FY2026 Revised	Change to the Enacted	FY2027 Governor	Change to the Enacted
Assistance and Grants	\$1,345,530	\$1,762,530	\$417,000	\$1,854,083	\$508,553
Capital Purchases and Equipment	274	274	-	292	18
Contract Professional Services	62,777	62,777	-	67,014	4,237
Operating Supplies and Expenses	86,285	76,285	(10,000)	81,436	(4,849)
Salary and Benefits	494,678	603,681	109,003	628,900	134,222
Total	\$1,989,544	\$2,505,547	\$516,003	\$2,631,725	\$642,181

BEHAVIORAL HEALTHCARE SERVICES

The Division of Behavioral Healthcare Services is comprised of two subprograms: Integrated Mental Health Services, and Substance Use Disorder Treatment and Prevention Services. The Division plans, coordinates, and administers a comprehensive system of mental health promotion and substance use disorder prevention, intervention, and treatment activities. The program, primarily funded by federal grants, provides screening, early interventions, referrals, clinical treatment services, and recovery support activities. The program coordinates with other departments and agencies in the State, including the criminal justice system, public healthcare system, child welfare, education, and other allied human service entities.

Behavioral Healthcare Services	General Revenue
FY2026 Enacted	\$4,817,486
<i>Target and Other Adjustments</i>	<i>(155,469)</i>
988 Suicide & Crisis Prevention Lifeline	1,653,740
Operating Expenses	185,011
Personnel Adjustments (statewide adjustments)	(85,593)
FY2027 Governor	\$6,415,175
Behavioral Healthcare Service	Other Funds
Federal Fund Changes	(\$7,287,416)
Restricted Receipt Funds Changes	(\$1,350,000)

988 Suicide & Crisis Prevention Lifeline \$1.7 million

The Budget includes \$5.6 million in all funds, \$1.7 million general revenue in FY2027 for the Rhode Island 988 Lifeline. The 988 Lifeline is the phone line individuals can call or text when they are in emotional distress or experiencing a behavioral health crisis. The 988 Lifeline is staffed by certified professionals that can provide a limited number of follow-up services. If a caller, however, requires more behavioral health services beyond the call itself, 988 Lifeline staff refer that individual to an appropriate service that could assist them.

The 988 Lifeline is a part of a federally mandated strategy led by the Substance Abuse and Mental Health Services Administration (SAMHSA) to reduce the overall incidence of suicide and mental health emergencies. The program has historically been funded through various federal grants, primarily from SAMHSA and the American Rescue Plan Act. The following table shows the funding history of the program.

988 Suicide & Crisis Lifeline Funding									
Grant/Appropriation	Source (Fed,GR,RR)	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027
SFRF	Federal	-	-	-	\$426,432	\$1,421,200	\$1,126,371	\$2,375,997	-
SAMHSA 988 Connect to Care Grant	Federal	-	-	-	-	16,500	595,771	898,579	193,766
ARPA DIRECT: Mental Health Block Grant	Federal	-	-	-	-	-	625,000	96,971	-
Community Mental Health Services Block Grant	Federal	-	-	-	-	-	-	252,669	1,152,741
Substance Abuse Block Grant	Federal	-	-	-	-	-	-	24,989	114,007
Transformation Transfer Initiative Grant	Federal	-	-	-	-	-	114,054	125,000	90,000
EOHHS SAMHSA Grant	Federal	-	-	-	-	-	-	350,000	-
Opioid Stewardship Fund Allocation (BHDDH)	Restricted Receipts	-	-	-	-	-	-	92,921	150,005
MMIS IAPD State Share	General Revenue	-	-	-	-	-	-	-	-
MMIS IAPD Federal Share	Federal	-	-	-	-	-	-	746,189	553,886
988 Medicaid Admin State	General Revenue	-	-	-	-	-	-	217,986	1,653,740
988 Medicaid Admin Federal	Federal	-	-	-	-	-	-	217,986	1,653,740
Marijuana Trust Fund	General Revenue	-	-	-	-	-	-	-	-
Total		-	-	-	\$426,432	\$1,437,700	\$2,461,196	\$5,399,287	\$5,561,885

Source: BHDDH

- **Article 10:** Article 10 of the Governor's FY2027 Budget includes a proposal to codify the Rhode Island 988 Lifeline. It amends RIGL 40.1-1 by providing BHDDH with the authority to "establish, operate, and/or designate a RI 988 Suicide & Crisis Lifeline center or centers" to provide intervention and crisis care services.

Operating Expenses

\$185,011

The Budget includes \$3.1 million in all funds, \$1.0 million general revenue, for operating expenses to support behavioral health services in FY2027, an increase of \$185,011 as compared to the enacted level. The table below illustrates the primary changes.

Operating Expenses	FY2026 Enacted	FY2027 Governor	Change to the Enacted
Internal Agency ETSS Charges (statewide adjustments)	\$338,929	\$462,333	\$123,404
Property Casualty and Liability Insurance	34,427	136,113	101,686
Other Operating	239,696	189,406	(50,290)
DCAMM Facilities ISF Charges (statewide adjustments)	211,109	221,320	10,211
Total	\$824,161	\$1,009,172	\$185,011

Federal Funds Changes

(\$7.3 million)

The Governor budgets \$27.0 million in federal grant funding for behavioral healthcare services in FY2027, a decrease of \$7.3 million from the enacted level. The decrease is primarily associated with the expiration of several mental health and substance abuse grants in FY2026. Federal funding represents 72.0 percent of the Division's budget.

- **Substance Abuse Block Grant – (\$4.8 million):** The Budget includes \$3.2 million in federal substance abuse block grant funds in FY2027, resulting in a net \$4.8 million reduction over the enacted level. Each fiscal year grant has multiple years over which the fund may be expended. The net reduction reflects the Division's updated revised spending plan for the grants over multiple years. The funds are typically used to support the state's seven regional prevention task forces and student assistance services

Substance Abuse Block Grant Funding						
Grant	FY2025	FY2026 Enacted	FY2026 Revised	Change to Enacted	FY2027 Governor	Change to Enacted
FY2024	\$6,101,159	\$7,697,494	\$1,626,344	(\$6,071,150)	\$406,476	(\$7,291,018)
FY2025	62,027	-	6,319,005	6,319,005	2,871,655	2,871,655
FY2026	-	-	-	-	44,027	44,027
Other SABG	1,372,583	422,920	-	(422,920)	-	(422,920)
Total	\$7,535,769	\$8,120,414	\$7,945,349	(\$175,065)	\$3,322,158	(\$4,798,256)

- **Mental Health Block Grant – (\$2.6 million):** The Budget includes \$2.0 million in federal substance abuse block grant funds in FY2027, resulting in a net \$2.6 million reduction over the enacted level.

Each fiscal year grant has multiple years over which the fund may be expended. The net reduction reflects the Division's updated revised spending plan for the grants over multiple years.

Mental Health Block Grants						
Grant	FY2025	FY2026 Enacted	FY2026 Revised	Change to Enacted	FY2027 Governor	Change to Enacted
FY2024	\$2,055,756	\$3,584,708	\$940,930	(\$2,643,778)	\$0	(\$3,584,708)
FY2025	-	-	2,605,510	2,605,510	1,516,805	1,516,805
FY2026	-	-	-	-	637,500	637,500
Other MHBG	1,688,753	980,762	1,308,394	327,632	(166,180)	(1,146,942)
Total	\$3,744,509	\$4,565,470	\$4,854,834	\$289,364	\$1,988,125	(\$2,577,345)

- **Other Federal Grant Changes – \$88,185:** The Budget includes an \$88,195 net increase in federal funds across a variety of non-block grant programs within the Behavioral Healthcare Services Division to reflect various federal grant adjustments.

Restricted Receipts Changes

(\$1.4 million)

The Budget includes \$3.9 million in restricted receipts funds for the initiatives related to opioid-use treatment and prevention services. This is \$1.4 million less than the enacted level.

Opioid Use Prevention and Treatment Funding						
Fund	FY2025	FY2026 Enacted	FY2026 Revised	Change to Enacted	FY2027 Governor	Change to Enacted
Opioid Stewardship Fund Allocation	\$2.7	\$1.3	\$2.3	\$1.0	\$1.3	(\$0.1)
Rhode Island Statewide Opioid Abatement Account	2.0	4.0	13.0	9.0	2.7	(1.3)
Total	\$4.7	\$5.3	\$15.2	\$10.0	\$3.9	(\$1.4)

\$ in millions

Opioid Stewardship Fund Allocation: The Budget includes \$1.3 million in restricted receipts from the Opioid Stewardship Fund for opioid-related treatment services, reflecting a decrease of \$50,000 as compared to the enacted level. The FY2020 Budget as Enacted established an annual, restricted, \$5.0 million Opioid Stewardship Fund requiring all licensed manufacturers, distributors, and wholesalers to contribute towards the fund through a registration fee. The FY2027 allocation for BHDDH is programmed as follows:

Opioid Stewardship Fund						
State Priority	Service	FY2026 Enacted	FY2026 Revised	Change from Enacted	FY2027 Governor	Change from Enacted
Prevention	Regional Substance Abuse Prevention Task Force	\$450,000	\$486,850	\$36,850	\$500,000	\$50,000
Recovery	Recovery Housing - Alcohol Use Disorder	600,000	959,340	359,340	450,000	(150,000)
Treatment	Alcohol Detox	100,000	191,584	91,584	150,000	50,000
Harm Reduction	Hope Initiative	150,000	319,902	169,902	150,000	-
Treatment	Substance Use Disorder Residential Services	-	36,148	36,148	-	-
Recovery	Recovery Friendly Workplace	-	6,567	6,567	-	-
Treatment	Substance Use Disorder Workforce Pilot	-	78,495	78,495	-	-
Prevention	Investment in School-Based Health	-	35,469	35,469	-	-
Data	BHOLD	-	141,244	141,244	-	-
Total		\$1,300,000	\$2,255,599	\$955,599	\$1,250,000	(\$50,000)

- **Regional Substance Abuse Prevention Taskforce:** The Budget includes \$500,000 from the Opioid Stewardship Fund (OSF) in FY2027 and \$486,850 in FY2026 for equal allocations to the seven Regional Substance Abuse Prevention Task Forces to fund priorities as determined by each Task Force.
- **Recovery Housing – Alcohol Use Disorder:** The Budget includes \$450,000 in FY2027 and \$959,340 in FY2026 to support recovery and supportive housing for individuals with alcohol use disorder. Funds are provided to support core housing programs, including recovery housing and vouchers, for people with a history of use disorders who are at risk of returning to use. This funding provides additional

support to those with alcohol use disorders, as only those with opioid and stimulant use disorders are eligible to receive recovery housing funds from the State Opioid Response grant.

- **Alcohol Detox:** The Budget includes \$150,000 in FY2027 and \$191,584 in FY2026 to support detoxification services for individuals with alcohol use disorder who are underinsured, uninsured, and/or undocumented.
- **Hope Initiative:** The Budget includes \$150,000 for the Hope Initiative in FY2027 and \$319,902 in FY2026. This funding supports reporting of suspected overdose death information to the Department and community providers, case management and support services, substance use disorder (SUD) treatment, Narcan distribution, and follow-up care.
- **Substance Use Disorder Residential Services:** The Governor's FY2026 Revised Budget includes \$36,148 in OSF funds to support the expanding substance use disorder (SUD) residential services.
- **Recovery Friendly Workplace:** The Governor's FY2026 Revised Budget includes \$6,567 in OSF funds to support the state's Recovery Friendly Workplace initiative. The initiative helps expand job opportunities for individuals who are in recovery, raises awareness around substance use disorders and reduces stigma surrounding that and mental health.
- **Substance Use Disorder Workforce Pilot:** The Governor's FY2026 Revised Budget includes \$78,495 in OSF funds to support the state's Substance Use Disorder Workforce pilot program that seeks to increase the number of licensed SUD counselors/therapists working in Rhode Island treatment facilities.
- **Investment in School-Based Health:** The Budget includes \$35,569 of OSF funds in FY2026 for investment in school-based mental health. The continued funding will sustain youth prevention programming and continued recruitment of various counseling and supervisor positions for school-based mental health initiatives.
- **BHOLD:** The Governor's FY2026 Revised Budget includes \$141,244 in OSF funds to support the state's Behavioral Health On-Line Database (BHOLD). BHOLD is the repository for all client data from behavioral healthcare organizations.

Opioid Abatement Fund Allocation: The Budget includes \$2.7 million in restricted receipts for the BHDDH allocation of the statewide Opioid Abatement Fund (OAF), reflecting a \$1.3 million decrease from the FY2026 enacted level. In January 2022, Rhode Island joined the national opioid settlement with three major opioid distributors, providing funding for state and local efforts to address the state's opioid crisis. Of these abatement funds, 20.0 percent are mandated to go directly to participating cities and towns, and 80.0 percent are mandated to be allocated by the Executive Office of Health and Human Services (EOHHS). All funds in the account are to be used solely for opioid abatement purposes, including opioid use disorder prevention, intervention, treatment, and recovery. FY2026 fund allocations are illustrated in the table below. Projects can be categorized into four pillars of activity: social determinants of health (SDOH), prevention, treatment, and recovery.

Opioid Abatement Fund

State Priority	Service	FY2026 Enacted	FY2026 Revised	Change from Enacted	FY2027 Governor	Change from Enacted
Prevention	Investment in School-Based Health	\$1,500,000	\$3,293,769	\$1,793,769	\$1,200,000	(\$300,000)
Treatment	Brick and Mortar Treatment Facility Investments	250,000	2,693,548	2,443,548	750,000	500,000
Treatment	Uninsured/Undocumented Treatment	900,000	1,090,005	190,005	500,000	(400,000)
Recovery	Recovery Friendly Workplaces	200,000	200,000	-	200,000	-
Social Determinants of Health	Basic Needs	-	94,051	94,051	-	-
Treatment	Contingency Management	250,000	302,579	52,579	-	(250,000)
Treatment	Stimulant Use Disorder Services	-	800,000	800,000	-	-
Recovery	Recovery Supports	-	419,116	419,116	-	-
Recovery	Recovery Housing Services	750,000	1,786,425	1,036,425	-	(750,000)
Governance	Governance and Administration	100,000	200,000	100,000	-	(100,000)
Racial Equity	Racial Equity Support	-	330,000	330,000	-	-
Treatment	Workforce Supports	-	453,695	453,695	-	-
Treatment	Youth Treatment Infrastructure	-	1,300,000	1,300,000	-	-
Total		\$3,950,000	\$12,963,189	\$9,013,189	\$2,650,000	(\$1,300,000)

- **Investment in School-Based Mental Health:** The Budget includes \$1.2 million in OAF funds in FY2027 and \$3.3 million in FY2026 for investment in school-based mental health. The continued funding will sustain youth prevention programming and continued recruitment of various counseling and supervisor positions for school-based mental health initiatives.
- **Brick & Mortar Treatment Facility Investments:** The Budget includes \$750,000 in OAF funds in FY2027 and \$2.7 million in FY2026 to fund brick and mortar facility investments to better support on-demand treatment.
- **Uninsured/Undocumented Treatment:** The Budget includes \$500,000 in OAF funds in FY2027 and \$1.0 million in FY2026 for medication-assisted treatment (MAT) coverage for individuals who are uninsured and/or undocumented.
- **Recovery Friendly Workplace:** The Budget includes \$200,000 in OAF funds in FY2027 and FY2026 to support the state's Recovery Friendly Workplace initiative. The initiative helps expand job opportunities for individuals who are in recovery, raises awareness around substance use disorders and reduces stigma surrounding that and mental health.
- **Basic Needs:** The Governor's FY2026 Revised Budget includes \$94,051 in OAF funds to support an initiative that provides up to \$500 for individuals newly in or struggling to maintain recovery. This includes funding for housing, bedding, furnishings, clothing, bus passes, and food.
- **Contingency Management:** The Governor's FY2026 Revised Budget includes \$302,579 in OAF funds to support contingency management programs. Contingency management is a behavioral treatment for substance use disorders which provides incentives to patients not to use drugs. Most often this takes the form of monetary rewards tied to abstinence or other treatment objectives such as adherence to treatment activities.
- **Stimulant Use Disorder Services:** The Governor's FY2026 Revised Budget includes \$800,000 in OAF funds to support the development implementation of an evidence-based stimulant use disorder program to the targeted population. Stimulant use disorders involve the use of substances such as cocaine or amphetamine.
- **Recovery Supports:** The Governor's FY2026 Revised Budget includes \$419,116 in OAF funds to support recovery services. These services include community recovery centers to assist with distribution of recovery capital. Examples of recovery capital include gym memberships, transportation, self-help groups, employment services, and additional support resources such as faith-based and family recovery supports.
- **Recovery Housing Services:** The Governor's FY2026 Revised Budget includes \$1.8 million for recovery housing. According to BHDDH recovery housing means a sober, safe, and healthy living environment that promotes recovery from alcohol substance misuse and associated issues. There are

various levels of recovery housing based on type, intensity, and duration of support. Services span from peer-to-peer recovery support to medical and counseling services.

- **Governance and Administration:** The Governor's FY2026 Revised Budget includes \$200,000 for governance and administration. These include improving capacity for facilitating alignment, program development and contract oversight.
- **Racial Equity Support:** The Governor's FY2026 Revised Budget includes \$300,000 in OAF funds to support racial equity across the various substance use disorder programs and strategies.
- **Workforce Supports:** The Governor's FY2026 Revised Budget includes \$453,695 in OAF funds to support substance use disorder workforce initiatives. These include programs that promote recovery friendly workplaces as well as programs that recruit and train recovery professionals.
- **Youth Treatment Infrastructure:** The Governor's FY2026 Revised Budget includes \$1.3 million in OAF funds to support expanding substance use disorder (SUD) treatment services for teenagers. These services include increasing available beds within gender specific youth SUD inpatient treatment facilities.

SERVICES FOR THE DEVELOPMENTALLY DISABLED

The Division of Developmental Disabilities (DD) supports a statewide network of programs for adults with developmental disabilities. These supports include several levels of residential care, community placements, day programs, and respite programs. The program works to provide access to appropriate services in the least restrictive environment possible. The program manages a population that ranges from those previously institutionalized at the Ladd School, before the closure of the facility in 1994, to those with mild functional disabilities in need of daytime supports and vocational training to function within the community.

The program serves approximately 4,300 through State-run programs and community-based providers, including those who receive case management services. The system consists of 24-hour, nursing-level facilities; the State group home system, otherwise known as Rhode Island Community Living and Supports (RICLAS); and a private residential provider network. DD clients are also served through day programs, supportive employment, and programs that provide support to allow individuals to continue living with their families. Many clients are served by more than one program. As of October 2025, 4,878 individuals received services through the state or community based systems, with 4,300 individuals receiving direct residential, employment, and community-based services.

As required by the Consent Decree and RIGL 35-17-1, Services for the Developmentally Disabled were included in the Caseload Estimating Conference for the first time in November 2021.

The Budget includes \$541.3 million from all funds for the Division in FY2027, including \$232.7 million from general revenue. This is \$14.0 million more in general revenue than the FY2026 Budget as Enacted and \$12.5 million more than actual general revenue expenditures in FY2025.

Services for the Developmentally Disabled	General Revenue
FY2026 Enacted	\$218,735,702
<i>Target and Other Adjustments</i>	<i>(556,942)</i>
OHIC Rate Review	7,730,091
November 2025 Caseload Estimating Conference	6,333,734
November 2025 Caseload Estimating Conference FMAP Adjustment	364,446
Centralized Services (statewide adjustments)	123,346
FY2027 Governor	\$232,730,377

OHIC Rate Review **\$7.7 million**

The Budget includes an additional \$18.3 million from all funding sources, including \$7.7 million in general revenue, to accommodate an increase in reimbursement rates for providers of development disabilities services. In 2022, the Office of the Health Insurance Commissioner’s (OHIC) was tasked by the General Assembly to conduct a biennial review of all social and human service programs having a contract or license with the Executive Office of Health and Human Services and its related state agencies. This includes the private community developmental disability service providers supported by BHDDH. The recommended funding level by the Governor for the reimbursement rate increase; however, only reflects half of the OHIC determined amount. The lower level reflects the Governor’s recommendation to phase in the total increase over two years.

November 2025 Caseload Estimating Conference **\$6.3 million**

Each November and May, the Caseload Estimating Conference (CEC) estimates expenditures for human services and medical entitlement programs for the current and budget years. These adopted expenditure levels determine the appropriations for the Governor’s and Enacted Budgets. The November 2025 CEC projected general revenue expenditures of \$200.7 million in the Services for the Developmentally Disabled program, or \$6.3 million more than the FY2026 Budget as Enacted. This increase captures continued expenditure growth in Residential and Community Based Services.

November 2025 Caseload Estimating Conference FMAP Adjustment **\$364,446**

Subsequent to the adoption of the estimates for the November 2025 CEC, it was discovered that the Federal Medical Assistance Percentage (FMAP) that was used to determine the state and federal share of Medicaid expenses within BHDDH was based on the preliminary rate. The Budget shifts \$364,446 in federal costs to general revenue to reflect the application of the actual FMAP for FY2027 and \$149,546 in FY2026.

HOSPITAL AND COMMUNITY REHABILITATIVE SERVICES

The Hospital and Community Rehabilitative Services program provides a continuum of treatment and residential options for psychiatric and developmentally disabled clients. The Hospital facilities are licensed by the Department of Health (DOH) and accredited by the national board for health care organizations, the Joint Commission on Accreditation of Healthcare Organizations (JCAHO). The Eleanor Slater Hospital (ESH) has two campuses, the Pastore Center in Cranston and the Zambarano Campus in Burrillville.

Hospital and Community Rehabilitative Services		General Revenue
FY2026 Enacted		\$53,723,206
<i>Target and Other Adjustments</i>		44,323
Medicaid Billing		(11,837,298)
Medicaid Expenditure Adjustments		7,993,649
Rebased Restricted Receipt Projections		816,826
Operational Savings Related to Regan Renovations		(620,157)
Centralized Services (statewide adjustments)		(605,278)
FMAP Adjustments		(287,902)
Electronic Medical Records Implementation		218,446
RICLAS Medicaid Adjustment		(133,273)
FY2027 Governor		\$49,312,542
Hospital and Community Rehabilitative Services		General Revenue
FY2026 Enacted		\$53,723,206
<i>Target and Other Adjustments</i>		44,323
Medicaid Billing Savings		(11,837,298)
Medicaid Expenditure Adjustments		7,993,649
Rebased Restricted Receipt Projections		816,826
Operational Savings Related to Regan Renovations		(620,157)
Centralized Services (statewide adjustments)		(605,278)
FMAP Adjustments		(287,902)
Electronic Medical Records Implementation		218,446
RICLAS Medicaid Adjustment		(133,273)
FY2027 Governor		\$49,312,542

Medicaid Billing Savings **(\$11.8 million)**

The Governor includes a net \$11.8 million in general revenue savings across the Eleonor Slater Hospital system in FY2027 as compared to the FY2026 enacted level. The savings are based on a series of improved and revised billing initiatives that are intended to maximize Medicaid, Medicare, and third-party payments. The initiatives also reflect the continued evolution of the ESH system since the establishment of the separate State Psychiatric Hospital and the recredentialing of ESH. According to BHDDH, as ESH moves more towards a long-term acute care facility, it is expanding its capacity to bill multiple Medicaid and Medicare plans by appropriately credentialing its physicians and developing staff capacity.

Medicaid Expenditure Adjustments **\$8.0 million**

The Budget includes a net \$8.0 million in additional general revenue costs in FY2027 related to Medicaid expenditure credits (MEC). According to BHDDH, since FY2024, the Department has used MECs as an accounting device to more accurately reflect where and when Medicaid charges take place for an entire program. According to BHDDH, all expenditures are initially charged to general revenue and then within their accounting and billing system charges are sorted to their ultimate billed source. The MEC functions as an anticipated credit to general revenue of what ultimately is charged to Medicaid. This was originally done across six categories, however for the FY2026 Revised and FY2027 Governor's recommended budgets, the accounting takes place within just the assistance and grants category.

		FY2026		Change from	FY2027	Change from
Medicaid Expenditure Credit	FY2025 Actual	Enacted	FY2026 Revised	Enacted	Governor	Enacted
Assistance and Grants	(\$9.0)	(\$12.8)	(\$98.9)	(\$86.1)	(\$99.5)	(\$86.8)
Benefits	(21.9)	(24.9)	-	24.9	-	24.9
Capital	(1.1)	(0.7)	-	0.7	-	0.7
Contracted Services	(2.4)	(3.8)	-	3.8	-	3.8
Operating Supplies	(22.5)	(22.2)	-	22.2	-	22.2
Wages	(42.1)	(43.1)	-	43.1	-	43.1
Total	(\$99.1)	(\$107.5)	(\$98.9)	\$8.6	(\$99.5)	\$8.0

\$ in millions

Rebased Restricted Receipt Projections**\$816,826**

The Budget increases general revenues by \$816,826 to reflect a rebase of FY2027 collections for third-party billing receipts at Eleanor Slater Hospital. There is a corresponding decrease in restricted receipts funding for these collections, which include Medicare billings from re-enrolling physicians for certification and increasing Part D pharmacy receipts.

Operational Savings Related to Regan Renovations**(\$620,157)**

The Budget includes \$620,157 in general revenue savings related to the reopening of Eleanor Slater Hospital's Regan Unit at the Pastore Complex in Cranston and the related closure of the Adolph Meyer Unit. BHDDH has been undergoing a major reorganization of its hospitals system to improve facilities, modernize systems, improve safety and better conform with Medicaid regulations that will improve efficiency, maximize Medicaid-billing, and improve conditions for patients and staff. The Regan Building was originally built in 1981 and various portions of it have been closed since 2024, while it has undergone over \$78.2 million in renovations, including major improvements in patient and staff safety, HVAC upgrades, and other mechanical and electrical modernization improvements. During the renovation BHDDH consolidated displaced services, staff, and patients into the Meyer unit at the Pastore Complex. The displacement has led to significant inefficiencies that have driven up costs and negatively impacted the amount of Medicaid-billable activity that helps reduce general revenue costs. The Regan Unit is slated to open in the first quarter of FY2027, at which time BHDDH will be closing Adolf Meyer, which has become obsolete and inefficient to continue to operate.

FMAP Adjustments**(\$287,902)**

The Budget includes a net reduction of \$287,902 in general revenue resulting from updated Federal Medical Assistance Percentages from the Center of Medicare & Medicaid Services (CMS).

- **Hospital License Fee:** The Budget reduces general revenue by \$376,705 to reflect a technical adjustment related to the Hospital Licensing Fee-supported Medicaid financing that aligns state and federal match amounts with the new updated FMAP assumptions. According to BHDDH, the adjustments ensure accurate accounting across hospital-related appropriations while maintaining current service levels.
- **November 2025 Caseload Estimating Conference:** As noted above, subsequent to the adoption of the estimates for the November 2025 CEC, it was discovered that the Federal Medical Assistance Percentage (FMAP) that was used to determine the state and federal share of Medicaid expenses within BHDDH was based on the preliminary rate. The Budget shifts \$88,803 in federal costs to general revenue to reflect the application of the actual FMAP for FY2027.

Electronic Medical Records Implementation**\$218,446**

The Governor recommends \$218,446 in additional general revenue to support personnel costs associated with the implementation of BHDDH's new electronic medical records system. The new system is slated to launch in FY2027 (winter 2026) and is designed to allow electronic capturing and tracking of patient data, which eliminates manual transcriptions, paper file storage, and according to the BHDDH, better enables "evidence-based health care decisions, improving patient care, and bringing both hospitals in compliance with federal recordkeeping law".

The Governor shifts 5.0 authorized, but vacant FTEs from Eleanor Slater Hospital that will not be needed once the Meyer unit closes to the Central Management program to support the new EMR system for the Eleanor Slater and RI State Psychiatric Hospitals. The EMR is scheduled to launch in FY2027 and is currently in the end of its development stage. According to the Department, BHDDH personnel will be needed prior to the launch to assist with implementation and system transition, along with other positions needed for ongoing system operation. Locating the EMRS staff in Central Management preserves the technical distinctions between ESH and the Rhode Island State Psychiatric Hospital which is required by CMS.

The Budget also includes \$16.5 million in Large System Initiative Funds in FY2026 and \$4.9 million in FY2027, as well as another \$200,000 in Information Technology Infrastructure Fund in FY2028 to support the build-out of a new electronic medical records system for use across BHDDH's hospital systems. These information technology restricted receipt funds are currently budgeted within the Department of Administration.

RICLAS Medicaid Adjustment

(\$133,273)

The Budget includes a \$133,273 reduction in general revenue expenditures in FY2027 at ESH to reflect a technical Medicaid financing adjustment. According to BHDDH, the adjustment aligns state and federal match amount for the Rhode Island Community Living and Supports (RICLAS) program and general hospital services and ensures accurate accounting.

STATE OF RHODE ISLAND PSYCHIATRIC HOSPITAL

The State of Rhode Island Psychiatric Hospital (RISPH) is a newly established program within BHDDH for a separately licensed facility on the Pastore Center in Cranston to treat individuals who need psychiatric care. The facility became licensed on October 25, 2022, and treats psychiatric and court-ordered forensic patients who have serious mental illnesses.

Rhode Island Psychiatric Hospital	General Revenue
FY2026 Enacted	\$33,443,552
<i>Target and Other Adjustments</i>	<i>1,082,921</i>
<i>Service Delivery Savings</i>	<i>358,213</i>
FY2027 Governor	\$34,884,686

Service Delivery Savings

\$358,218

The Budget includes a net savings of \$358,213 related to the shifting of certain contracted professional services to personnel. According to BHDDH, the initiative is a "strategic staffing realignment" at the RISPH to replace high-cost contract-based labor. The proposal calls for an additional 13.0 FTE positions (11.0 Mental Health Workers and 1.0 Registered Nurse) at a cost of \$1.1 million and the elimination of \$1.5 million in contracted services. Although the overall Departmental FTE authorization does not increase, the initiative reflects the shifting of 13.0 vacant FTE positions from within the Eleanor Slater Hospital program to RISPH.

CAPITAL PROJECTS

The Budget includes \$23.9 million in FY2026, \$12.4 million in FY2027, and a total of \$162.7 million between FY2026 and FY2031 for BHDDH-related capital projects. Of the total, \$126.5 million is budgeted within the Department of Administration.

	FY2026			FY2027			FY2028-FY2031			Total
BHDDH-Related Capital Projects	RICAP	ITIF	LSIF	RICAP	ITIF	LSIF	RICAP	ITIF	LSIF	
Long-Term Acute Care Hospital*	\$6.4	-	-	\$2.0	-	-	\$96.5	-	-	\$104.9
Group Home Maintenance	\$0.0	-	-	\$5.0	-	-	\$25.0	-	-	\$30.0
Electronic Medical Records System*	-	-	16.5	-	-	4.9	-	0.2	-	21.6
Hospital Equipment Asset Protection	0.6	-	-	0.3	-	-	3.9	-	-	4.8
DD Residential Supports	0.3	-	-	0.1	-	-	0.4	-	-	0.8
RISPH Equipment	0.1	-	-	0.1	-	-	0.4	-	-	0.6
Total	\$7.4	\$0.0	\$16.5	\$7.5	\$0.0	\$4.9	\$126.2	\$0.2	\$0.0	\$162.7

\$ in millions

* Budgeted in the Department of Administration

The funding is allocated to the following projects:

- **Zambarano Long-Term Acute Care Hospital (LTACH):** The Budget includes \$6.4 million in FY2026, \$2.0 million in FY2027, and a total of \$104.9 million from FY2028 through FY2031 to construct a new 110-bed, long-term care facility on the Zambarano campus. The new building would be licensed as a

mixed-use facility for skilled nursing, custodial care, intermediate care, and traumatic brain injury. This project is budgeted under the Department of Administration.

Analyst Note: In February 2026, BHDDH reported that as the LTACH project neared 75.0 percent design completion, draft construction estimates came in significantly higher than the original \$108.0 million estimated budget (approximately \$300.0 million). The Department developed a proposal that included a bond proposal to bridge the gap; however, the Governor requested that BHDDH and the Executive Office of Health and Human Services (EOHHS) review more options. EOHHS contracted with a consultant, the Falkner Group, to conduct a study of possible other sites. The study is expected to be concluded in April 2026.

- **Group Home Maintenance:** The Budget includes \$5.0 million in FY2027 and a total of \$30.0 million from FY2027 through FY2031 for repair and maintenance of the state's group homes. This funding consolidates all BHDDH group home asset protection projects into one project to allow the Department to more efficiently manage the funds.
- **Electronic Medical Records System (EMRS):** The Budget includes \$16.5 million in Large System Initiative Funds (LSIF) in FY2026 and \$4.9 million in FY2027, as well as another \$200,000 in Information Technology Restricted Receipt Funds (ITRR) in FY2028 to support the build-out of a new electronic medical records system for use across the BHDDH's hospital systems. These information technology restricted receipt funds currently budgeted within the Department of Administration. According to BHDDH, the EMRS will improve efficiencies, advance evidence-based medical decisions within the hospital, and improve compliance with CMS regulations.
- **Hospital Equipment Asset Protection:** The Budget includes \$612,000 in FY2026 and \$300,000 in FY2027, as well as \$300,000 annually through FY2031, to finance the replacement of hospital equipment and hardware necessary for hospital operations and record maintenance.
- **Developmental Disabilities Residential Support:** The Budget includes \$296,000 in FY2026 and \$100,000 in FY2027, as well as \$100,000 annually through FY2031, to finance capital equipment and furniture for individuals with developmental disabilities at state-owned facilities.
- **RISPH Equipment:** The Budget includes \$100,000 from FY2026 and FY2027, as well as \$100,000 annually through FY2031, for the replacement of hospital and medical equipment as well as security infrastructure at the Rhode Island State Psychiatric Hospital.

Governor's Commission on Disabilities

Expenditures By Program	FY2025 Actual	FY2026 Enacted	FY2026 Governor	Change from Enacted		FY2027 Governor	Change from Enacted	
Governor's Commission on Disabilities	\$1.9	\$1.8	\$2.7	\$0.9	49.9%	\$1.8	\$0.0	1.3%
Expenditures By Source								
General Revenue	\$1.6	\$1.4	\$2.3	\$0.9	65.9%	\$1.4	\$0.0	2.6%
Federal Funds	0.3	0.3	0.3	-	0.0%	0.3	-	-
Restricted Receipts	0.0	0.1	0.1	(0.0)	-16.0%	0.1	(0.0)	-16.0%
Total	\$1.9	\$1.8	\$2.7	\$0.9	49.9%	\$1.8	\$0.0	1.3%
Authorized FTE Levels	5.0	5.0	5.0	-	-	5.0	-	-

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

The Governor's Commission on Disabilities (Commission) advocates for individuals with disabilities, expands economic opportunities for businesses owned by or employing individuals with disabilities and their families, and ensures that individuals with disabilities have access to government. The Commission is responsible for coordinating compliance by state agencies with federal and state disability rights laws.

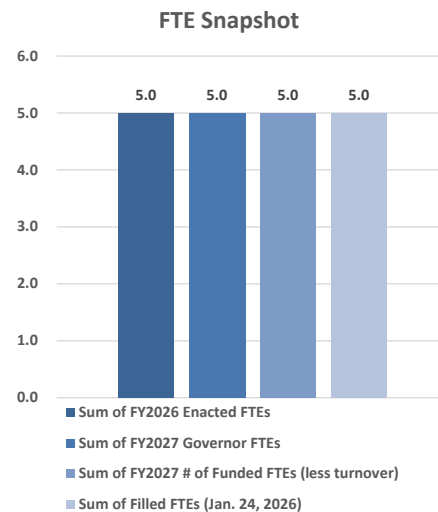
MAJOR ISSUES AND TRENDS

The FY2026 Revised Budget includes \$2.7 million in all funds, of which \$2.3 million is general revenue. This reflects a general revenue increase of \$914,652, which includes a reappropriation from FY2025 of \$890,565 for the Livable Homes Modification program and a reappropriation of \$30,000 grant to support agency outreach grants into the current fiscal year. Also, there is a decrease in restricted receipts of \$12,753 and an increase in federal funds of \$25, resulting in an all funds increase of \$901,924 from the FY2026 Budget as Enacted.

The FY2027 Budget includes \$1.8 million, of which \$1.4 million is general revenue. This reflects a general revenue increase of \$36,267 from the FY2026 Budget as Enacted. In addition, there is a decrease in restricted receipts of \$12,753 and an increase in federal funds of \$25, resulting in an all funds increase of \$23,539 from the FY2026 Budget as Enacted.

The Budget includes general revenue of \$515,278 for continued funding of the Livable Homes Modification Program.

The Budget includes 5.0 FTE positions in FY2026 and in FY2027, consistent with the enacted level.



Governor's Commission on Disabilities	General Revenue
FY2026 Enacted	\$1,386,032
<i>Target and Other Adjustments</i>	<i>(3,329)</i>
Personnel Adjustments (statewide adjustments)	11,594
A&C ISF Charges (statewide adjustment)	14,274
Contract Service Adjustments	13,728
Livable Homes Modification Grants	Informational
FY2027 Governor	\$1,422,299

Contract Service Adjustments **\$13,728**

The Budget includes general revenue of \$92,598 for contracted services. This reflects a net increase of \$13,728 from the previous fiscal year.

	FY2026	FY2026		FY2027	
Contract Services	Enacted	Governor	Change	Governor	Change
5.5% Legislative Mandated Contractor Fee	\$3,140	\$4,115	\$975	\$4,115	\$975
Accounting/Auditing Services	25,000	-	(25,000)	-	(25,000)
Engineering Services	30,000	-	(30,000)	-	(30,000)
Interpreters/Translators	8,104	8,104	-	8,104	-
Public Relations	11,812	24,565	12,753	24,565	12,753
Temporary Staffing: Program Support	-	55,000	55,000	55,000	55,000
Temporary Staffing: Stenographic Services	814	814	-	814	-
Total	\$78,870	\$92,598	\$13,728	\$92,598	\$13,728

The significant changes include:

- **Temporary Staffing:** The consolidation of two contract employee positions with a total cost of \$55,000 into one. The new position is for community outreach and education. As the Commission did not possess funding or the authorization for another FTE position, the Budget used contract employee funding to fund the needed position.
- **Public Relations:** The Budget includes \$24,565, reflecting a general revenue increase of \$12,753 from the previous fiscal year, for expenses related to the Commission's public forums.

Livable Homes Modification Grants **Informational**

The FY2026 Revised Budget consists of the general revenue appropriation of \$515,278 plus the reappropriation of \$890,565 from the previous fiscal year, as the FY2024 Budget as Enacted included proviso language requiring all unexpended or unencumbered funds be reappropriated to the ensuing fiscal year (FY2026). The result is a total funding of \$1.4 million for the Livable Homes Modification Grant program in the FY2026 Revised Budget.

Analyst Note: The Governor's Budget Amendment dated February 10, 2026, recommends a decrease of \$305,032 from the Livable Home Modification (LHM) grant program due to an error that occurred in budgeting the reappropriation. The FY2026 Revised Budget includes a reappropriation of \$890,565 from unspent FY2025 funds. However, the Budget Office discovered that the available balance was \$585,533.

The FY2027 Budget includes general revenue of \$515,278 to continue the Livable Home Modification (LHM) grant program, reflecting level-funding of general revenue appropriation from the FY2026 Budget as Enacted.

As of March 19, 2026, the LHM program has awarded 172 grants over the first half of this fiscal year and paid a total amount of \$438,926 in paid claims. The average grant amount is \$3,136. The Commission also reported that there were 50 outstanding awards (waiting for final paperwork from the awardees or in payment process) obligating \$159,325. The Commission anticipates using all of the reappropriated funds from FY2025 this year.

The following table illustrates the program appropriation, legislative changes, reappropriation amounts, and actual expenditures of the program.

Livable Homes Modification	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027
Actual	\$461,040	\$499,690	\$320,422	\$460,559	\$0	\$0	\$0	\$0	\$0
Governor FY2023	-	-	-	-	485,743	-	-	-	-
Assembly FY2023 - Add	-	-	-	-	500,000	-	-	-	-
Reappropriation from FY2022	-	-	-	-	121,174	-	-	-	-
Assembly Change FY2023	-	-	-	-	(2,802)	-	-	-	-
Actual Change FY2023	-	-	-	-	(555,701)	-	-	-	-
Governor FY2024	-	-	-	-	-	516,699	-	-	-
Assembly FY2024	-	-	-	-	-	250,000	-	-	-
Reappropriation from FY2023	-	-	-	-	-	555,750	-	-	-
Actual Change FY2024	-	-	-	-	-	4,268	-	-	-
Governor FY2025	-	-	-	-	-	-	765,304	-	-
Actual FY2024 Final	-	-	-	-	-	(640,565)	-	-	-
Reappropriation from FY2024	-	-	-	-	-	-	640,539	-	-
Governor FY2026	-	-	-	-	-	-	-	765,278	-
Assembly FY2026	-	-	-	-	-	-	-	(250,000)	-
Actual Change FY2025	-	-	-	-	-	-	(585,533)	-	-
Reappropriation from FY2025	-	-	-	-	-	-	-	890,565	-
Governor FY2027	-	-	-	-	-	-	-	-	515,278
Total Appropriation	\$461,040	\$499,690	\$320,422	\$460,559	\$548,414	\$686,152	\$820,310	\$1,405,843	\$515,278

\$ amounts reflect awards, contracted services, and operating expenses

The Governor's Commission on Disabilities (GCD) has administered the Livable Home Modification grant program since January 2018. Prior to that date, the program was funded under the Executive Office of Health and Human Services (EOHHS). EOHHS did not want to administer the program, and it was transferred to the Governor's Commission on Disabilities as part of the FY2019 Budget as Enacted.

The grant program allocates funding for home modification projects to allow people to stay in their homes longer and decrease the length and frequency of nursing home stays. Improvements include bathroom modifications, wheelchair ramps, and stability rails, along with other home modifications. The table to the side illustrates the number of paid awards by fiscal year. Since inception, the Commission has paid \$4.1 million for 1,455 awards.

RIGL 42-51-13, requires the Governor's Commission on Disabilities to submit an annual report by August 15 of each year to the Governor, President of the Senate, Speaker of the House, and to the Chairpersons of the Senate and House Finance Committees on the progress of the Livable Home Modification program.

Approximately 95.2 percent of the appropriation was used on grant awards in FY2025, 96.6 percent is projected to be spent on grant awards in FY2026, and 90.6 percent is projected to be spent on awards in FY2027 based on the recommended appropriation.

The Commission tracks the project awards by the fiscal year in which they are awarded. The project and balance are carried forward into succeeding fiscal years until the project is completed.

The FY2022 Budget as Enacted codified the current Livable Home Modification Grant program (RIGL 42-51-13) with a hard grant amount of 50.0 percent of the modification cost up to \$4,500. In addition, the FY2022 Final Budget introduced proviso language requiring all unexpended or unencumbered funds to be reappropriated to the ensuing fiscal year.

Fiscal Year	# Paid	Amount Paid
FY2018	27	\$86,304
FY2019	161	423,794
FY2020	165	451,517
FY2021	110	303,646
FY2022	159	404,622
FY2023	182	502,292
FY2024	221	645,294
FY2025	258	780,715
FY2026*	172	528,158
Total	1,455	\$4,126,342

Source: Commission on Disabilities

**FY2026 as of March 19, 2026*

Commission on the Deaf and Hard of Hearing

Expenditures by Program	FY2025 Actuals	FY2026 Enacted	FY2026 Governor	Change from Enacted		FY2027 Governor	Change from Enacted
Central Management	\$804,509	\$929,154	\$976,952	\$47,798	5.1%	\$954,081	\$24,927 2.7%

Expenditures by Program	FY2025 Actuals	FY2026 Enacted	FY2026 Governor	Change from Enacted		FY2027 Governor	Change from Enacted
General Revenue	\$662,680	\$786,233	\$767,663	(\$18,570)	-2.4%	\$835,904	\$49,671 6.3%
Restricted Receipts	141,829	142,921	209,289	66,368	46.4%	118,177	(24,744) -17.3%
Total	\$804,509	\$929,154	\$976,952	\$47,798	5.1%	\$954,081	\$24,927 2.7%

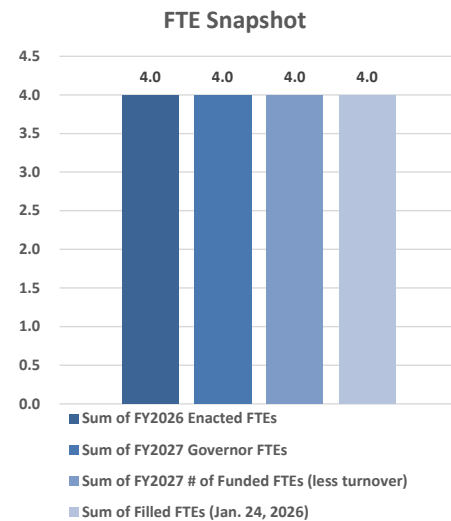
Authorized FTE Levels	4.0	4.0	4.0	-	-	4.0	-	-
\$ in millions								

The Commission on the Deaf and Hard of Hearing (CDHH) advocates and coordinates the promotion of an environment in which deaf and hard of hearing people in Rhode Island are afforded equal opportunity in all aspects of their lives. The CDHH develops policy and provides recommendations for programs and legislation that will enhance cooperation and coordination among agencies and organizations that currently serve, or have the potential to serve, the deaf and hard of hearing community.

MAJOR ISSUES AND TRENDS

The Budget includes total funding of \$954,081 including \$835,904 from general revenue for FY2027. General revenue increases by 6.3 percent from the FY2026 Budget as Enacted. The increases in general revenue are primarily due to the statewide adjustments related to the 3.0 percent cost of living adjustment, negotiated by the Governor in FY2025.

The Budget authorizes 4.0 FTE positions in FY2027, consistent with the Enacted budget.



Commission on the Deaf and Hard of Hearing	General Revenue
FY2026 Enacted	\$786,233
Target and Other Adjustments	-
Personnel Adjustments (statewide adjustments)	27,171
Accounts and Controls (statewide adjustments)	24,439
Shift Temp and Interpreter Services to Restricted Receipts	(11,000)
Enterprise Resource Planning (statewide adjustments)	9,061
FY2027 Governor	\$835,904

Shift Temp and Interpreter Services to Restricted Receipts (\$11,000)

The Budget shifts \$11,000 from general revenue to restricted receipts, effectively reallocating contracted professional services to the Emergency and Public Communication Access Program (EPCAP) restricted receipt account. The Emergency and Public Communication Access Program (EPCAP) restricted receipts account receives \$100,000 annually from telecommunications surcharges.

Office of the Child Advocate

Expenditures by Program	FY2025 Actual	FY2026 Enacted	FY2026 Governor	Change from Enacted		FY2027 Governor	Change from Enacted	
Central Management	\$1.8	\$2.3	\$2.2	(\$0.1)	-3.5%	\$2.4	\$0.1	6.2%
Total	\$1.8	\$2.3	\$2.2	(\$0.1)	-3.5%	\$2.4	\$0.1	6.2%
Expenditures by Source								
General Revenue	\$1.8	\$2.3	\$2.2	(\$0.1)	-3.5%	\$2.4	\$0.1	6.2%
Total	\$1.8	\$2.3	\$2.2	(\$0.1)	-3.5%	\$2.4	\$0.1	6.2%
Authorized FTE Levels	10.0	13.0	13.0	-	-	13.0	-	-
<i>\$ in millions</i>								

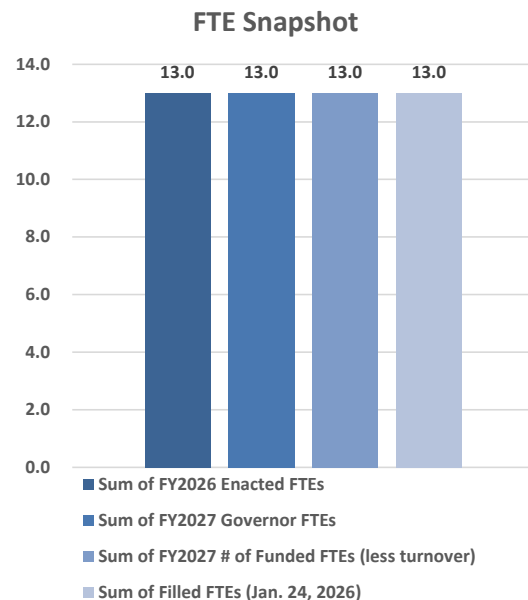
The Office of the Child Advocate (OCA) is mandated by statute to protect the legal, civil, and special rights of all children in the care of the Department of Children, Youth, and Families (DCYF). The Office strives to improve conditions and circumstances through monitoring, intervention, and advocacy. The Office reviews all youth residential programs, including the Rhode Island Training School, and oversees compliance of all DCYF-contracted providers. The General Assembly amended the Office's statutory charge in both 2016 and 2019, further requiring the Child Advocate to investigate any child fatality or near fatality if:

- The child is involved with, or the child's family previously received services from DCYF;
- The incident involves alleged abuse or neglect and the child's family had prior contact with DCYF; or
- The child's sibling, housing member, or daycare provider was the subject of a child abuse or neglect investigation within 12 months of the incident.

MAJOR ISSUES AND TRENDS

In January 2018, the State and DCYF settled a long-standing class action lawsuit. The lawsuit, initially filed in 2007, demanded systemic reforms to the State's child welfare system and cited deficiencies throughout DCYF, including excessive caseworker assignments and an inappropriate residential service array. The settlement, known as the Children's Rights Settlement, outlined a number of new screening and reporting requirements for DCYF. The OCA acts as the federal monitor to the settlement and oversees DCYF's progress towards meeting the established benchmarks.

The Budget includes \$2.4 million in general revenues for the Office of the Child Advocate, an increase of \$140,874 as compared to the FY2026 Budget as Enacted. This represents full financing for current operations and staffing authorizations, as well as salary and benefits increases due to a COLA. As of January 24, the Office is fully staffed with 13.0 FTE positions.



Office of the Child Advocate	General Revenue
FY2026 Enacted	\$2,264,613
<i>Target and Other Adjustments</i>	<i>15,893</i>
Personnel Adjustments (statewide adjustments)	65,468
Accounts and Control (statewide adjustments)	29,963
Centralized Services (statewide adjustments)	29,550
FY2027 Governor	\$2,405,487

Office of the Mental Health Advocate

Expenditures By Program	FY2025 Actual	FY2026 Enacted	FY2026 Revised	Change from Enacted		FY2027 Governor	Change from Enacted	
Central Management	\$752,370	\$1,117,164	\$932,441	(\$184,723)	-16.5%	\$1,111,709	(\$5,455)	-0.5%
Total	\$752,370	\$1,117,164	\$932,441	(\$184,723)	-16.5%	\$1,111,709	(\$5,455)	-0.5%
Expenditures By Source								
General Revenue	\$752,370	\$1,117,164	\$932,441	(\$184,723)	-16.5%	\$1,111,709	(\$5,455)	-0.5%
Total	\$752,370	\$1,117,164	\$932,441	(\$184,723)	-16.5%	\$1,111,709	(\$5,455)	-0.5%
Authorized FTE Levels	6.0	6.0	6.0	-	0.0%	6.0	-	0.0%

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

The Office of the Mental Health Advocate (OMHA) is statutorily mandated to protect the legal, civil, and special rights of people living with mental illness in Rhode Island. This includes providing legal representation at involuntary commitment proceedings, monitoring policies and procedures at inpatient treatment facilities and community-based health programs, proposing and evaluating legislation, and litigating civil and treatment rights disputes.

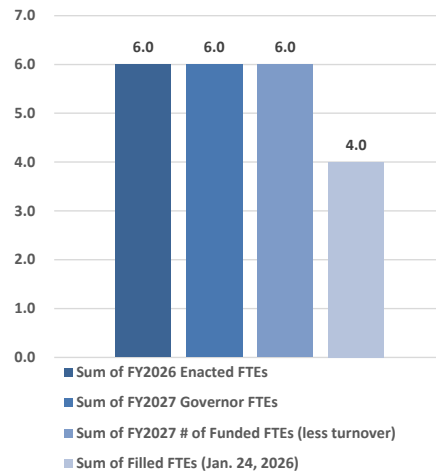
The Office also advocates for improvements in the mental health system by monitoring and evaluating the quality of services available to clients and combatting the stigmatization and discrimination associated with mental illness. The Office seeks to close gaps in the programs administered by mental health providers, including the shortcomings in services related to emergency hospitalizations, psychiatric care for prison inmates, and homelessness among individuals with chronic mental illness.

MAJOR ISSUES AND TRENDS

The FY2027 Budget includes \$1.1 million from general revenues for the Office of the Mental Health Advocate. This represents a general revenue decrease of \$5,455, or -0.5 percent, as compared to the FY2026 Budget as Enacted. The Office is funded entirely through general revenues.

The Budget authorizes and fully funds 6.0 FTEs in FY2026, consistent with the FY2026 authorization. As of January 24, 2026, the Office had 4.0 positions filled and 2.0 positions vacant. Currently, the Office has 1.0 vacant Social Worker position and 1.0 vacant Attorney position, with salaries of \$66,876 and \$104,963, respectively.

FTE Snapshot



Analyst Note: This is the third year in which these positions have been vacant. The Office has previously indicated challenges with finding qualified candidates; in a previous hiring round for an Attorney position, only three qualified candidates applied. Other than the statewide COLA increases, no salary increases were included in this budget.

Central Management	General Revenue
FY2026 Enacted	\$1,117,164
Target and Other Adjustments	-
Centralized Services (statewide adjustments)	(70,995)
Personnel Adjustments (statewide adjustments)	65,540
FY2027 Governor	\$1,111,709

Elementary and Secondary Education

Expenditures By Program	FY2024 Actual	FY2025 Actual	FY2026 Enacted	FY2026 Governor	Change from Enacted		FY2027 Governor	Change from Enacted	
Administration of the Comprehensive Education Strategy	\$320.0	\$284.3	\$295.2	\$319.0	\$23.8	8.1%	\$300.2	\$5.0	1.7%
Central Falls School District	49.4	54.0	54.6	54.6	0.0	0.0%	53.7	(0.9)	-1.6%
Davies Career and Technical Center	24.4	27.6	67.2	36.9	(30.2)	-45.0%	51.3	(15.8)	-23.6%
Rhode Island School for the Deaf	9.9	10.5	10.3	11.1	0.8	7.7%	11.8	1.6	15.1%
Metropolitan Career and Technical School	10.8	12.8	13.2	15.2	2.0	14.9%	14.9	1.7	12.9%
Education Aid	1,392.3	1,329.9	1,311.2	1,320.9	9.7	0.7%	1,342.4	31.2	2.4%
School Construction Aid	104.2	106.2	119.9	119.9	-	0.0%	102.9	(17.0)	-14.2%
Teacher Retirement	131.5	135.0	138.0	133.6	(4.4)	-3.2%	130.2	(7.8)	-5.6%
Total	\$2,042.5	\$1,960.3	\$2,009.5	\$2,011.1	\$1.6	0.1%	\$2,007.4	(\$2.1)	-0.1%
Expenditures By Source									
General Revenue	\$1,493.8	\$1,587.1	\$1,659.2	\$1,660.5	\$1.3	0.1%	\$1,660.8	\$1.6	0.1%
Federal Funds	495.0	311.1	256.9	275.9	18.9	7.4%	259.2	2.3	0.9%
Restricted Receipts	51.9	58.7	50.7	61.3	10.6	20.9%	61.7	10.9	21.5%
Other Funds	1.7	3.4	42.6	13.4	(29.2)	-68.6%	25.7	(16.9)	-39.6%
Total	\$2,042.5	\$1,960.3	\$2,009.5	\$2,011.1	\$1.6	0.1%	\$2,007.4	(\$2.1)	-0.1%
Authorized FTE Levels	340.1		342.1	342.1	-	0.0%	343.1	1.0	0.3%
<i>\$ in millions. Totals may vary due to rounding.</i>									

The Rhode Island Department of Elementary and Secondary Education, under the leadership of the Board of Education, is responsible for a strategic plan defining goals and objectives for elementary and secondary education; preparation and presentation annually of an educational budget for the Department of Elementary and Secondary Education, subordinate boards and agencies, and State aid to local school districts; approval of the basic subjects and courses of study to be taught, and instructional standards required to be maintained in the public elementary and secondary schools of the State; and, adoption of standards and qualifications for the certification of teachers and provision for the issuance of certificates.

MAJOR ISSUES AND TRENDS

The Budget provides total funding of \$2,007.4 million, a decrease of \$2.1 million from the enacted level. The \$1.6 million net increase in general revenue is primarily due to an increase of \$23.7 million in education aid to districts, charter and state schools, a \$1.3 million shift of costs from federal IDEA funds, and a \$700,000 increase for Learn365, partially offset by a \$17.0 million decrease in school construction aid and a \$7.8 million reduction in state payments for teacher retirement. The increase in education aid includes an additional \$2.5 million for high-cost special education and \$34,000 in Group Home aid due to the addition of two new beds in Providence. Early childhood education categorical is level funded at \$28.9 million; however, an additional classroom was opened in FY2026. The total seat count is projected to remain at the FY2026 level of 2,814 through FY2027. It appears that the Department has stalled in their progress toward the FY2023 Budget initiative to expand Pre-K offerings to 5,000 seats by FY2028.

The increase in federal funds in both FY2026 and FY2027 is due largely the receipt of two federal grants not included in the enacted budget. In September 2024, Rhode Island was awarded \$40.0 million to improve literacy outcomes for Rhode Island students. The Department is using these funds to support the [RI Reads](#) initiative. The other grant is to support the formation and expansion of charter schools.

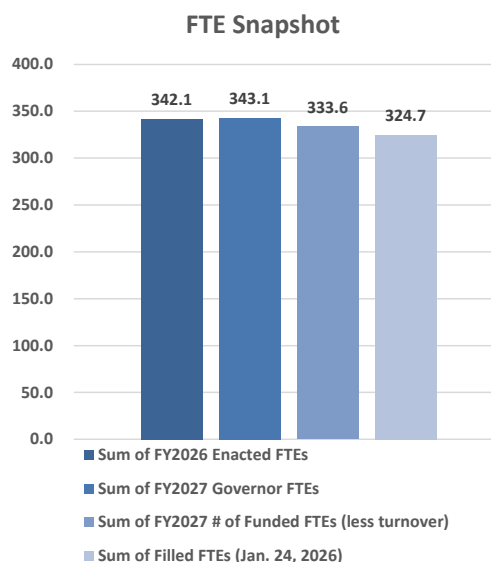
In FY2026, the Budget increases general revenue funding by \$1.3 million. The Governor recommends the reappropriation of \$2.7 million for Learn365RI after-school grants, \$1.9 million for a settlement involving special education services, and \$951,765 for personnel and transportation costs at Davies, partially offset by a decrease of \$4.4 million in teacher retirement costs.

Restricted receipts increase in both FY2026 and FY2027 due primarily to an increase in Statewide Transportation costs. According to the Department, the increase is due to the enacted estimate being made before students were registered and routes mapped. In practice, FY2026 saw an increase of 600 private

school students and more than 50 routes had to be transferred to a more expensive vendor. While enrollment trends are down, statewide transportation ridership has increased by 34.0 percent over the last ten years.

The other funds decrease in both FY2026 and FY2027 is largely driven by an updated project schedule or the Davies School Wing Renovation project which has been consolidated with the Health Care Classroom project. The consolidated project involves new construction to replace a wing that was built in in the 1970's and found to be more cost effective to replace than to renovate through the School Building Authority's 2016 facilities assessment. The new wing will include the Health Care classrooms and eliminate the detached modular classroom building where the program is currently housed.

The Budget provides 343.1 FTE positions, an increase of 1.0 FTE position, across the Elementary and Secondary Education system, including 157.1 FTE positions at the Department of Elementary and Secondary Education, 125.0 FTE positions at Davies, and 61.0 FTE positions at the School for the Deaf. The 1.0 new FTE position is a Hearing Officer position to assist the legal office within the Department with the investigation of teacher misconduct cases.



ADMINISTRATION OF THE COMPREHENSIVE EDUCATION STRATEGY (ACES)

The Administration of the Comprehensive Education Strategy (ACES) program encompasses the offices of Accelerating School Performance, Educator Excellence and Instruction Effectiveness, Fiscal Integrity and Efficiencies, and Legal. Through these offices, the Department provides leadership and support for the entire elementary and secondary education system in Rhode Island.

Administration of the Comprehensive Education Strategy	General Revenue
FY2026 Enacted	\$34,222,798
<i>Target and Other Adjustments</i>	<i>263,153</i>
Learn365RI	700,000
RI Vision Education Services Program (RIVESP)	684,000
RI Auditory Oral Education Program	425,000
Legal Office Investigator (1.0 FTE position)	151,704
RI Surrogate Parent Program	150,000
Parking Contract	23,690
FY2027 Governor	\$36,620,345

Learn365RI **\$700,000**

The Budget provides \$2.0 million for the Learn365RI initiative in FY2027, an increase of \$700,000 from the FY2026 enacted level to provide high-quality, out-of-school time programs focused on critical skill development. Of the increase, \$400,000 will fund continued base programming and \$300,000 of the funding will be used for the following:

- **Rhode Island Afterschool Network:** \$100,000 to support tutoring and staff training, the Youth Development Apprenticeship Program, and technical support for the learning centers.
- **Teach for America Ignite:** \$100,000 to support reading and math skill tutoring for students in third through eighth grades through Teach for America Ignite, a paid, part-time fellowship program for college students and recent graduates to provide small-group tutoring.

- **Onward We Learn Learn365RI:** \$100,000 for tutoring focused on reading and math skill tutoring for students in third through eighth grades as well as statewide FAFSA support. Currently, the Rhode Island Student Loan Authority (RISLA) provides FAFSA support at no charge through their College Planning Center. Through the Office of the Postsecondary Commissioner, the FY2027 Budget includes \$4.8 million in federal funds to support Rhode Island's GEAR UP program, which is designed to increase the number of low-income students who are prepared to enter and succeed in postsecondary education. Rhode Island's gear up grant supports the Onward We Learn (OWL) program, formerly known as the College Crusade.

The FY2026 Budget as Enacted provided \$1.3 million in additional general revenue support for this program. According to the Department, the FY2026 funds will be used for new projects and not to support ongoing costs in previously awarded projects.

In the FY2025 Budget as Enacted, \$3.0 million in general revenue was provided to replace temporary federal funding supporting out-of-school programming with a focus on critical skill development; however, only \$275,094 of the funds were spent with the remaining \$2.7 million recommend by the Governor for reappropriation into the FY2026 Revised budget. These funds are to be used to continue the work of the \$4.0 million in federal Governor's Emergency Education Recovery (GEER) Emergency Assistance to Non-Public Schools (EANS) funds and \$4.0 million in ARPA SFRF in providing grants to municipalities to start or continue out-of-school time programming consistent with the Learn365RI goals of "increasing school attendance, improving reading and math skills, and ensuring that high school graduates have a meaningful plan upon graduation."

As of March 12, 2026, the Department reports that \$2.4 million in reimbursements have been paid with the remaining \$1.7 million obligated to grant recipients. Of the \$4.0 million in funds available, \$3.5 million to 33 municipalities, \$50,000 is for marketing, \$25,000 for the Math Matters Extravaganza hosted by RIDE, \$49,922 to the West Bay Collaborative, and \$431,240 to EnrollRI. EnrollRI is a website, launched by the Department, that provides a single platform with information and enrollment access across various education programs, including adult education, the All Course Network, career and technical, and charter public schools.

RI Vision Education Services Program (RIVESP)

\$684,600

As requested by the Department, the Budget provides \$684,600 in general revenue to replace federal IDEA Part B funds to support the RIVESP at the Sherlock Program at Rhode Island College (RIC). The Center provides teaching and consultation services to children who are blind or visually impaired, their families, and educational staff within the school environment. The array of services available includes Early Intervention, Orientation and Mobility, and the instruction of specific compensatory skills to children from birth through 21 years. The FY2024 Budget as Enacted included \$1.8 million in general revenue to RIC for the Sherlock Center Vision Services program to provide stable funding for the services provided to local education agencies. These funds were provided in addition to the federal IDEA funds provided by the Department.

The Department asserts that the federal funds were only committed through June 2026 to stabilize the program and asks that general revenue be used moving forward to allow the Department to redirect the IDEA funds toward building capacity to support the needs of differently-abled students (DAS) receiving special education services. The funds would be used to provide the following:

- A structured framework for high school match instruction for general and special education teachers to increase their confidence in teaching DAS
- Professional learning to improve collaboration for teachers utilizing high-quality curriculum materials
- Job embedded coaching to improve and sustain instructional practice.

RI Auditory Oral Education Program**\$425,000**

As requested by the Department, the Budget includes \$425,000 in general revenue to support contract professional services at the RI Auditory Oral Education Program (AOEP). The AOEP was established in 2005 to provide students with cochlear implants and their families with an educational option focused on the use of the implants and the therapies needed to optimize success. When the Northern RI Collaborative dissolved in 2023, the Foster School Department assumed the fiscal and administrative management of the program, currently housed in the Captain Isaac Paine Elementary School. According to the Department, in order to ease the transition and support

**Rhode Island Department of Education
Federal IDEA Part B Payments to AOEP**

FY2026			
FY2023	FY2024	FY2025 ¹	Allocation ²
\$0	\$100,282	\$236,929	\$420,000

¹ These funds were paid in FY2026.

² No funds had been paid as of December 31, 2025.

Source: Rhode Island Department of Education

costs not covered by LEAs tuition, the Department agreed to provide up to \$370,000 in IDEA Part B funds for two years ending June 2025; subsequently, the Department agreed to provide up to \$270,000 in FY2026. According to the Department, AOEP has run a deficit of \$101,000 in FY2024 and \$190,000 in FY2025 in an effort to keep the tuition costs to LEAs reasonable. The Department would repurpose the IDEA funds to support differently-abled students (DAS) and address educator shortages in special education.

Analyst Note: Based on the information received, the Department's payment to the program is projected to increase by 79.4 percent in FY2027 relative to FY2025, which is the most recent payment year.

When asked how the Department arrived at \$425,000 as the cost, the response was as follows: "The FY26 budget for IDEA Part B funds to be used toward the Auditory Oral Program was \$420K. We requested a slightly higher amount (\$425K) in FY27 in order to cover the funding previously paid for using IDEA Part B."

Legal Office Investigator (1.0 FTE position)**\$151,704**

The Budget includes \$151,704 in salary and benefits to support 1.0 new FTE Hearing Officer position to assist the legal office with the investigation of teacher misconduct cases. The Department requested 2.0 new FTE positions for the legal office and additional funding for professional services. The Department eliminated the General Counsel position in June 2017, leaving a Chief Legal Counsel and three attorneys. According to the Department, one attorney works full time on matters involving teacher misconduct, one attorney works full time on Access to Public Records Act (APRA) requests and special education, and one attorney works full-time on labor matters.

RI Surrogate Parent Program**\$150,000**

As requested by the Department, the Budget provides an additional \$150,000 in general revenue (\$247,156 in total general revenue) support for the educational Surrogate Parent Program. The Department appoints an educational surrogate parent to make education decisions for students with disabilities aged 3 to 22 who are in DCYF custody and whose parents are unable to act on their behalf. According to the Department, the federal IDEA and the consent agreement for the class action suit for children in DCYF care and custody require the state to maintain a surrogate parent program for children with disabilities. The provisions of the consent agreement require educational representation be provided annually to 15.0 percent of children aged 3-21 in DCYF custody and 10.0 percent of children placed out of the home. Approximately 725 to 800 children receive services through the program annually.

The program is located at the Sherlock Center at Rhode Island College (RIC). Pursuant to the contract agreement between the Department and RIC, with a starting date of July 1, 2023, the Department is obligated to pay RIC about \$1.0 million annually in federal IDEA and general revenue funds.

5. Contract Amount:

	IDEA Part B Account 10.072.2725132.02 639700 72:512403000	IDEA Preschool Account 10.072.2725135.02 639700 72:512403000	State Account 10.72.2720111.01 639700	Total Amount
FY 2024	789,341	83,088	166,177	1,038,606
FY 2025	807,579	85,008	170,017	1,062,604
FY 2026	827,542	87,110	174,220	1,088,872
FY 2027	848,000	89,263	178,527	1,115,790
FY 2028	868,972	91,471	182,941	1,143,384
Total	4,141,434	435,940	871,882	5,449,256

However, based on information received from the Department on December 31, 2025, payments to RIC averaged \$718,007 from FY2023 through FY2025.

**Rhode Island Department of Education Payments to the RI Surrogate
Parent Program**

Source	FY2023	FY2024	FY2025	FY2026
General Revenue	\$97,156	\$122,624	\$122,624	\$97,156
Federal IDEA Part B	601,485	582,464	627,669	n/a
Total	\$698,641	\$705,088	\$750,293	\$97,156

Source: Rhode Island Department of Education

Analyst Note: Fiscal Staff reached out to the Department on January 7, 2026, regarding the discrepancy between the contract agreement and the payment information; and received the following response: "The FY26 general revenue budget for the Surrogate Parent Program was ~\$97K. The contract amount for state funds was \$174K. If we spend the full budgeted amount in FY26, we'd be using ~\$77k of IDEA carryover funds. We requested \$150K to ensure we fully fund the FY27 state funded portion."

Parking Contract**\$23,690**

The Budget provides \$23,690 in general revenue to support an increase to parking contract with Rhode Island Convention Center Authority (RICCA) for staff parking passes and parking ticket validation. The contract rate is increasing from \$236,900 to \$260,590 annually and 10.0 percent annually through FY2030. According to the Department, RICCA has not adjusted rates with RIDE in 14 years. Pursuant to the Parking Agreement, dated April 1, 2025, RICCA will not charge the Department for the use of validation tickets in FY2026, but both RICCA and RIDE reserve the right to discuss billing for validation parking at a rate of \$10 per ticket for up to one hour of parking and of \$20 per ticket for over one hour.

CENTRAL FALLS SCHOOL DISTRICT

The State of Rhode Island assumed control of the Central Falls School District in 1991 when it was determined that the City of Central Falls could not afford to meet its contractual, legal, and regulatory obligations related to school funding because its tax base had sustained little or no growth over several years. Since FY1993, the State has been responsible for 100.0 percent of the education expenditures for the Central Falls School District.

Since FY2012, Central Falls has been funded according to the education funding formula. The Budget provides \$53.7 million for the Central Falls School Department in FY2027. This includes the funding formula distribution as well as \$11.7 million in funding through the Central Falls Stabilization Fund, but

excludes aid received through other education aid categories. (See Education Aid in the Special Report section of this publication for further detail.)

Central Falls	General Revenue
FY2026 Enacted	\$54,567,882
<i>Target and Other Adjustments</i>	-
Funding Formula Adjustment	(1,750,157)
Central Falls Stabilization	865,775
FY2027 Governor	\$53,683,500

Funding Formula Adjustment

(\$1.8 million)

Since FY1993, the State has been responsible for 100.0 percent of the education expenditures for the Central Falls School District; however, beginning in FY2012, the district's state funding has been determined through the new funding formula. In FY2027, the district will see a decrease of \$3.1 million in funding formula aid, partially offset by an increase of \$1.3 million in enrollment transition aid. The formula distribution, stabilization aid, and other categorical aid provide total state funding of \$53.8 million, a net decrease of \$920,552 from the previous fiscal year. The decrease in funding formula aid is driven by declining enrollment. Relative to FY2026, total enrollment has declined by 211 students (8.5 percent), with the student success factor (SSF) eligible students declining by 362 students (23.1 percent), and Multilingual learners (MLL) by 163 (13.0 percent). In addition, the state share ratio declined from 96.7 percent to 96.4 percent.

Analyst Note: While enrollment declined by 1.6 percent across the State, Central Falls has the largest decline followed by Foster at 6.5 percent and Westerly at 5.2 percent. Students eligible for the SSF weight declined by 13.8 percent with the largest reduction in Foster at 33.3 percent and Portsmouth at 28.9 percent. MLL students declined by 4.0 percent across the State. Pursuant to RIGL 16-7-16, the education aid in the enacted budget will be updated based on the March 2026 enrollment data.

Central Falls Stabilization

\$865,775

As part of the Governor's recommendation to transition Central Falls school district "finances and governance back to local control", the Budget funds this category at \$11.7 million in FY2027, an increase of \$865,775 from the FY2026 Budget as Enacted. The total budget is created at the district level with the budget targets provided by the Department. The stabilization funding for the district is used to adjust for changes in the costs outside of the funding formula and reviewed annually, pursuant to RIGL 16-7.2-6(d). The district is currently governed by a Board of Trustees that acts as a school committee. The Department provides financial oversight related to budget management and capital projects and works with the district finance team to reduce costs. The Department does not exercise any heightened academic or governance control beyond that held over other districts. The Board of Trustees is empowered with school committee authority such as hiring the superintendent, monitoring student outcomes, and implementing policy.

Central Falls schools are currently 100.0 percent state-funded, with the State providing both the local and state contributions calculated through the formula, as well as the local share that would be supported outside of the core amount. Generally, the costs outside the foundation aid formula, such as transportation, facility maintenance and retiree health benefits, are paid by the district. The stabilization fund was created due to concerns regarding the city's capacity to meet the local share of education costs. Previously the statute required Central Falls to pay its share of the local contribution prior to receiving stabilization funds. However, the 2012 General Assembly amended the statute to provide for an annual review of the respective shares and to allow stabilization funds to be provided without the district having to pay the entire local share as determined from the education funding formula.

Although Central Falls has been working with the Department to reduce expenditures, the district has not been able to reduce costs enough to keep pace with the phase-in of the funding formula. Also, charter school tuitions have been increasing resulting in a corresponding increase in district expenses. Consequently, the

stabilization fund has been used to replace aid lost through the implementation of the funding formula and local payments to public schools of choice. To date, Central Falls has been unable or unwilling to absorb any educational costs.

DAVIES CAREER AND TECHNICAL CENTER

The Davies Career and Technical School provides a high school education program in occupational areas for students in grades nine through twelve. The school provides an integrated academic and vocation curriculum with up-to-date technology programs to provide a solid foundation for students entering postsecondary education or the community. Davies operates as a local education agency and is governed by a Board of Trustees.

The Budget provides \$21.1 million in general revenue funding for the Davies Career and Technical School, an increase of \$2.6 million from the FY2026 Budget as Enacted, excluding categorical aid. (See Education Aid in the Special Report section of this publication for further detail.)

Davies Career and Technical School	General Revenue
FY2026 Enacted	\$18,532,152
<i>Target and Other Adjustments</i>	-
Davies Stabilization Fund	2,426,021
Funding Formula Adjustment	124,584
FY2027 Governor	\$21,082,757

Davies Stabilization Fund

\$2.4 million

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 increase of \$2.4 million (\$10.4 million in total stabilization funding) in FY2027. The increased support is largely due to transportation costs, which increase by \$817,832 in FY2026 and \$1.6 million in FY2027.

Funding Formula Adjustment

\$124,584

The Davies School receives funding from state and federal sources; however, beginning in FY2012, it receives its State funding as determined through the new funding formula. In FY2026, the Davies School will receive an increase of \$124,584 in funding formula aid (\$10.7 million in total formula aid). Instead of being entirely State funded, the sending districts now pay a portion of the tuition for each student from their district. Furthermore, Davies is now responsible for the cost of transporting students to and from their sending districts.

RHODE ISLAND SCHOOL FOR THE DEAF

The Rhode Island School for the Deaf (RISD) is a public school which offers educational programs to approximately 85 deaf and hard of hearing youth (and their families) from birth through age 21 in the elementary program, junior and senior high school, and early intervention and preschool programs.

School for the Deaf	General Revenue
FY2026 Enacted	\$8,809,938
<i>Target and Other Adjustments</i>	(16,217)
Turnover Restoration	245,618
FY2027 Governor	\$9,039,339

Turnover Restoration

\$245,618

The Budget restores \$245,618 in turnover savings. RISD started the school year fully staffed with 61.0 FTE positions and, while there have been some staff resignations, RISD is actively recruiting to fill the positions in order to maintain classroom coverage.

METROPOLITAN CAREER AND TECHNICAL SCHOOL

The Metropolitan Career and Technical School (Met School) is a career and technical public-school district with two campuses in Providence and a third in Newport. It provides a comprehensive education which includes internships, individual learning plans, advisory, and a college transition program for students in grades nine through twelve.

The Budget provides \$14.7 million in general revenue funding for the Met, an increase of \$1.7 million over the FY2026 Budget as Enacted. This includes \$3.6 million for the Met School Stabilization Fund, but excludes categorical aid. The Met School is governed by a board, appointed by the Board of Education but operated independently. Also, unlike Davies, the employees at the Met School are not state employees. (See Education Aid in the Special Report section of this publication for further detail.)

Metropolitan Career and Technical School	General Revenue
FY2026 Enacted	\$12,966,926
<i>Target and Other Adjustments</i>	-
Funding Formula Adjustment	1,296,406
Met School Stabilization Fund	405,997
FY2027 Governor	\$14,669,329

Funding Formula Adjustment **\$1.3 million**

In FY2027, the Met School sees an increase of \$1.3 million in funding formula aid (\$11.1 million in total formula aid). This increase is driven primarily by an enrollment increase of 65 students, or 8.0 percent. Previously, the Met School was 100.0 percent state funded; however, beginning in FY2012, it received its general revenue funding through the new funding formula and sending districts pay a portion of the tuition for each student from their district. Furthermore, the Met School is now responsible for the cost of transporting students to and from their sending districts and will no longer be reimbursed by sending districts for transportation costs. Generally, the school provides RIPTA passes to students; however, due to the lack of RIPTA services available to students in Woonsocket, the school contracts for bus services.

Met School Stabilization Fund **\$405,997**

Article 11 of the FY2017 Budget as Enacted established a stabilization fund to provide additional support to the Met School for costs associated with a stand-alone high school offering both academic and career and technical coursework. The Budget increases the stabilization fund by \$405,997 (\$3.6 million total) in FY2027. By adjusting the stabilization fund to offset any changes in the funding formula calculation, the Met School was level funded from FY2017 through FY2022. The increase is recommended to address rising operating costs, such as step increases, cost-of-living adjustments, instructional support, transportation, and healthcare costs.

EDUCATION AID

The Department provides direct support to schools and school districts, including charter and state-owned schools through this program. This program also provides funding for group home beds, non-public textbook reimbursement, state-level professional development, the early childhood demonstration pilot project, state E-rate reimbursement, and the state's share of the school breakfast program.

Education Aid	General Revenue
FY2026 Enacted	\$1,272,230,353
<i>Target and Other Adjustments</i>	-
Funding Formula Distribution	17,823,207
Categorical Aid	2,534,000
FY2027 Governor	\$1,292,587,560
Statewide Student Transportation (restricted receipts)	\$10,501,410

Funding Formula Distribution**\$17.8 million**

Based on the October 2025 enrollment data, adjusted for projected charter school enrollments, the Governor's FY2027 Budget increases the education funding formula distribution to districts, except for Central Falls and state schools, by \$17.8 million.

The Education Adequacy Act (2010-S-2770, Substitute A as Amended) provided a new school funding formula that creates a single methodology for distributing state aid to all public schools. The core principle behind the formula is that state funding should follow the student; therefore, distribution could change annually based on shifts in enrollment. There are no changes in funding methodology for the School for the Deaf, since it is an education program that already has a state, federal and local share.

The formula establishes a per-pupil spending amount of \$13,859 in FY2027, an increase of 4.0 percent. The formula also includes a single factor to adjust the core foundation amount to address the effects of poverty and other factors influencing educational needs. The Governor recommends increasing the student success factor, also referred to as the high need student weight, from 40.0 percent to 43.0 percent. The weight provides an additional \$5,959 ($\$13,859 \times 0.43 = \$5,959$) for each student whose family income is at or below one hundred eighty-five percent (185%) of federal poverty guidelines, as identified using certification data from programs including the Supplemental Nutrition Assistance Program (SNAP) and Temporary Assistance for Needy Families (TANF). The counts from the data source are then multiplied by a factor of 1.6, as recommended by the U.S. Department of Agriculture (USDA) and the U.S. Department of Education for the Community Eligibility Provision (CEP) of the Healthy, Hunger-Free Kids Act of 2010.

English Learners/Multilingual Learners: Article 8 of the FY2025 Budget as Enacted shifted support for English Learners into the funding formula, increased the weight from 15.0 to 20.0 percent of the per-pupil core instruction amount for each qualified EL student (\$2,772 in FY2027), and changed the name to Multilingual Learners (MLL).

MLL students are identified through the WIDA (World-Class Instructional Design and Assessment) Kindergarten-MODEL and the WIDA Screener 1-12 grade. The WIDA ACCESS (Assessing Comprehension and Communication in English State to State) is used for monitoring and growth in grade K-12. WIDA is a consortium of state departments of education that developed the ACCESS test that is administered annually to English Learners to monitor the student's language development. The models classify students into six proficiency categories. The 20.0 percent weight is applied to students in the three lowest categories: entering, emerging, and developing.

While no longer distributed on a reimbursement basis, districts are required to report annually to the Department of Elementary and Secondary Education on the planned and prior year use of MLL funds to provide services in accordance with the requirements set forth by the Commission of Elementary and Secondary Education. The Department is responsible for reviewing the use of funds to ensure consistency with established best practices.

Analyst Note: The Council on Elementary and Secondary Education approved updated MLL/EL regulations on February 26, 2025. Updates include extending the deadline for districts to meet the updated MLL/EL regulation requirements from FY2030 to FY2031, clarifying professional learning requirements, encouraging the expansion of bilingual/dual language programs, and increasing family and student engagement. The deadline was extended in response to public feedback requesting more time, flexibility, and supports for the implementation of the regulations. The presentation to the Council regarding the new regulations can be found [here](#).

The formula accounts for local revenue generating capacity and overall poverty level through a state share ratio calculation for each community that uses the State Share Ratio for the Community, based on the EWAV (Equalized Weighted Assessed Valuation) for the community, and the concentration of pre-kindergarten through sixth grade students eligible for free or reduced-price lunch.

Article 11 of the FY2017 Budget as Enacted changed the threshold for the high-need student weight to a family income at or below 185.0 percent of the federal poverty guidelines. The change was in response to

the United States Department of Agriculture no longer requiring districts to collect eligibility data. Since this income level is the same threshold as that used for the free or reduced lunch program, the Department of Elementary and Secondary Education (Department) did not anticipate a change in the eligibility numbers.

Article 10 of the FY2023 Budget as Enacted required the Department to submit, as part of its FY2024 budget request, a poverty measure that does not rely on the administration of the school lunch programs. The Governor recommended and the General Assembly concurred with using certification data from programs including the Supplemental Nutrition Assistance Program (SNAP). The counts from this data source are then multiplied by a factor of 1.6, as recommended by the U.S. Department of Agriculture (USDA) and the U.S. Department of Education for the Community Eligibility Provision (CEP) of the Healthy, Hunger-Free Kids Act of 2010. The direct certification data is used for both the student success factor (SSF) and concentration of pre-kindergarten through sixth grade students used in the share ratio calculation.

According to the Office of Management and Budget (OMB), “extensive research was conducted” to determine the new poverty measure, including the experiences of other states. Several criteria were considered including “comparable eligibility requirement to the FRLP, timeliness, and data quality. Furthermore, data sharing agreements with DHS [Department of Human Services] related to the use of direct certification were already in existence.” Based on the review, it was determined that “direct certification would result in a reliable calculation of education aid while minimizing administrative burden.”

According to the US Department of Education, the “function of the 1.6 multiplier is to provide an estimate of the percentage of students eligible for free and reduced-price meals in participating CEP schools, groups of schools, or LEAs that is comparable to the poverty percentage that would be obtained in a non-CEP school. The number of students directly certified is a subset of the total number of students eligible for free and reduced-price meals. Using only the number of identified students would result in lower poverty percentages for CEP schools or LEAs.” (see page 4 of Guidance for The Community Eligibility Provision). Communities participating in the CEP agree not to collect FRLP forms.

Poverty Loss Stabilization Fund: The FY2024 Budget as Enacted established funding to reduce the impact of a reduction in the community state share ratio. If the share ratio decreases by more than 2.0 percent, relative to the prior year, the formula provides 50.0 percent of the resulting reduction in funding formula aid. This fund is distributed as part of the funding formula distribution. In the FY2027 Budget the fund decreases by \$1.1 million, relative to the FY2026 Budget as Enacted, to \$3.6 million total for all the school districts except Central Falls, which is included as a separate budget program.

Enrollment Transition Fund: To address the significant enrollment declines seen across the State, the FY2024 Budget as Enacted established an Enrollment Transition Fund providing 40.0 percent of the funding formula aid lost as a result of enrollment declines, relative to the previous year, in year one and 25.0 percent in year two. This fund is distributed as part of the funding formula distribution. The FY2027 Budget increases this fund by \$2.7 million, relative to the FY2026 Budget as Enacted, to \$11.0 million for all the school districts except Central Falls, which is included as separate budget program.

The Act included a multi-year transition plan to ease districts into the new formula, allowing time to adjust for gains or losses in education aid. The plan provided a transition period of ten years for those districts projected to receive less school aid than they did through the aid distribution in FY2011, and seven years for those districts projected to receive more aid. As of FY2022 the funding formula distribution is fully phased in. (See Education Aid in the Special Report section of this publication.)

Categorical Aid

\$2.5 million

When the education funding formula was passed in 2010, five categorical funds were identified that would not be distributed according to the formula but pursuant to other methodologies intended to address the priorities and funding needs of the districts. These categories include Transportation, High-Cost Special Education, Career & Technical Education, Early Childhood, and the Regionalization Bonus. Article 11 of the FY2017 Budget as Enacted added two new aid categories: English Learners and the Density Fund. In the FY2024 Budget, the Density Aid Fund was replaced with the Enrollment Transition fund, which is included in the funding formula distribution. The FY2025 Budget moved English Learners into the formula distribution. The FY2019 Budget as Enacted included a temporary aid category to support new Resource Officers at public middle and high schools, which expired after FY2021. (The Central Falls, Davies and Met School Stabilization Funds are addressed in the school specific sections of this analysis.)

The FY2027 Governor’s recommended budget includes funding for all of the active categories, except the Regionalization Bonus. The total categorical aid increases by \$2.5 million for all school districts, charter schools, Davies Career & Technical School (Davies), and the Metropolitan Career and Technical School (Met), entirely in high-cost special education.

Categorical	FY2027 Governor's Education Aid	
	Change from Enacted	Total Funding
Transportation	-	12.5
Early Childhood	-	28.9
High-Cost Special Education	2.5	20.0
Career & Tech. Schools	-	4.5
Regionalization Bonus	-	-
Group Home Aid	0.0	3.6
Total	\$2.5	\$69.4

\$ in millions

- **Transportation:** This fund provides funding to districts that use the statewide transportation contract for transporting students to out-of-district, non-public schools within the resident district’s transportation region as defined by RIGL 16-21.1-2, and for 50.0 percent of the local costs associated with transporting students within regional school districts. The program provides for a pro-rata reduction in reimbursements to districts based on available funding. In FY2027, the Governor’s budget recommendation level funds this categorical at the FY2026 level of \$12.7 million, funding regional transportation at 94.1 percent of eligible costs and non-public school transportation at 70.1 percent of eligible costs. An additional \$2.5 million would be needed to fully fund this category.

- **Early Childhood Education:** This fund is designed to increase access to voluntary, free, high-quality pre-kindergarten programs. The funds are distributed through a request for proposals (RFP) process targeting communities in three tiers, with the first tier having the highest concentration of children at risk for poor educational outcomes. These funds are paid to providers through the RFP process and, consequently, are not included in the distribution tables. Provisory language in Article 1 of the Budget requires the Department to prioritize funding to four-year olds whose family income is at or below 185.0 percent of federal poverty guidelines and who reside in communities with higher concentrations of low-performing schools. The Budget funds this category at \$28.9 million in FY2027, consistent with the FY2026 Budget as Enacted.

Article 10 of the FY2023 Budget as Enacted required the Department of Education (RIDE), the Department of Human Services, and the Children's Cabinet to develop the Rhode Island Pre-K expansion plan to expand the Pre-K program to 5,000 seats over five years beginning in FY2024, including children ages three and four. Based on information provided by the Department, FY2026 added one classroom and five seats, relative to FY2025. The change includes a reduction of seven low-income seats, reducing the percentage of low-income seats from 69.2 percent to 68.8 percent. The total seats are projected to remain level at 2,814 in FY2027.

RI Pre-K Districts	FY2026 Pre-K Enrollment		Low- Income Low- Percentage	
	Number of classrooms	Total seats	seats	Income
Bristol-Warren	3	56	28	50.0%
Central Falls	9	163	152	93.3%
Coventry	4	76	38	50.0%
Cranston	14	256	128	50.0%
Exeter-West Greenwich	3	45	23	51.1%
East Providence	11	214	107	50.0%
Johnston	3	54	27	50.0%
Lincoln	3	56	28	50.0%
Middletown	4	76	38	50.0%
Newport	2	36	18	50.0%
North Kingstown	1	18	9	50.0%
North Providence	3	54	27	50.0%
Pawtucket	15	282	202	71.6%
Portsmouth	1	20	10	50.0%
Providence	39	720	619	86.0%
Smithfield	2	38	19	50.0%
South Kingstown	1	18	18	100.0%
Warwick	7	126	63	50.0%
West Warwick	5	90	45	50.0%
Westerly	3	56	37	66.1%
Woonsocket	20	360	300	83.3%
Statewide Total	153	2,814	1,936	68.8%

Source: Rhode Island Department of Education

- **High-Cost Special Education:** This fund reimburses districts for instructional and related services provided to a student pursuant to an Individual Education Plan (IEP). The State reimburses costs that exceed four times the combined core instruction and student success factor funding (currently \$79,273 for FY2027). The FY2024 Budget as Enacted lowered this threshold from five times. The program provides for a pro-rata reduction in reimbursements to districts based on available funding. The Budget funds this category at \$20.0 million in FY2027, an increase of \$2.5 million over the FY2026 Budget as Enacted and \$5.4 million less than eligible reimbursements.

Analyst Note: The Governor's FY2026 Revised Budget recommendation requires the Rhode Island Health and Educational Building Corporation (RIHEBC) to transfer \$2.5 million to the State Controller by June 30, 2025. As provided in the Executive Summary, to fulfill RIGL 35-3-7(a)(2) which requires the Governor to identify alternatives to the transfer of resources from public corporations to the general fund, the Governor proposes a reduction to the special education categorical aid program in the Rhode Island Department of Education.

- **Career and Technical Schools:** This fund contributes toward the initial investment needed to transform existing programs or create new programs and the costs associated with facilities, equipment maintenance and repair, and supplies associated with higher-cost programs at career and technical schools. The Budget funds this category at \$4.5 million in FY2027, consistent with the previous fiscal year.

While not carried into FY2026, the FY2025 Budget as Enacted provided \$2.0 million to support new career and technical education programs, not currently offered in any school, that address high growth, high-wage careers. The funds were being distributed through a competitive process. The deadline to apply was February 28, 2025. The funding was obligated in June 2025 with program planning occurring in FY2026. The new programs are expected to open in FY2027.

FY2025 CTE Aid Investment in High-Growth High-Wage Jobs of the Future		
Total Grant		
LEA Grant Recipient	Award	Program Area
Central Falls	\$42,500	Translation and Interpretation for Lanugage Services Industry
Cranston	57,500	Allied Health Consortium
Foster-Glocester	472,151	Community Greenovation Lab for sustainable building practices
Lincoln	201,371	Aviation
Narragansett	250,000	Marine Tourism and Seafood
Providence - Hope High School	22,000	Production Design and Event Experience
Providence - Juanita Sanchez	435,710	MRI Technician
Life Science Institute		
Met School	250,000	Veterinary Careers Program
Warwick	61,420	Environmental Science - Energy
Westerly	207,348	Aviation
Total	\$2,000,000	

Source: Rhode Island Department of Education

- **Regionalization Bonus:** This fund provides a bonus to districts that may regionalize in the future. In the first year, the bonus is 2.0 percent of the State’s share of the total foundation aid. In the second year, the bonus is 1.0 percent of the State’s share and in the third year the bonus phases out. The program provides for a pro-rata reduction in reimbursements to districts based on available funding. The Budget provides no funding in FY2025. This category has not been funded since FY2014, as no new regionalized districts have been formed.
- **Group Home Aid:** The FY2027 Budget includes \$3.6 million to fund group home beds, \$34,000 more than the FY2026 Budget as Enacted to reflect the addition of two group home beds to Providence. The Group Home aid category was created by the General Assembly in 2001 to provide state support to districts hosting group homes in exchange for relieving the resident sending district of financial responsibility for students placed in group homes. When enacted, the Act maintained the current funding for group homes as a categorical grant program; however, the FY2017 Budget as Enacted increased the per-bed funding amount to \$17,000 annually per bed. Article 7 of the FY2026 Budget as Enacted eliminated the per-bed deduction of funding formula aid from the Group Home aid disbursement. Previously, depending on the district’s share ratio, the \$17,000 per bed was adjusted downward by the state share of the core instruction amount. For example, a district with a state share ratio of 47.8 percent would receive \$17,000 minus (0.478*\$18,651), leaving \$8,092 per bed. The article eliminated this adjustment, increasing group home aid to districts by \$2.1 million in FY2026.

Article 7 of the FY2026 Budget as Enacted eliminated the group home aid paid to East Providence for beds associated with the Bradley Hospital CRAFT Program and provided that the student’s school district of origin will be responsible for providing education services to students in those beds. This change reduced group home aid to East Providence by \$468,000 in FY2026.

Based on the final December 31, 2024, report from the Department of Children, Youth, and Families, the FY2026 Revised Budget increases by 2 beds and \$34,000.

FY2026 Enacted			Group Home Aid ¹ FY2027			FY2026 Revised	
District	Total Aid	Number of Beds	FY2027 Number of Beds	Change in Number of Beds	FY2027 Total Aid	Revised Total Aid	Change from Enacted
Coventry	\$136,000	8	8	-	\$136,000	\$136,000	\$0
East Providence ²	289,000	17	17	-	289,000	289,000	-
Lincoln	136,000	8	8	-	136,000	136,000	-
Newport	119,000	7	7	-	119,000	119,000	-
North Providence	136,000	8	8	-	136,000	136,000	-
North Smithfield	68,000	4	4	-	68,000	68,000	-
Pawtucket	340,000	20	20	-	340,000	340,000	-
Portsmouth	510,000	30	30	-	510,000	510,000	-
Providence	986,000	58	60	2	1,020,000	1,020,000	34,000
Smithfield	85,000	5	5	-	85,000	85,000	-
Warwick	408,000	24	24	-	408,000	408,000	-
Bristol-Warren	170,000	10	10	-	170,000	170,000	-
Exeter-West Greenwich	153,000	9	9	-	153,000	153,000	-
Total	\$3,535,999	208	210	2	\$3,570,000	\$3,570,000	\$34,000

¹ Based on final 1/15/2026 report from the Department of Children, Youth and Families. In the FY2026 Revised Budget, a total of 2 beds were added in Providence relative to the enacted level.

² Article 7 of the FY2026 Budget as Enacted eliminated the funding formula adjustment for group home beds and the group home beds associated with the CRAFT program at Bradley Hospital.

Statewide Student Transportation (restricted receipts)

\$10.5 million

The FY2027 Budget increases costs for this program by \$10.5 million to \$48.9 million and in FY2026 by \$9.3 million to \$47.7 million, relative to the FY2026 Budget as Enacted. While the budget represents an increase of 27.3 percent and 24.2 percent respectively, relative to the FY2026 Budget as Enacted, the increase relative to FY2025 Actual costs is 9.4 percent in FY2027 and 6.7 percent in FY2026. According to the Department, the variance is due to the enacted estimate being made before students were registered and routes mapped. In practice, FY2026 saw an increase of 600 private school students and more than 50 routes transferred to a more expensive vendor. While enrollment trends are down, statewide transportation ridership has increased by 34.0 percent over the last ten years. The Department emphasizes that, for many, in-district transportation costs increased by 11.0 to 12.0 percent in FY2026 and the lower statewide increases are due to efforts to maximize van use and streamline routes. In addition, the Department intends to rebid the transportation contract in the Spring and anticipates that the recent law changes will allow more companies to bid thus lowering costs.

The statewide student transportation program was created to help districts provide transportation for students attending public and non-public schools within their transportation district, special needs students, homeless students, and foster youth with greater service and cost efficiencies. Transportation is provided to students who attend private, parochial, and charter schools, as well as career & technical education centers and other approved programs. This program maximizes the sharing of buses, when possible, to achieve service and cost efficiencies. This program is primarily funded by participating school districts but managed by the Department. Payments from the participating districts are deposited into a restricted receipt account within the Department for payment to the vendor providing the transportation services. For those districts participating in the statewide contract, the transportation costs for transporting students to out-of-district, non-public schools within the resident district's transportation region, as defined by RIGL 16-21.1-2, are provided through education categorical aid provided pursuant to RIGL 16-7.2-6(e).

Pursuant to the federal McKinney-Vento Homeless Education Assistance Act, districts are required to provide transportation for homeless students to and from their school of origin if it is in the student's best interest, regardless of the point of origin. Also, the federal Every Student Succeeds Act requires that

students placed in foster care be bused to their district of origin if it is the best interest of the student. Similarly, federal law also dictates the transportation of special education students regardless of transportation districts or state boundaries. State law governs the transportation of private, charter, and career and technical school students with regional districts as defined by RIGL 16-21.1-2.

SCHOOL CONSTRUCTION AID

In 1960, the school housing aid program was enacted by the General Assembly to guarantee adequate school facilities for all public-school children in the state, and to prevent the cost of constructing and repairing facilities from interfering with the effective operation of the schools. Applications for aid to support the construction and renovation of school buildings are submitted to and evaluated by the Rhode Island Department of Elementary and Secondary Education (RIDE). State aid is provided for approved projects based on a percentage of cost. The percentage provided by the State to the school district is determined based on a share ratio designed to measure a community’s need. For FY2026, the minimum state share is 35.0 percent and the maximum is 95.7 percent for Central Falls. The state share for charter schools is 30.0 percent.

The 2011 General Assembly enacted legislation that required RIDE to develop recommendations for cost containment strategies in the school housing aid program. The following recommendations were submitted on March 22, 2012:

- Establish capital reserve funds on the state and local level.
- Reduce the minimum share ratio.
- Limit costs associated with bonding by establishing a mechanism to allow districts with poor bond ratings to borrow at a lower interest rate, reduce the State’s reimbursement rate on interest, and provide incentives for districts to refinance bonds.

Article 9 of the FY2019 Budget as Enacted provided temporary incentives to encourage districts to improve the condition of public-school buildings in Rhode Island, established a permanent incentive for school safety and security projects, and established school maintenance expenditure requirements.

School Construction Aid	General Revenue
FY2026 Enacted	\$119,887,755
<i>Target and Other Adjustments</i>	-
School Construction Aid	(17,018,464)
School Building Authority Capital Fund	Informational
FY2027 Governor	\$102,869,291

School Construction Aid **(\$17.0 million)**

The Budget provides \$102.9 million, a decrease of \$17.0 million relative to the FY2026 Budget as Enacted, and a decrease of \$28.8 million relative to the current service level of \$131.7 million provided in the December 2025 school construction aid projections. While the entire amount is expected to be used for housing aid entitlements, pursuant to the changes in Article 7, any surplus will be returned to the general fund instead of deposited into the School Building Authority Capital Fund (Capital Fund) for distribution by the School Building Authority (SBA). Based on December 2025 projections, housing aid entitlements are projected to increase to \$152.3 million in FY2028, \$175.0 million in FY2029, and \$200.0 million in FY2030. It is unclear if the cost saving measures in the Governor’s FY2027 Budget recommendation will be applied in future years. The savings initiatives shift \$11.6 million in reimbursement costs into FY2028 and \$11.3 million into FY2029.

To achieve the savings, the Department would utilize current statutory language related to projects funded from capital reserves and bonds to push a portion of the current service reimbursements from FY2027 into FY2028 and FY2029.

Capital Reserve Funded Projects: According to the Department, making the use of local capital reserve funds eligible for reimbursement is intended to reduce costs associated with school maintenance, repair, and construction by reducing financing costs which can increase total project costs by 40.0 to 50.0 percent. Reserve funds are generally used for smaller, more focused projects such as windows and doors, or air quality.

To realize savings from capital reserve funded projects, the Office of Management and Budget (OMB) cites RIGL 16-7-41(a) as authority for the Department to establish the Capital Reserve project repayment schedule provided in the [Housing Aid Reimbursement FY 2026 Guidance and Instructions](#). The statutory language gives the Commissioner of Elementary and Secondary Education the discretion to set up reimbursement cycles when a community fails to “specify or identify the appropriate reimbursement schedule”. To achieve the savings in the Governor’s FY2027 Budget Recommendation, the Department will group smaller projects by changing the interpretation of “project” to “aggregate”, thereby shifting \$7.9 million in current service projections from FY2027 into FY2028 and FY2029.

Governor's FY2027 School Construction

Savings Initiatives

Current Service Level	\$131.7
Capital Reserve Funded Projects	(7.9)
Bond Funded Projects	(15.1)
Outyear Projection Savings	(5.9)
Total	\$102.9

\$ in millions

FY2026 Capital Reserve Project Repayment Schedule

Project Total Amount	Reimbursement Period
≤ \$1.0 million	1 year
> \$1.0 million and < \$1.5 million	2 years
> \$1.5 million	3 years

Source: *Housing Aid Reimbursement FY2026 Guidance and Instructions*

Bond Funded Projects: Pursuant to 200-RICR-20-05-4.13.1, no payment of school housing aid can be made before the project is completed; however, since housing aid has historically been fully funded, municipalities have received onetime “catch-up” payments for all prior bond payments in the fiscal year following project completion. As a cost saving initiative, the Governor’s Budget utilizes RIGL 16-7-45 which governs the distribution of funds if the full amount of housing aid is not appropriated. The statute does not allow for the ratable reduction of aid, but does provide that, under this circumstance, aid for debt service paid by a community prior to project completion can be deferred and paid “within three (3) equal installments beginning the fiscal year after project completion.” The deferment of these debt service reimbursement payments is projected to reduce FY2027 current service reimbursements by \$15.1 million.

Outyear Projections Saving: The Governor’s recommendation reduces the current service projection by \$5.9 million based on actual housing aid reimbursements in FY2026; however, the statutory changes in Article 7 of the Governor’s Budget Recommendation do not take effect until FY2027. Article 7 amends current law to provide that any surplus funding will revert to general revenue surplus instead of being deposited into the School Building Authority Capital Fund (Capital Fund) for distribution by the School Building Authority (SBA).

Analyst Note: While the Governor’s savings initiatives would reduce State costs in FY2027, delaying reimbursements to districts could increase local costs and slow school construction progress. For example, deferring state reimbursements to local capital reserve funds may slow the recapitalization of the fund and reduce resources available for repairs in the subsequent years and thus slow progress. In addition, for bond-funded projects, the district is required to make debt service payments while the project is under construction. These debt service payments may be supported by local revenues, or the community may need to utilize bridge funding. If local revenues are used, deferred reimbursements will deplete the resources available for other uses. If bridge financing is used, the deferred reimbursement will likely increase borrowing costs. As noted previously, the Governor has not indicated if the proposed expenditure shifts are the new reimbursement policy or a one-year cost savings.

It is unclear how the outyear projection savings will be realized. The number is based on the FY2026 "surplus"; yet, pursuant to current law and the Governor's Recommended Budget the FY2026 "surplus" will transfer to the SBA. It is likely that not all the projects included in the current service level projection for FY2027 will be completed as scheduled; however, in FY2020 through FY2025, the average annual transfer to the SBA was \$3.0 million. In FY2023 through FY2025, the annual average transfer was \$2.3 million.

The Department has expressed concerns about meeting the school construction reimbursement obligations within the \$102.9 million provided in the Governor's recommendation.

Article 7 of the Governor FY2027 Budget Recommendation repeals the requirement that surplus funds appropriated to the school housing aid program be deposited into the School Building Authority Capital Fund (Capital Fund) for distribution by the School Building Authority (SBA). When the SBA was created, the school construction program funding of \$80.0 million was effectively built into the base budget; however, in the FY2023 Budget as Enacted the aid projection was estimated at \$88.5 million, and a surplus of \$3.8 million was transferred to the SBA. Subsequent transfers include \$2.7 million in FY2024 and \$416,527 in FY2025. According to OMB, in FY2026 the housing aid appropriation is projected to exceed the actual reimbursements by about \$5.9 million due primarily to project delays. OMB asserts that project delays, not permanent cost savings, are primarily responsible for the "excess" appropriations. The change in the article is intended to ensure that funds appropriated for school construction reimbursements are available for reimbursement obligation regardless of project delays.

The FY2025 Budget as Enacted included \$1.0 million in federal funds and 3.0 new FTE positions to reflect the award of a \$5.0 million, five-year grant from the United States Department of Education to support the Healthy Environments Advance Learning ([HEAL](#)) program in enhancing the indoor environmental conditions in public schools to reduce chronic absenteeism and improve student health. The focus of the program is on the five LEAs with the greatest need: Central Falls, Providence, Pawtucket, West Warwick, and Woonsocket.

School Building Authority Capital

Article 9 of the FY2016 Budget as Enacted designated the Department of Elementary and Secondary Education (Department) as the State's School Building Authority and charged the Department with implementing a system of state funding for school facilities, managing the school housing aid program, and developing a project priority system. The Authority oversees two distinct funding mechanisms for school facilities: the Foundation Program, as enumerated in RIGL 16-7-35 through 16-7-47, and the School Building Authority Capital Fund (Capital Fund), as created through the article.

Impact of Governor's School Construction Savings Initiatives on Housing Aid to Districts

District	FY2027	FY2028	FY2029
Capital Reserve Projects			
East Greenwich	(\$654,400)	\$327,200	\$327,200
East Providence	(147,039)	73,520	73,520
Foster	(257,000)	257,000	
Foster-Glocester	(793,307)	396,654	396,654
Lincoln	(101,205)	50,603	50,603
Narragansett	(434,700)	217,350	217,350
Pawtucket	(1,540,209)	770,105	770,105
Providence	(3,953,874)	1,976,937	1,976,937
Total	(\$7,881,734)	\$4,069,369	\$3,812,369
Bond-Funded Projects			
Cranston	(1,189,963)	594,981	594,981
Cumberland	(381,580)	190,790	190,790
Exeter-West Greenwich	(335,499)	167,750	167,750
Johnston	(2,660,444)	1,330,222	1,330,222
Newport	(5,644,485)	2,822,243	2,822,243
North Providence	(1,484,930)	742,465	742,465
Providence	(1,524,023)	762,011	762,011
Warwick	(364,265)	182,133	182,133
Westerly	(1,017,131)	508,566	508,566
Segue Institute	(456,774)	228,387	228,387
Total	(\$15,059,094)	\$7,529,548	\$7,529,548

Source: Rhode Island Department of Education

Transfers to the Capital Fund from the Foundation Program

FY2017 Actual	\$11.0
FY2018 Actual	10.9
FY2019 Actual	14.7
FY2020 Actual	1.0
FY2021 Actual	1.0
FY2022 Actual	9.0
FY2023 Actual	3.8
FY2024 Actual	2.7
FY2025 Actual	0.4
Total	\$54.5

Source: Budget databases. \$ in millions

Informational

In FY2024, \$104.2 million was appropriated to the school construction program; however, \$101.5 million was spent leaving \$2.7 million to be transferred to the Capital Fund in the FY2024 Revised Budget. Of these funds \$1.7 million was used for the Get the Foam Out! program and \$995,610 went toward the WELL Initiative.

In FY2023, in addition to the \$250.0 million school building bond referendum in Article 5, the Budget as Enacted provided \$50.0 million in general revenue to the School Building Authority to address high-priority projects including upgrades to lighting, heating, and ventilation systems to create facility equity among Rhode Island students.

Facility Equity Initiative Pilot Program: At the January 11, 2022, meeting, the Council on Elementary and Secondary Education approved funding for the Facility Equity Initiative pilot program to provide pay-go funding for high priority projects in school districts with reimbursement rates over 65.0 percent, including Central Falls, Pawtucket, Providence, West Warwick, and Woonsocket. This project would focus on high priority projects to improve the health and safety of students and promote equity across the State. The new Capital Fund will provide up-front funding instead of increasing the school construction allocation in the annual budget and reduce costs by eliminating interest payments on the funded projects.

The projects approved by the Council for FY2022 are supported with the \$9.0 million from construction delays and bond refinancing, plus an additional \$3.0 million from prior year surpluses, and \$1.5 million in support from the Office of Energy Resources (OER) fund to the Facility Equity Initiative pilot program. The funding was distributed in partnership with OER and the Division of Equity, Diversity, Inclusion (DEDI). After evaluating 53 applications from 5 LEAs, the funds were awarded to 5 districts on a priority basis designed to have the greatest impact on facility gaps between districts through upgrades to lighting, heating, and ventilation systems to create facility equity among Rhode Island students.

FY2022 SBA Capital Fund Facility Equity Initiative Pilot Program	
Central Falls	\$3.6
Pawtucket	4.4
Providence	4.5
West Warwick	0.5
Woonsocket	0.5
Total	\$13.4
<i>\$ in millions</i>	

While this program was only a pilot, with the approval of the \$250.0 million school construction bond in November 2022, Article 10 of the FY2023 Budget provided that \$50.0 million be transferred to the School Building Authority Capital Fund to address high-priority projects including upgrades to lighting, heating, and ventilation systems to create facility equity among Rhode Island students. The SBA expanded the pilot program to include the ten LEAs with a base reimbursement rate over 45.0 percent, thus doubling the number of eligible schools.

The \$50.0 million appropriated in FY2023 was distributed as follows:

- \$26.0 million funded the Facility Equity Initiative, an additional \$4.0 million was contributed by the Office of Energy Resources
- \$14.0 million (plus \$1.0 million from the career and technology school fund) was distributed through the 21st Century Technology and Equipment Funds to provide LEAs funds to ensure that learning spaces are equipped with technology, furniture, and equipment that support science technology, engineering, and math project-based learning.
- \$7.5 million was used for the Inside Out program to provide outdoor classrooms.
- \$1.6 million was awarded through the Menu for Success program providing students with the opportunity to design and operate food trucks.
- \$850,000 was used toward the new W.E.L.L. Initiative to meet the holistic needs of student in the wake of the pandemic. Local education agencies will be eligible for up to \$150,000 depending on

FY2023 SBA Capital Fund Facility Equity Initiative Program	
Burrillville	\$0.3
Central Falls	4.2
Coventry	3.2
Cranston	1.9
East Providence	2.2
North Providence	2.8
Pawtucket	2.8
Providence	9.3
West Warwick	0.6
Woonsocket	2.9
Total	\$30.2
<i>\$ in millions</i>	

enrollment. LEAs were provided with \$5,000 to conduct professional development to support the award. Additional funding for this initiative included \$1.6 million in federal ESSER II funds and \$500,000 in Opioid Settlement funding.

TEACHER RETIREMENT

Since 1949, all teachers have been required to become members of the State Retirement System. The State pays 40.0 percent of the employer's share of the retirement contribution each year. These funds, which are actuarially determined annually, are appropriated to the Department of Education for transfer to the State Retirement Fund.

On November 17, 2011, the General Assembly passed the Rhode Island Retirement Security Act of 2011 (RIRSA) to reform the state and local pension systems. The Act introduces a hybrid pension structure for all State employees, except public safety employees and judges, to shift risk to the employee by combining the attributes of both the defined benefit and defined contribution plans.

Teacher Retirement	General Revenue
FY2026 Enacted	\$137,991,006
<i>Target and Other Adjustments</i>	-
Defined Benefit Plan	(7,346,394)
Defined Contribution Plan	(408,411)
FY2027 Governor	\$130,236,201

Defined Benefit Plan **(\$7.3 million)**

The Budget provides total funding of \$125.1 million for the State's contribution to the teacher retirement defined benefit plan, reflecting a net decrease of \$7.3 million, or 5.5 percent, from the FY2026 Budget as Enacted. The FY2026 Governor's recommended budget includes a decrease of \$3.9 million, or 2.9 percent, from the enacted level. The decrease is due to updated payroll information, and the application of the 2.0 percent payroll growth assumption and actuarially determined state share of the employer contribution adopted by the Retirement Board. The employer contribution rates are actuarially determined annually and appropriated to the Department of Education for transfer to the State Retirement Fund. For teachers the State pays 40.0 percent of the employer contribution.

Defined Contribution Plan **(\$408,411)**

The Budget provides \$5.0 million in general revenue for the State's share of the contribution to the new defined contribution portion of the hybrid pension system, reflecting a decrease of \$408,411, or 7.4 percent, relative to the FY2026 Budget as Enacted. The FY2026 Governor's recommended budget includes a decrease of \$506,868, or 9.2 percent, from the enacted level. The decrease is due to updated payroll information and the application of the 2.0 percent payroll growth assumption adopted by the Retirement Board. The plan includes a mandatory 5.0 percent employee and 1.0 percent employer contribution. For teachers the State pays 40.0 percent of the employer contribution.

CAPITAL PROJECTS

The Budget includes a total of \$13.4 million in capital expenditures from Rhode Island Capital Plan (RICAP) funds in FY2026 and \$25.7 million in FY2027. This provides a decrease of \$29.2 million in FY2026 and of \$16.9 million in FY2027, relative to the FY2026 Budget as Enacted, including the following:

- **Davies School Wing Renovation:** At the request of Davies and to allow for operational efficiencies, the Budget consolidates the Health Care Classroom project into the Wing Renovation project with a total cost of \$48.6 million over three years. The Budget provides \$8.6 million in FY2026 and \$23.5 million in FY2027, a reduction of \$32.8 million and \$17.9 million, respectively, relative to the FY2026 Budget as Enacted. An additional \$16.5 million is provided in FY2028. The consolidated project involves new

construction to replace a wing that was built in in the 1970's and found to be more cost effective to replace than to renovate through the School Building Authority's 2016 facilities assessment. The new wing will include the Health Care classrooms and eliminate the detached modular classroom building where the program is currently housed.

- **Met School Asset Protection:** The Budget provides \$2.2 million in FY2026, including 2.0 million in unspent funds from FY2026, and \$250,000 in FY2027 for asset protection projects at the Metropolitan Career and Technical Center (MET), reflecting an increase of \$2.0 million in FY2026 and level funding in FY2027 relative to the FY2026 Budget as Enacted. The MET consists of three campuses: East Bay, Peace Street, and Public Street with a total of eight buildings and a storage facility totaling over 100,000 square feet. The Gallagher building is over 50 years old and in need of improvements to adequately function as a school facility. The projects include the replacement of roofs at the school's Peace Street and Public Street campuses, Americans with Disabilities Act (ADA) compliance upgrades, safety code upgrades, painting, carpet replacement, and erosion control. The MET previously funded asset protection projects out of the operating budget; however, due to budget reductions and restrictions, asset protection projects have been delayed, resulting in a backlog of maintenance items that need repair. The request for ongoing asset protection is based on the funding needed to provide the level of annual maintenance required by RIGL 16-7-23.
- **Davies HVAC:** The Budget provides \$1.2 million in FY2026, including \$1.2 million in unspent funds from FY2025, and \$100,000 in FY2027. Davies recently developed a facility master plan to guide ongoing repairs and upgrades. The assessment evaluated the educational space for academic and technical programs, future enrollment patterns, energy efficiencies, building condition, traffic studies, and Americans with Disabilities Act compliance and provided an extensive list of deferred maintenance and renovation projects. However, due to the dire need in other schools around the State and the need for a substantial investment to address the major repairs at Davies, the master plan is being advanced in smaller projects. Consequently, the funding will be used to replace a chiller, and allow for replacement, as needed in areas of the school where ventilation and circulation are an issue, particularly in the 1970's portion of the school.
- **Davies Asset Protection:** The Budget provides \$899,614 in FY2026, including \$149,614 in unspent funds from FY2025, and \$750,000 in FY2027 to address doors, windows, energy efficiency, and air quality. The request for ongoing asset protection is based on the funding needed to provide the level of annual maintenance required by RIGL 16-7-23.
- **School for the Deaf Asset Protection:** The Budget provides \$411,780 in FY2026, including \$245,705 in unspent funds from FY2025, and \$968,691 in FY2027 in asset protection funds, reflecting an increase of \$311,780 in FY2026 and of \$868,691 in FY2027 relative to the FY2026 Budget as Enacted. The School opened in September 2010 and consists of a main school building, a free-standing garage, parking lots, playing fields, playgrounds, and a track. In FY2026, the School will replace the scan card system and install an intrusion alert system that is rated for deaf schools. The system will be connected to the door and camera systems allowing for school-wide monitoring and lockdown. In October 2020, a triple homicide took place on the campus next to the preschool playground at 4:00 pm. No students were on campus at the time, but faculty were. One of the occupants of the targeted vehicle was able to enter the school.

In FY2027, the School will repair the HVAC system. The School has eight dedicated outside air system (DOAS) units that impact HVAC control throughout the building, three of these units must be replaced as do the radiant panels, and the condensate, temperature, humidity, and CO2 sensors. In addition work will begin on repairing the roof and joint expansion issues. The School has a 77,000 square foot asphalt and metal roof with a 20-year life that was installed in 2010. In the near term, this project will repair areas of the roof, with each repair having a 20-year warranty. The request for ongoing asset protection is based on the funding needed to provide the level of annual maintenance required by RIGL 16-7-23.

Public Higher Education

Expenditures by Program	FY2025 Actual	FY2026 Enacted	FY2026 Governor	Change from Enacted		FY2027 Governor	Change from Enacted	
Office of the Postsecondary Commissioner	62.5	55.3	60.5	\$5.3	9.5%	57.0	\$1.8	3.2%
Rhode Island College	221.9	216.4	234.1	17.7	8.2%	232.6	16.2	7.5%
University of Rhode Island	1,058.2	1,111.7	1,109.2	(2.5)	-0.2%	1,123.7	12.0	1.1%
Community College of R.I	188.6	214.5	212.3	(2.2)	-1.0%	223.7	9.2	4.3%
Total	\$1,531.2	\$1,597.9	\$1,616.2	\$18.3	1.1%	\$1,637.0	\$39.1	2.4%

Expenditures by Program	FY2025 Actual	FY2026 Enacted	FY2026 Governor	Change from Enacted		FY2027 Governors	Change from Enacted	
General Revenue	315.1	327.2	331.7	\$4.4	1.4%	341.2	\$14.0	4.3%
Federal Funds	17.8	5.6	11.7	\$6.1	107.4%	5.4	(\$0.3)	-4.7%
Restricted Receipts	8.9	12.7	12.7	\$0.0	-0.4%	12.8	\$0.1	0.6%
Other Funds	1,189.4	1,252.3	1,260.1	\$7.9	0.6%	1,277.6	\$25.3	2.0%
Total	\$1,531.2	\$1,597.9	\$1,616.2	\$18.3	1.1%	\$1,637.0	\$39.1	2.4%

Third Party Funded FTE	544.8	544.8	166.00	(378.8)	-69.5%	166.00	(378.8)	-69.5%
Authorized FTE Levels	3,972.5	3,972.5	1,680.3	(2,292.2)	-57.7%	1,680.3	(2,292.2)	-57.7%
Total	4,517.3	4,517.3	1,846.3	(2,671.0)	-127.2%	1,846.3	(2,671.0)	-127.2%

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

* The Governor proposes retroactively exempting the University of Rhode Island from any limitations effective July 1, 2025, which would remove 2,671 FTE positions from the total.

Prior to January 1, 2013, higher education in Rhode Island functioned under the direction of the Board of Governors for Higher Education. The FY2013 Budget as Enacted established a new Board of Education consisting of 11 members, appointed by the Governor with the advice and consent of the Senate. The Board of Governors for Higher Education and the Board of Regents for Elementary and Secondary Education were abolished as of January 1, 2013.

The major responsibilities of the Board of Education (Board), pertaining to higher education, include the governance of public institutions of higher learning and the regulation of proprietary schools; the preparation of a public higher education budget and capital development program; and the development of policies in pursuit of the primary goals of excellence, opportunity and access, diversity and responsiveness, coordination and accountability in public higher education.

The system of public higher education consists of three major institutions located at eight different campuses across the State of Rhode Island: The University of Rhode Island (URI), Rhode Island College (RIC), and the Community College of Rhode Island (CCRI).

The FY2015 Budget as Enacted established the Council on Postsecondary Education, which has duties and responsibilities per RIGL 16-59-1 and 16-59-4, much the same as the former Board of Governors for Higher Education. Article 9 of the FY2020 Budget as Enacted shifted oversight of the University of Rhode Island from the Board of Education, Council of Postsecondary Education (Council), and the Commissioner of Postsecondary Education to a newly established Board of Trustees (URI Board) at the University. The article further transferred all the duties and responsibilities pertaining to employees, debt service, and property from the Council to the URI Board of Trustees.

Division of Higher Education Assistance Fund

On December 6, 2017, the Council on Postsecondary Education voted to authorize the Commissioner to transfer the Federal Family Education Loan Portfolio to the United States Department of Education. The transfer was completed in FY2018; consequently, the Division of Higher Education Assistance (DHEA) no longer received any guaranty agency fee revenues. Consequentially, RIGL 16-57-6.1(b) and 16-56-6, CollegeBound Fund fees must be used for need-based grant programs; thereby limiting the use of these

funds. Additionally, revenues from the CollegeBound fund are expected to decline due to the raising average age of participants and smaller contributions. The revenues are based on the amount of assets under management.

As the average age of the participants increases and participants enter college, they will withdraw assets. Furthermore, the new, younger participants are not joining in the numbers needed to offset withdrawals, and these new participants are generally making smaller contributions to their savings plans. Historically the account generated about \$6.0 million annually.

Article 2 in the FY2026 Enacted Budget repeals the division of higher education assistance, transferring all functions and funding to the Office of the Postsecondary Commissioner, and creating a restricted receipts account for future scholarships. The dissolution of the Division of Higher Education Assistance, and its transfer of all funds are budget neutral, as these funds are already administered by the Office of the Postsecondary Commissioner.

MAJOR ISSUES AND TRENDS

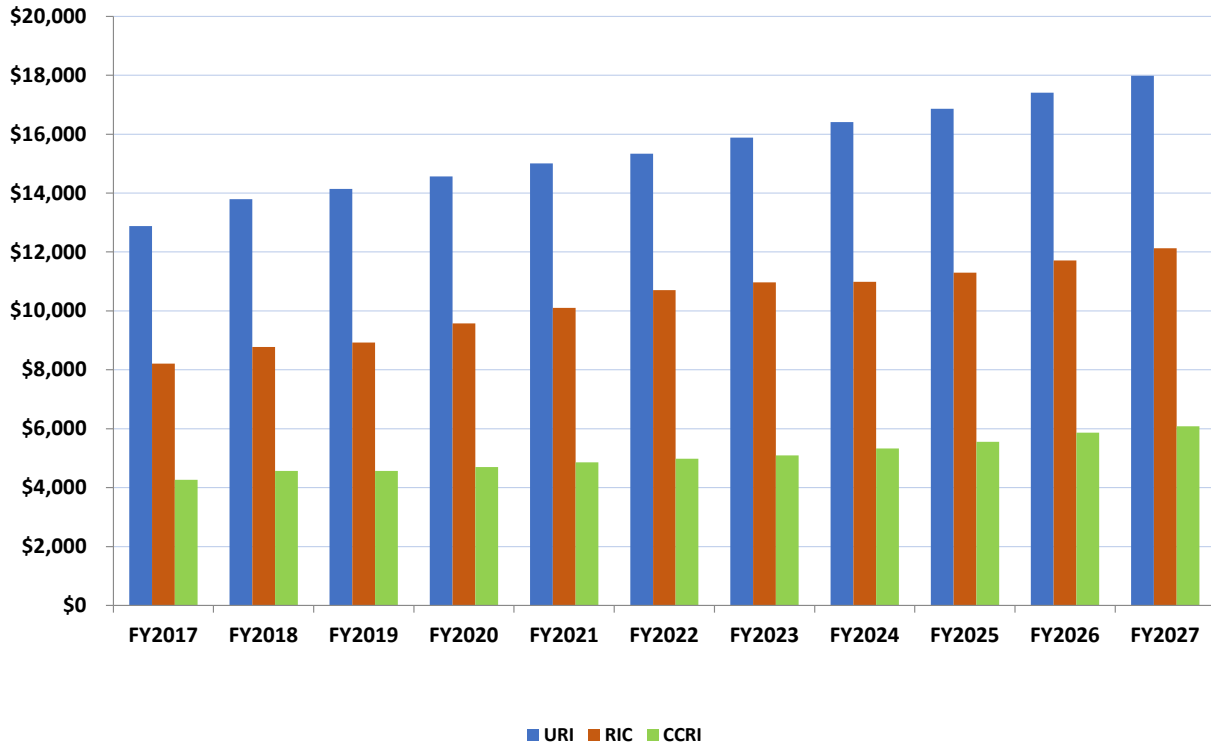
The FY2027 Budget includes total funding of \$1,637.0 million, representing a net increase of \$39.1 million (2.4 percent) from the FY2026 Budget as Enacted, including a general revenue increase of \$14.0 million (4.3 percent). Of the \$14.0 million in additional general revenue, \$10.5 million relate to salary and benefits; \$7.9 million within the University of Rhode Island, \$2.9 million in the Community College of Rhode Island, and \$151,680 within the Office of the Post Secondary Commissioner. Rhode Island College has a decrease of \$438,169 in salary and benefits. The remaining funds increases are driven by \$2.4 million in Debt Service and \$3.4 million in assistance and grants.

The Budget includes a \$25.3 million increase in other funds primarily related to projected growth in tuition and fees and auxiliary services at the three institutions. The Budget includes a total \$42.0 million in additional funds in relation to estimated revenue through tuition and auxiliary funds. There is a net decrease of \$16.7 million in RICAP funding for all institutions. More information on these projects is provided in the “*Capital Projects*” and “*Tuition & Fees*” sections of this analysis.

Tuition and Fees

Actual tuition and fee rates, by institution, along with a projection for FY2026 and FY2027, are shown in the following graph and table.

In-State Undergraduate Tuition & Fees



	FY2026		Change from FY2026		FY2027	Change from FY2026		FY2027	Change from FY2026	
URI	Enacted	FY2026 Revised	Enacted		Request	Enacted		Governors	Enacted	
In-State Tuition	\$15,076	\$15,148	\$72	0.5%	\$15,610	\$534	3.5%	\$15,610	\$534	3.5%
Out-of-State Tuition	35,896	36,070	174	0.5%	37,170	\$1,274	3.5%	37,170	1,274	3.5%
Mandatory Fees	2,328	2,328	-	0.0%	2,374	\$46	2.0%	2,374	46	2.0%
Tuition & Fee Revenue	439,784,410	420,875,538	(18,908,872)	-4.3%	437,593,098	(2,191,312)	-0.5%	447,659,143	7,874,733	1.8%
URI Enrollment										
In-State	6,850	6,953	(13,803)	1.5%	6,957	107	1.6%	6,957	107	1.6%
Out-of-State	7,773	7,678	(95)	-1.2%	7,732	(41)	-0.5%	7,732	(41)	-0.5%
RIC										
In-State Tuition	\$10,107	\$10,108	\$1	0.0%	\$10,461	\$354	3.5%	\$10,461	\$354	3.5%
Out-of-State Tuition	26,666	26,666	-	0.0%	27,599	933	3.5%	27,599	933	3.5%
Northeast Neighbors Program	15,160	15,160	-	0.0%	15,691	531	3.5%	15,691	531	3.5%
Mandatory Fees	1,602	1,602	-	0.0%	1,662	60	3.7%	1,662	60	4.4%
Tuition & Fee Revenue	70,708,885	74,155,360	3,446,475	4.9%	81,079,006	10,370,121	14.7%	81,079,006	10,370,121	14.7%
RIC Enrollment										
In-State	4,613	4,936	323	7.0%	5,010	397	8.6%	5,010	397	8.6%
Out-of-State	809	775	(34)	-4.2%	786	(23)	-2.8%	786	11	1.4%
CCRI										
In-State Tuition	\$5,374	\$5,374	-	0.0%	\$5,584	\$210	3.9%	\$5,584	\$210	3.9%
Out-of-State Tuition	15,206	15,206	-	0.0%	15,800	594	3.9%	15,800	594	3.9%
Mandatory Fees	494	494	-	0.0%	498	4	0.8%	498	4	0.8%
Tuition & Fee Revenue	62,872,746	63,863,730	990,984	1.6%	65,616,910	2,744,164	4.4%	67,060,730	4,187,984	6.7%
CCRI Enrollment										
Total	7,679	7,570	(109)	-1.4%	7,570	(109)	-1.4%	7,570	(109)	-1.4%

At the University of Rhode Island (URI), the Governor projects a \$7.8 million tuition and fee revenue increase over the FY2026 Enacted while maintaining the board of trustees approved tuition and fee rates for FY2027. However, the University's budget request included a \$2.2 million, or 0.5 percent decrease from the Enacted FY2026, despite a \$534 increase to in-state tuition, a \$1,274 increase to out-of-state tuition, and projected increase to enrollment. URI maintains that the Hope Scholarship implemented at RIC negatively impacts enrollment, hence the projected decrease in their budget request. The University continues to assert that these scholarships limit student choice, and funding for Hope and Promise should follow students who wish to attend the University of Rhode Island.

For Rhode Island College (RIC), the Governor projects a \$10.3 million tuition and fee revenue increase over the FY2026 Budget as Enacted, while maintaining the College's tuition and fee increase as recommended by the Council on Postsecondary Education, consistent with the College's Budget Request. In the Budget request, Rhode Island College projected a \$10.3 million or 14.7 percent increase from the FY2026 Budget as Enacted, attributable to a \$354 or 3.5 percent increase to in-state tuition, and \$933 or 3.5 percent increase to out-of-state tuition. The College predicts a net FTE enrollment increase of 397 in-state students (8.6%), and an increase of 11 out of state students (1.4%). The requested budget includes the creation of an "Inclusive Access Fee" in anticipation of a change to the textbook sales model utilized by the RIC bookstore. The fee, which is dependent on the amount of credit hours students participate in, provides textbooks and digital materials to students. Furthermore, RIC emphasizes that the remaining increases to the tuition and fee revenue are necessary to offset inflationary pressures and rising wage costs.

For the Community College of Rhode Island (CCRI), the Governor recommends a \$4.2 million increase in revenue compared to the FY2026 Enacted Budget, while maintaining the College's Board approved tuition and fee schedule. The Community College of Rhode Island's FY2027 requested budget projects a \$2.7 million or 4.4 percent increase from the FY2026 Budget as Enacted, attributable to a net 2.9 percent increase in both tuition and mandatory fees. The College's enrollment projections are consistent with FY2026 fall enrollment, an approach that has been utilized while CCRI continues to recover from the pandemic.

The Postsecondary Council approved a \$35 fee increase requested by CCRI's Division of Workforce Partnerships, which increases the fees for two-wheel motorcycle training to \$325. This fee increase will generate an extra \$48,000 in revenue and be used to replace aging equipment and support increasing repair costs.

State Support for Public Education

When looking at state support for public higher education, many policy makers tend to take a regional, per-student approach. For example, looking at New England, Rhode Island has the third lowest per-pupil appropriation in the region. In FY2024, the most recent data available, Connecticut appropriated \$9,003 more per student FTE than Rhode Island and Massachusetts appropriated \$6,534 more. Based on Rhode Island's FY2027 projected FTE enrollment of 29,005, the difference in per-student FTE appropriation between Rhode Island and Massachusetts is \$189.5 million.

From a national perspective in FY2024, the District of Columbia appropriated \$21,521 per student, \$13,700 more than Rhode Island. The national average appropriation per student is \$11,683, which is \$3,862 more per student than Rhode Island.

The previous funding comparisons are not inclusive of Capital Investments. According to the State Higher Education Executive Officers Association (SHEEO), Rhode Island appropriated a total of \$84.9 million in capital appropriations, ranking third behind Connecticut and Massachusetts, and spending \$1.2 million less than the regional average.

However, when looking at capital appropriation per FTE pupil, Rhode Island ranks first among its New England counterparts,

FY2024 State Educational Appropriations per FTE

Connecticut	\$16,824
Massachusetts	14,355
Maine	9,512
Rhode Island	7,821
Vermont	5,345
New Hampshire	4,629
Regional Average	\$9,748

Source: State Higher Education Executive Officers (SHEEO)

FY2024 Capital Appropriations

Connecticut	\$209,445,660
Massachusetts	178,219,333
Rhode Island	84,960,533
Maine	18,752,469
New Hampshire	17,541,727
Vermont	8,100,000
Regional Average	\$86,169,954

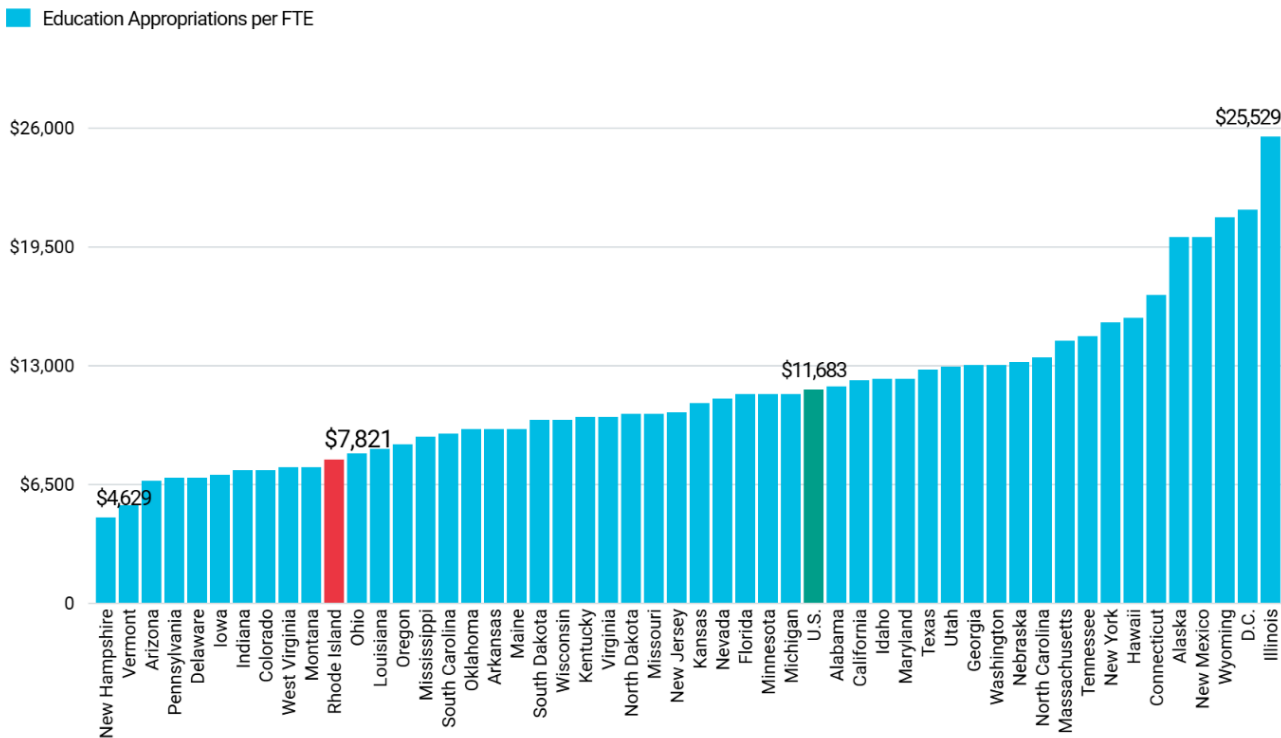
Source: State Higher Education Executive Officers (SHEEO)

spending approximately \$2,910 per pupil, \$181 more than Connecticut and \$1,663 more than Massachusetts.

In FY2027, the three state institutions requested a \$42.7 million increase in State general revenue support, excluding general obligation debt service. The Budget provides \$14.0 million in additional funding, excluding general obligation debt service.

FY2024 Capital Appropriation per FTE	
Rhode Island	\$2,910.3
Connecticut	2,728.9
Massachusetts	1,287.4
New Hampshire	586.9
Maine	554.7
Vermont	395.6
Regional Average	\$1,410.6

Public Higher Education Appropriations per FTE by State, FY 2024 (Adjusted)



Notes:

1. Education appropriations are a measure of state and local support available for public higher education operating expenses and student financial aid, excluding appropriations for research, hospitals, and medical education. Education appropriations include federal stimulus funding.
2. The U.S. calculation does not include the District of Columbia.
3. Fiscal year 2024 state-level education appropriations include estimated uncategorizable state support for New Mexico and South Carolina.
4. Each year, approximately one-third of education appropriations in Illinois go toward the state's retirement pension system. See the Illinois State Spotlight for more details.
5. Constant dollars adjusted to the latest year of data available by the Higher Education Cost Adjustment (HECA).
6. Adjusted to account for interstate differences using the Enrollment Mix Index (EMI).
7. Adjusted to account for interstate differences using the Cost of Living Index (COLI). The COLI is not a measure of inflation over time.

Source(s): State Higher Education Executive Officers Association

FY2027 General Revenue Appropriations for State Higher Education Institutions

The budget process for State higher education institutions deviates from the usual process followed by other State agencies as budgets for RIC and CCRI are approved by the Rhode Island Board of Education, and at

URI, the Board of Trustees. While the legislature may, and often does, modify an institution's unrestricted budget, there are very few opportunities to modify their restricted budget, which includes revenue from tuition and fees. The Office of Management and Budget (OMB) typically make changes to general revenues and the mirror accounts and does not reduce institutional funds. The following table illustrates the three higher education institutions request compared to the FY2027 Governor's Recommended Budget.

The Governor's budget recommendations differ from what was requested by the colleges and University, especially so at URI, where the Governor did not fund the new proposed "strategic initiatives". Further information is in the *Major Issues and Trends* section under the University's portion of this brief. Additionally, the University of Rhode Island requested several new capital projects that were not included in the Governor's budget including the Student Success Center, Dock Replacement, and New Graduate Housing. You can review other changes in RICAP funding in the *Capital Projects* section of this brief.

FY2027 Budget Request
Change to FY2026 Budget as Enacted

University of Rhode Island	Request	Governor
State Appropriation	\$24.9	\$6.1
RICAP	7.7	(8.6)
Tuition and Fees	16.7	7.8
Total	\$49.3	\$5.3

Source: University of Rhode Island

Rhode Island College	Request	Governor
State Appropriation	\$2.1	\$2.0
RICAP	0.5	0.5
Tuition and Fee Revenue	10.3	10.3
Total	\$12.9	\$12.8

Source: Rhode Island College

Community College of Rhode Island	Request	Governor
State Appropriation	\$2.2	\$1.8
RICAP	(5.7)	(5.5)
Tuition and Fees	2.7	4.2
Total	\$2.2	\$1.8

Source: Community College of Rhode Island

Excludes general obligation bond debt service.

\$ in million. Totals may not add due to rounding.

OFFICE OF THE POSTSECONDARY COMMISSIONER

Expenditures By Source	FY2026 Enacted	FY2026 Governor	Change from Enacted		FY2027 Governor	Change from Enacted	
General Revenue	33.3	33.4	\$0.0	0.1%	36.2	\$2.9	8.6%
Federal Funds	5.6	11.7	6.1	107.4%	5.4	(0.3)	-4.7%
Restricted Receipts	11.8	11.7	(0.1)	-0.6%	11.8	0.0	0.3%
Other Funds	4.5	3.8	(0.8)	-16.6%	3.7	(0.9)	-19.1%
Total	\$55.3	\$60.5	\$5.3	9.5%	\$57.0	\$1.8	3.2%

\$ in millions

The mission of the Office of the Postsecondary Commissioner (OPC), formerly the Office of Higher Education, is to support the work of the Board of Education and the Council on Postsecondary Education in providing an excellent, accessible, and affordable system of higher education designed to improve the educational attainment of Rhode Island citizens, support economic development, and enrich the civic, social, and cultural life of the residents of the State. The Commissioner works with the presidents of the state higher education institutions to determine the benefits or disadvantages of proposed new programs, departments, courses of study, and policies with the scope and role adopted by the Council on Postsecondary Education. The OPC also supports specific programs, such as early college access and veterans' affairs. The FY2016 Budget as Enacted created a new Division of Higher Education Assistance (DHEA) within the Office of the Postsecondary Commissioner and eliminated the Rhode Island Higher Education Assistance Authority. The OPC provides research, policy, and fiscal analysis, and seeks to ensure that higher education in Rhode Island remains economically and geographically accessible.

The Budget provides 48.0 FTE positions for the OPC in FY2027, consistent with the FY2026 budget as Enacted.

Office of the Postsecondary Commissioner	General Revenue
FY2026 Enacted	\$33,322,291
<i>Target and Other Adjustments</i>	<i>132,539</i>
Hope Scholarship	1,586,103
Rhode Island Promise Scholarship Program	694,490
Longitudinal Data System	437,069
Dual and Concurrent Enrollment	Informational
College Visions	Informational
FY2027 Governor	\$36,172,492

Office of the Postsecondary Commissioner	Other Fund Changes
Westerly Education Center Annex Site (RICAP)	(\$1,060,000)
Longitudinal Data System (federal funds)	(199,131)
Last Dollar (Promise 1) Scholarship (federal funds)	(60,000)
Longitudinal Data System (restricted receipts)	(31,803)
GEAR UP (federal funds)	Informational

Hope Scholarship **\$1.6 million**

Article 7 repeals the Hope Scholarship sunset, while maintaining the reporting requirement. making the Hope Scholarship a permanent, state-funded scholarship program for Rhode Island College juniors and seniors. The Budget includes \$7.1 million in general revenue to support the Hope Scholarship, an increase of \$1.6 million from FY2026, and \$3.7 million more than FY2025.

In an effort to increase the number of students enrolling and completing four-year degrees and certificates on time, Article 8 of the FY2024 Enacted Budget established the Hope Scholarship Pilot program. The pilot program began with students who enrolled in Rhode Island College (RIC) in the fall of 2023 and students enrolled in RIC as of July 1, 2021, who have attained junior status as of July 1, 2023.

The scholarship covers the cost of up to two years of tuition and mandatory fees for the junior and senior years of the student, or for adult students who have attained at least 60 credit hours. While the eligibility requirements are very similar to the Promise II Scholarship program at the Community College of Rhode Island, students cannot receive an award under both programs. Since its inception, the program has been extended once. Rhode Island College reports that enrollment has grown by 7.0 percent for each of the past two fall semesters, partially attributable to the Hope Scholarship. The College has experienced difficulty recruiting for the 2027 school year as many high school seniors are unsure whether they will receive the Hope Scholarship due to the program expiration date. The College reports a 29.0 percent four-year graduation rate for the program's first cohort, which is an increase of 4.1 percentage points (24.9 percent) from the college's previous year graduates.

At Rhode Island College, 67.0 percent of undergraduates receive financial aid through grants; 50.3 percent identify as White, 25.4 percent identify as Hispanic or Latino, 10.9 percent identify as Black or African American, 3.29 percent identify as Asian, and 0.6 percent identify as American Indian or Alaska Native. Throughout all three cohorts, the Hope scholarship reflects similar demographics to what is reported for the College's student population as a whole. Hope has produced a total of 310 graduates and continues to serve 1,328 students. Most of these students are female, Pell eligible, and between the ages of 18 and 24.

The scholarship is modeled after the Rhode Island Promise Scholarship and requires the timely accrual of credit hours and grade point average of 2.5 or greater; however, the Hope Scholarship is available to adult students and allows for the completion of the necessary 60 credit hours over four years, instead of two. While not defined within the statute, RIGL 16-112, adult students are generally 25 years of age and older.

Rhode Island Promise Scholarship Program***\$694,490***

The Budget includes \$8.0 million in general revenue, an increase of \$694,490, to fund the Rhode Island Promise Scholarship program (RI Promise). Article 3 of the FY2018 Budget established the program to provide students with two years of tuition and mandatory fees at the Community College of Rhode Island (CCRI), less federal and all other financial aid available to the recipient. The increase is due to updated enrollment projections for the 2026-2027 school year. The program was scheduled to sunset with the high school graduating class of 2021; however, 2021-S-0079 Sub A eliminated the sunset and made the program permanent.

Longitudinal Data System***\$437,069***

The Budget recommends a \$437,069 general revenue increase, partially offset by a net reduction of \$230,934 in federal and restricted receipts, resulting in a net increase of \$206,135 to support the Longitudinal Data System.

These funds partially support DATA RI, a unified database intended to improve data transparency for both state analysts and outside researchers through an integrated system containing data across all State agencies. The Office anticipates decreased federal and restricted receipt funding due to federal reductions to the federal grant which helps support the program. The general revenue increase offsets the federal reductions, while simultaneously supporting the 3.0 percent COLA for 9.0 FTE positions.

Dual and Concurrent Enrollment***Informational***

The FY2026 Budget as Enacted shifted \$2.9 million in Rhode Island Student Loan Authority reserve funds to general revenue in both FY2026 and FY2027, to support the dual enrollment initiative, as all funds that previously supported this program are exhausted or insufficient.

Pursuant to RIGL 16-100, Rhode Island began offering the Dual Enrollment program, which allows students to take college courses to earn credits at both secondary and higher education institutions. In 2015, the Board of Education adopted provisions to ensure all Rhode Island high school students can access college level work while still in high school. All three of the State institutions offer dual enrollment courses.

According to a study conducted by the Education Commission of the States (ECS), dual enrollment programs have been proven to positively impact prospective students by preparing them to meet and maintain college readiness benchmarks. Students who are dually enrolled maintain higher GPAs and are more likely to enter college after high school graduation and complete an undergraduate degree within four to six years. Dual enrollment also increases second year retention rates.

College Visions***Informational***

The Budget includes \$175,000 in general revenue, level with FY2026 Enacted. College Visions was founded in 2004 and supports equitable access to higher education opportunities for all historically underserved communities. It is the oldest organization in Rhode Island that guides students from the admission process through graduation.

Westerly Education Center Annex Site (RICAP)***(\$1.1 million)***

The Budget includes \$160,000 in FY2027 to build out the space for an annex location at Westerly Education Center, a decrease of \$1.1 million from the FY2026 Enacted Budget. The Annex Site meets employer demand for a highly trained and skilled workforce requiring an education credential beyond high school. Despite being outfitted to only support 3.0 trade, WEC offers nine trades to support employees at Electric Boat, higher education institutions, and other workforce partners. WEC is at capacity and requires additional classroom space. Due to delays in construction, funding, and development, the Commission requested to carry forward the remaining FY2026 appropriation to FY2027. Constructing is anticipated to be completed in FY2027.

Last Dollar (Promise I) Scholarship (federal funds)***(\$60,000)***

The Budget recommends a \$60,000 federal funds decrease related to the dissolution of the Division of Higher Education Assistance (DHEA) to general revenue account. Article 2 in the FY2026 Enacted Budget repealed the division of higher education assistance, transferring all functions and funding to the Office of the Postsecondary Commissioner, and creating a restricted receipts account for future scholarships.

On December 6, 2017, the Council on Postsecondary Education voted to authorize the Commissioner to transfer the Federal Family Education Loan Portfolio to the United States Department of Education. The transfer was completed in FY2018; consequently, the Division of Higher Education Assistance (DHEA) no longer receives any guaranty agency fee revenues. Without the revenues, the reserves balance decline and was exhausted in FY2025. Pursuant to RIGL 16-57-6.1(b) and 16-56-6, CollegeBound Fund fees must be used for need-based grant programs; thereby limiting the use of these funds. Additionally, revenues from the CollegeBound fund which, based on the amount of assets under management, are expected to decline due to the raising average age of participants and smaller contributions. As the average age of the participants increases and participants enter college withdraw assets, the new, younger participants are not joining in the numbers needed to offset withdrawals, and these new participants are generally making smaller contributions to their savings plans.

GEAR UP (federal funds)***Informational***

The Budget includes \$4.8 million in federal funds to support Rhode Island's GEAR UP program, which is designed to increase the number of low-income students who are prepared to enter and succeed in postsecondary education. Rhode Island's gear up grant supports the Onward We Learn (OWL) program, formerly known as the College Crusade. OWL has funded 6,000 scholarships to low-income Rhode Island students for over 20 years. According to OWL, a majority of students participating in the program continue their education and careers in Rhode Island. While there is no change in relation to the Office's support, the Governor proposes a \$100,000 general revenue increase through Learn365RI to support tutoring initiatives and FAFSA support.

UNIVERSITY OF RHODE ISLAND

Expenditures By Source	FY2026 Enacted	FY2026 Revised	Change from Enacted		FY2027 Governor	Change from Enacted	
General Revenue	148.6	151.8	\$3.2	2.1%	154.8	\$6.1	4.1%
Other Funds	963.1	961.0	(2.1)	-0.2%	968.9	\$5.9	0.6%
Total	\$1,111.7	\$1,112.8	(\$1.1)	-0.1%	\$1,123.7	\$12.0	1.1%

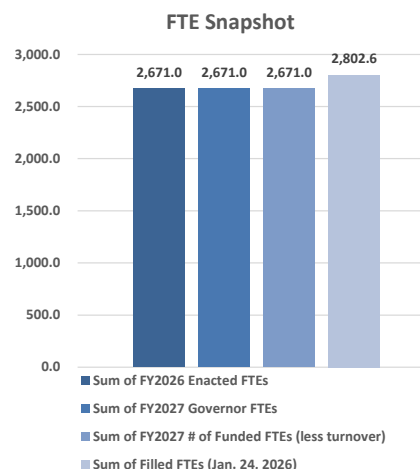
\$ in millions. Totals may vary due to rounding.

The University of Rhode Island (URI) was founded in 1888 as an agricultural school known as the Rhode Island College of Agriculture and Mechanic Arts. The University was the second State institution established in Rhode Island. The Agricultural Experiment Station building was the first structure on campus and was built in 1889: the building was later renamed Taft Hall. Today, Taft Hall houses internship, international exchange, and foreign student programs. In 1955, the school became known as the University of Rhode Island.

URI evolved beyond its genesis as a land grant and agricultural school and today has retained a focus on biological and natural sciences, along with a developing focus on technology in areas such as ocean engineering, chemistry, pharmacy, economics, nursing, and renewable energy. URI has the third oldest continuously operating marine laboratory in the United States, the oldest turfgrass research program in the country, and has implemented green building technology in the expansion and renovation of its facilities. URI provides Bachelor, Master, and Doctorate level degrees. URI has three campuses: the 1,250-acre Kingston Campus; the 153-acre Bay Campus in Narragansett; and the W. Alton Jones Campus located on 2,300 acres in West Greenwich.

The Budget provides 2,671 FTE positions, including 378.8 positions that are third party funded, consistent with the FY2026 Enacted Budget. In 2025, the University indicated that it had exceeded its general FTE cap by 20.0 FTEs and has not met its third-party cap. According to URI, the FTE cap has failed to keep up with enrollment and research growth over the years. URI hired an additional 20.0 FTEs as a result of investments from the State and internal reallocation of resources to support its strategic plan. To address the fact that the University exceeded its FTE cap, the General Assembly added an additional 100.0 FTE positions, 25.0 of which are third party funded in the FY2026 Enacted Budget.

In FY2027, the Governor recommends eliminating the University's FTE Caps, straying from Rhode Island's historical practice of imposing FTE caps on public higher education institutions. Nationally, legislators often impose FTE caps on higher education institutions, including Massachusetts, however; other New England counterparts including Connecticut, Maine, New Hampshire, and Vermont, do not impose explicit FTE caps. In January 2026, the University published a press release stating that URI will need to freeze hiring through June 2026 due to already meeting the imposed FTE Cap.



Despite the legislative restraints imposed by the FTE cap, the Office of Management and Budget (OMB) asserts that the University is exempt from any FTE/hiring oversight. There is no law exempting URI from legislative oversight; however, both OMB and URI refer to RIGL 16-32-2(c), that states that the URI Board of Trustees is the employer of record and therefore allows them to hire personnel without oversight. This differs from the usual process related to hiring new FTE positions where the Budget Officer and a budget analyst must approve the requested position prior to posting and ensure the position can be filled within an agency's FTE cap and budget. The University is not the only state agency exempt from this process. Other exempt agencies include the General Assembly, Judiciary, General Officers, Higher Ed, and RIDE.

According to WorkDay, as of January 24, 2026, the University is exceeding its FTE Cap by 131.0 FTE positions.

Major Issues and Trends

While the Governor includes \$4.2 million in additional support, the Budget increase is lower than what URI requested and does not specifically earmark funds for the University's strategic initiatives.

The URI Board of Trustees requested a 3.5 percent (\$534) increase for in-state tuition and 3.5 percent (\$1,274) increase for out-of-state tuition. There is a net increase in mandatory fees of 2.0 percent (\$46).

In addition to the 3.5 percent increase in tuition and fee revenue, URI requested a general revenue, state appropriation increase of \$35.0 million relative to the FY2026 Budget as Enacted, excluding general obligation debt service. The increase in state appropriation was requested to provide support toward \$48.4 million in cost increases associated with the current service level and \$14.4 million in new initiatives. While approving the tuition and fee increase, the Budget provides a state appropriation increase of \$4.2 million, excluding debt service, for general obligation bonds.

For FY2027, URI requested \$14.4 million in funding for their four strategic initiatives related:

- **Broaden Our Impact (\$1.3 million):** The University requested \$1.3 million to broaden its impact on Rhode Island's life sciences workforce by supporting 10.0 new faculty. This strategic initiative supports the cultural, social, and economic ecosystems by elevating the University's research enterprise and evolving it into a world class hub for innovation and public/private partnerships. This is not funded in the Governor's budget.

- **Academic Advisors (\$1.1 million):** The University requested \$1.1 million to support 13.0 new advisors to aid students with resources and support that emphasize inclusion, well-being, and holistic development. Currently, the URI’s advisor to student ratio is 1:900, which is well above the standard (1:300). These funds would support 13.0 new advisors. This is not funded in the Governor’s budget.
- **IT Modernization (\$4.5 million):** The University requested \$4.5 million to support investments and implementation of administrative and financial practices the position URI for long-term success. These funds would support the installation and implementation of the new ERP System, migration to Cloud, and audio and visual upgrades. This is not included in the Governor’s budget.
- **TD Program (\$3.3 million):** The University proposed \$4.5 million to support the Talent Development (TD) Program, which provides scholarship opportunities to individuals from diverse backgrounds. The Program helps create a diverse and inclusive community, fostering culture, excellence, and giving back. The Budget does not include the program.

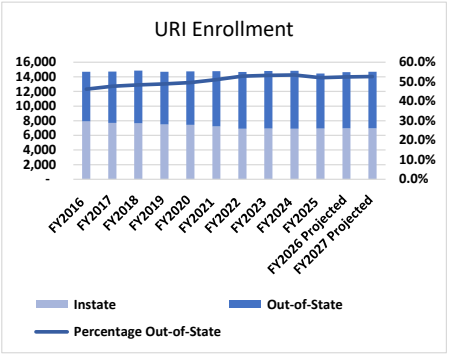
The FY2026 Enacted Budget included a \$3.8 million operating deficit. Consequentially, the Board of Trustees requested to utilize \$3.8 million in reserve funds in FY2027 to mitigate the burden of the deficit. The Governor recommends the use of these funds to close the operating deficit.

Article 1 eliminates the University’s FTE cap. The University has consistently been at risk of exceeding or has exceeded its FTE cap. According to the University, student enrollment grew 19.0 percent from FY2006 to FY2026 while the FTE cap only grew 4.0 percent. The University asserts that it is below peer universities in staffing for HR, IT, facilities, research, administration, marketing, and legal, undercutting student support, research competitiveness, and economic impact.

According to historical data tracked by the Senate Fiscal Office, which is based on the University’s annual budget requests, the University has experienced a 0.17 percent decrease in enrollment from FY2017 to FY2027, and a 1.6 percent increase from FY2013 to FY2027.

Enrollment

In-state enrollment is projected to be 6,957 full-time equivalent students, an increase of 4.0 students, or 0.1 percent from the FY2026 Budget as Enacted. Out-of-state student enrollment is projected at 7,732 in FY2027, an increase of 54 students, or 0.7 percent. The projected net enrollment for FY2027 reflects an overall increase in enrollment of 58 students, 0.4 percent, compared to the FY2026 Budget as Enacted. The FY2026 Revised projection reflects similar trends, with a net increase of 174 students, 1.2 percent, relative to the FY2026 Enacted level.



University of Rhode Island		General Revenue
FY2026 Enacted		\$148,637,923
Target and Other Adjustments		-
State Appropriation		4,165,099
General Obligation Debt Service		1,327,374
State Crime Lab		633,538
FY2027 Governors		\$154,763,934

State Appropriation **\$4.2 million**

The State appropriation for URI increases by \$4.2 million in FY2027 to a total of \$116.6 million, excluding general obligation bond debt service and the State Crime Lab. Of the total net increase, \$7.7 million supports personnel adjustments, partially attributable to the State’s portion of the 3.0 percent cost of living

adjustment (COLA). An additional \$1.7 million general revenue supports assistance and grants. The increases are partially offset by \$5.3 million in general revenue reductions in operating expenditures, contract services, and capital purchases. According to the Office of Management and Budget, these expenditure changes are required to maintain current services.

General Obligation Debt Service

\$1.3 million

The Budget includes \$32.9 million in general revenue for general obligation debt service at URI in FY2027. This is a increase of \$1.3 million in FY2027. The FY2026 Revised includes a total of \$34.8 million in FY2026 Revised, an increase of \$3.2 million from FY2026 Enacted.

Debt Service							
	FY2026 Enacted	FY2026 Revised	Change from Enacted		FY2027 Recommended	Change from Enacted	
University of Rhode Island	\$31,526,482	\$34,755,232	\$3,228,750	10.2%	\$32,853,856	\$1,327,374	4.2%
Rhode Island College	7,933,336	8,730,076	796,740	10.0%	9,159,563	1,226,227	15.5%
Community College of Rhode Island	1,097,898	1,092,138	(5,760)	-0.5%	934,564	(163,334)	-14.9%
Total	\$40,557,716	\$44,577,446	4,019,730	9.9%	\$42,947,983	\$2,390,267	5.9%

Source: Rhode Island Budget Office

Crime Lab

\$633,538

The Budget provides an increase of \$633,538 in general revenue (\$2.4 million total) for the State Crime Lab for target and other adjustments, consistent with the requested budget. According to a memorandum submitted to the Office of Management and Budget, the crime lab has received an influx of cases, resulting in a backlog that will grow if the appropriation is reduced or level with FY2026 Enacted. The University requested to amend RIGL 12-1.2-4, allowing the Lab to charge agencies for services utilized. The Governor did not include the new fee and instead recommended \$633,538 in general revenue to support the Lab and alleviate its backlog.

RHODE ISLAND COLLEGE (RIC)

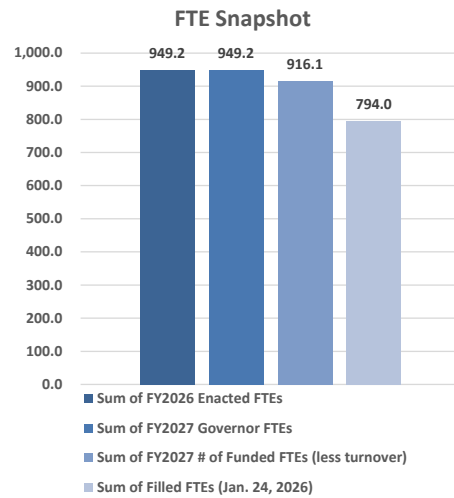
	FY2026 Enacted	FY2026 Revised	Change from Enacted		FY2027 Governor	Change from Enacted	
Expenditures By Source							
General Revenue	80.4	81.1	\$0.7	0.9%	83.7	\$3.2	4.0%
Other Funds	136.0	153.0	17.0	12.5%	148.9	12.9	9.5%
Total	\$216.4	\$234.1	\$17.7	8.2%	\$232.6	\$16.2	7.5%

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

Rhode Island College (RIC) was established in 1854 as the Rhode Island State Normal School, with the mission of providing teacher preparation to Rhode Island residents. In 1959, RIC moved to its current campus location on 180 acres off of Mount Pleasant Avenue in Providence and was renamed Rhode Island College to reflect expanded curriculum.

Today, RIC provides comprehensive education at the Bachelor and Master levels, with a focus on Rhode Island residents. Rhode Island College is accredited by the New England Commission of Higher Education, the Council on Social Work Education, National Association of Schools of Art and Design, National Association of Schools of Music, National Association of State Directors of Teacher Education and Certification, National Council for Accreditation of Teacher Education, and the Commission on Collegiate Nursing Education.

The Budget includes 949.2 FTE positions in FY2027, including 76.0 third-party funded positions, consistent with the FY2026 Budget as Enacted.



Major Issues and Trends

The Governor includes \$2.0 million in State support, \$113,000 less than requested. The Governor does not specifically earmark funds for Rhode Island College’s strategic initiatives.

RIC’s Budget requested a \$10.3 million increase in tuition and fee revenue compared to the FY2026 Enacted Budget. The request includes a \$2.1 million general revenue to offset the impact of rising personnel and operational costs.

According to the College, Fall semester enrollment has increased by 7.0 percent compared to recent years, and residence hall occupancy has increased by 20.0 percent. This observed increase in enrollment is connected to the recently enacted Hope Scholarship, which allows eligible full-time students to attend the College at no expense during their junior and senior years. Additionally, RIC has opened new majors in Sports Management, Biotechnology, and Cybersecurity, and opened the new Institute of Cybersecurity and Emerging Technologies, which attracts new students who would otherwise need to attend different colleges to study these fields. Additionally, RIC is investing in its infrastructure through the renovation and opening of the new Cybersecurity building, and new athletic fields. Due to the increase in enrollment, the College requested \$1.7 million for student aid.

Of the \$18.8 million increase requested, excluding debt service for general obligation bonds, \$5.6 million for personnel adjustments and \$4.7 million for student aid, \$3.2 million for capital purchases, \$1.6 million for operating expenditures, and \$3.7 million to support the creation of an “Inclusive Access Fee” in anticipation of a change to the textbook sales model utilized by the RIC bookstore. According to RIC, inclusive access models aim to improve affordability, increase student success, and enhance student experience while providing colleges with a more streamlined and transparent approach to course materials. Students still have the option to purchase physical books; however, the fee bundles all required materials at a discounted rate that appears in the course charges. Students receive a one-day access and may opt out. RIC asserts that the model will:

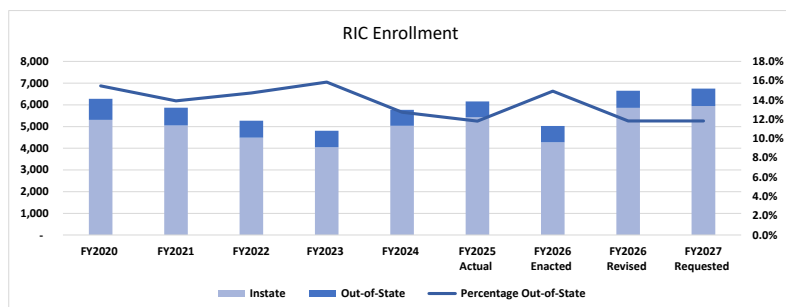
- Lower textbook costs and improve affordability
- Make it easier to use financial aid awards to purchase classroom materials
- Ensure every student gets materials on the first day
- Reduce equity gaps caused by cost-related non-purchasing
- Simplify bookstore operations
- Improve academic readiness and consistency across courses

RIC's Budget request included two strategic initiatives, totaling \$1.8 million in general revenue expenditures, focusing on improving workforce readiness, academic success, higher student retention, and higher four-year graduation rates.

- **RIC Enhancing Academic Support to Deliver Stronger Retention and Graduation (\$1.2 million):** Rhode Island College requested a general revenue increase of \$1.2 million to support 8.0 new FTE positions, consisting of peer mentors, tutors, and supplemental instructional costs. According to the College, the Hope Scholarship has increased enrollment, exceeding historical enrollment numbers. Additionally, the Hope scholarship sets forth academic standards in line with a four-year graduation goal. To ensure that students' academic needs are met, the College proposes these 8.0 FTE positions to support multilingual learners, enhance STEM Support, provide writing support, increase tutoring for healthcare programs, and enhance student presentation and public speaking skills. The positions are as follows:
 - 3.0 Coordinators (\$98,852 each)
 - 5.0 Success Coaches (\$87,597 each)
- **RIC Career and Workforce Readiness for All Students (\$665,334):** Rhode Island College requested a general revenue increase of \$665,334 for 3.0 FTE positions to support the College's Career Development Center. In 2023, the College retained leaders from the National Association of Colleges and Employers (NACE) to conduct an external review of the Career and Development Center. The review recommended to enhance services across four areas: career counseling, student employment, experiential learning, and employer relations. RIC is also implementing a career advising model that links student programs of study to possible careers from the beginning of their studies. To implement this model, RIC requires 3.0 FTE positions to foster stronger relationships with both RIC students and employers.
 - 2.0 Assistant Professor (\$75,000/each)
 - 1.0 Coordinator (\$67,161)

Enrollment

Total enrollment is projected to be 6,746 full-time equivalent students in FY2027, an increase of 1,324 students, or 8.0 percent, relative to FY2026 Enacted enrollment, and an increase of 76 students, or 1.5 percent from the FY2026 Revised level. This enrollment projection includes estimates related to the Hope Scholarship, which was passed in the FY2024 Enacted Budget, and is proposed to become a permanent program in the Governor's Recommended Budget. RIC also ties enrollment increases to the opening of the Institute of Cybersecurity and Emerging Technologies, which was authorized by the FY2025 Enacted Budget.



Rhode Island College		General Revenue
FY2026 Enacted		\$80,448,058
Target and Other Adjustments		-
State Appropriation		2,008,543
General Obligation Debt Service		1,226,227
FY2027 Governor		\$83,682,828

State Appropriation**\$2.0 million**

The Budget includes \$2.0 million in increased general revenue support (\$72.7 million total), excluding G.O. bond debt service. The increase is primarily attributable to maintaining current service levels, including general revenue increases of \$1.6 million for operating supplies, \$860,216 for contracted services, and \$200,429 for capital purchases. The Budget also recommends \$438,169 in general revenue savings attributable to decreased state personnel expenses relative to the college's overall budget. RIC will cover the reduction with college funds, maintaining all personnel.

General Obligation Debt Service**\$1.2 million**

The Budget provides \$9.2 million in FY2027 general obligation debt service at RIC funded by general revenue. This increases by \$1.2 million relative to FY2026 Enacted. FY2026 Revised includes a total of \$8.7 million in FY2026 Revised, \$796,740 more than Enacted.

Debt Service							
	FY2026 Enacted	FY2026 Revised	Change from Enacted		FY2027 Recommended	Change from Enacted	
University of Rhode Island	\$31,526,482	\$34,755,232	\$3,228,750	10.2%	\$32,853,856	\$1,327,374	4.2%
Rhode Island College	7,933,336	8,730,076	796,740	10.0%	9,159,563	1,226,227	15.5%
Community College of Rhode Island	1,097,898	1,092,138	(5,760)	-0.5%	934,564	(163,334)	-14.9%
Total	\$40,557,716	\$44,577,446	4,019,730	9.9%	\$42,947,983	\$2,390,267	5.9%

Source: Rhode Island Budget Office

COMMUNITY COLLEGE OF RHODE ISLAND (CCRI)

Expenditures By Source	FY2025 Enacted	FY2025 Final	Change from Enacted		FY2026 Enacted	Change from Enacted	
General Revenue	\$62.3	\$62.5	\$0.2	0.4%	\$64.8	\$2.6	4.1%
Restricted Receipts	0.8	0.9	0.1	13.7%	1.0	0.1	17.0%
Other Funds	132.8	125.2	(7.7)	-5.8%	148.7	15.9	11.9%
Total	\$195.9	\$188.6	(\$7.3)	-3.7%	\$214.5	\$18.6	9.5%

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

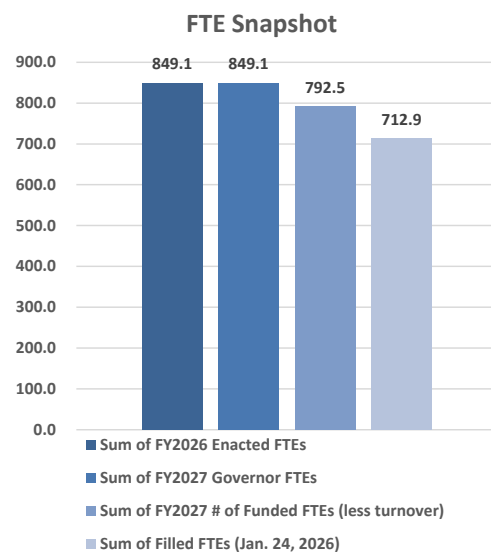
The Community College of Rhode Island (CCRI) was established by the General Assembly in 1960 as Rhode Island Junior College. The first class of 325 students enrolled at a temporary Providence location in the fall of 1964. CCRI has provided a variety of career, technical, and academic programs and has established partnerships with businesses and non-profit organizations to provide worker training.

Today, CCRI has four main campuses: the 205-acre Knight Campus in Warwick; the 300-acre Flanagan Campus in Lincoln; the 7-acre Liston Campus in downtown Providence; and the 5-acre Newport County Campus in Newport. In addition, CCRI holds classes in the Westerly Higher Education and Industry Center.

The Budget includes 849.1 FTE positions in FY2027 and FY2026 revised, including 86.0 third-party funded FTE positions, consistent with FY2026 Enacted.

Major Issues and Trends

The Governor includes \$4.2 million in State support, \$1.4 million more than requested; however, the Governor does not specifically earmark funds for the Community College's strategic initiatives.



CCRI's FY2027 budget request includes a 6.7 percent increase in tuition and mandatory fees, with total tuition and fee revenue estimated to increase by \$4.2 million from the FY2026 Enacted level. The FY2026 Revised request includes an increase of \$2.7 million (4.4 percent) from the FY2026 Enacted level. The state appropriation request increases by \$1.9 million to \$66.6 million.

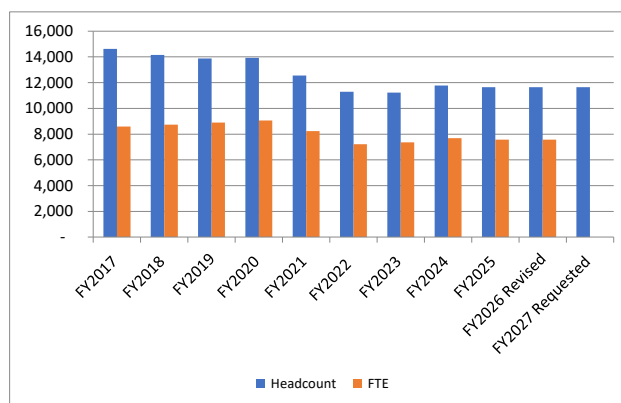
The expenditure request includes a \$9.1 million change in all funds, excluding G.O Bond debt service, from the FY2026 Enacted level.

- **Student Aid (\$3.6 million):** CCRI requested \$3.6 million in all funds to support assistance and grants. The Governor concurs with the request.
- **Personnel Investment (\$4.1 million):** The College requested \$4.1 million in all funds for personnel expenditure, including contracted services. The Governor concurs with the request.
- **Capital (\$5.8 million):** CCRI requested an all funds decrease of \$5.8 million in capital expenses based on project progress and completions. The Governor concurs with the request, with a slight modification based on updated project schedules.
- **Technology and Other Operating (\$7.2 million):** The College requested \$7.2 million in all funds to support all other operating expenses, including expansion to a cloud-based data system and upgraded financial reporting systems. The Governor concurs with the request.

The Governor's Recommended Budget includes an increase of \$2.0 million in general revenue funding, excluding G.O. debt service. While the College did not request any strategic initiatives for FY2027, the Budget does include the Workforce Innovation Center, which is a newly constructed building located at the Knight campus in Warwick, enabling CCRI to expand its trades education programs and address workforce shortages. The building will have flexibility to adapt to new workforce needs as they change. Article 6 authorizes the issuance of \$60.0 million in general obligation bonds to be placed on the ballot for voter approval in November 2026.

Enrollment

Year	Headcount		FTE	
	Headcount	% Change	FTE	% Change
FY2017	14,624	-6.3%	8,593	-5.9%
FY2018	14,155	-3.2%	8,732	1.6%
FY2019	13,878	-2.0%	8,899	1.9%
FY2020	13,923	0.3%	9,065	1.9%
FY2021	12,549	-9.9%	8,231	-9.2%
FY2022	11,290	-10.0%	7,224	-12.2%
FY2023	11,223	-0.6%	7,365	2.0%
FY2024	11,777	4.9%	7,679	4.3%
FY2025	11,648	-1.1%	7,570	-1.4%
FY2026 Revised	11,648	0.0%	7,570	0.0%
FY2027 Requested	11,648	0.0%	7,570	0.0%
10-Year Average	12,578	-2.5%	8,045	-1.6%



The table shows the actual student enrollment, both by headcount and by FTE, from 2017 through 2027, and a projection for 2026 and 2027. In FY2027, the College expects enrollment to be level with the FY2026 Revised levels and FY2025 actuals.

Community College of Rhode Island	General Revenue
FY2026 Enacted	\$64,838,244

<i>Target and Other Adjustments</i>	-
State Appropriation	1,955,803
General Obligation Debt Service	(163,334)
FY2027 Governor	\$66,630,713

State Appropriation **\$2.0 million**

State general revenue support for CCRI increases by \$2.0 million in FY2027 to a total of \$65.7 million, excluding general obligation bond debt service. Of these funds, \$2.9 million will finance personnel adjustments, including the 3.0 percent cost of living adjustment (COLA) for eligible non-union employees due to the most recent contract negotiations, which is offset by a 908,334 general revenue decrease, which supports the college's current services. The decrease is primarily associated with lower costs for contracted services, a reduction to institutional scholarship funding, and the elimination of one-time capital expenditures.

General Obligation Debt Service **(\$163,334)**

The Budget provides \$934,564 in FY2027 for general obligation debt service at CCRI funded by general revenue. This is a decrease of \$163,334 from FY2026 Enacted. The FY2026 Revised Budget includes \$1.1 million, a decrease of \$5,760 from FY2026 Enacted.

	Debt Service						
	FY2026 Enacted	FY2026 Revised	Change from Enacted		FY2027 Recommended	Change from Enacted	
University of Rhode Island	\$31,526,482	\$34,755,232	\$3,228,750	10.2%	\$32,853,856	\$1,327,374	4.2%
Rhode Island College	7,933,336	8,730,076	796,740	10.0%	9,159,563	1,226,227	15.5%
Community College of Rhode Island	1,097,898	1,092,138	(5,760)	-0.5%	934,564	(163,334)	-14.9%
Total	\$40,557,716	\$44,577,446	4,019,730	9.9%	\$42,947,983	\$2,390,267	5.9%

Source: Rhode Island Budget Office

CAPITAL PROJECTS

The Budget includes a total of \$121.0 million in capital expenditures from Rhode Island Capital Plan (RICAP) funds in FY2027 and \$144.9 million in FY2026, including the following.

	FY2026 Enacted	FY2026 Revised	Change from Enacted		FY2027 Governor	Change from Enacted	
University of Rhode Island Total	\$88,943,784	\$88,943,784	\$0	-	\$80,366,442	(\$8,577,342)	-9.6%
URI, RIC, CCRI - Asset Protection	24,025,988	29,965,917	5,939,929	24.7%	25,106,315	1,080,327	4.5%
URI - Academic Mechanical, Electrical, and Plumbing	7,293,838	7,293,838	-	-	6,217,170	(1,076,668)	-14.8%
URI - Fire Protection Academic Phase 2	1,641,903	1,641,903	-	-	1,323,475	(318,428)	-19.4%
URI - Narragansett Bay Campus	8,146,722	8,146,722	-	-	16,853,278	8,706,556	106.9%
URI - PFAS Water Treatment Plant	13,759,400	13,759,400	-	-	11,661,319	(2,098,081)	-15.2%
URI - Athletics Complex Renewal	33,942,707	33,942,707	-	-	21,361,818	(12,580,889)	-37.1%
URI - Stormwater Management	4,252,678	4,252,678	-	-	1,437,519	(2,815,159)	-66.2%
URI - Campus Access Control	-	-	-	-	1,575,000	1,575,000	100.0%
URI - Campus Accessibility	2,300,000	2,300,000	-	-	1,700,000	(600,000)	-26.1%
URI - Building Envelope	3,000,000	3,000,000	-	-	3,000,000	-	0.0%
Office of Postsecondary Commissioner Total	\$1,220,000	\$1,220,000	-	-	\$160,000	(\$1,060,000)	-86.9%
OPC - WEC Expansion – Annex Site	1,220,000	1,220,000	-	-	160,000	(1,060,000)	-86.9%
Rhode Island College Total	\$11,625,000	\$22,973,541	\$11,348,541	97.6%	\$12,175,000	\$550,000	4.7%
RIC - Infrastructure Modernization	5,675,000	11,806,437	6,131,437	108.0%	5,675,000	-	-
RIC - Whipple, Fogarty, and Adams Library	-	500,000	500,000	100.0%	-	-	-
Community College of Rhode Island Total	\$33,809,452	\$31,776,926	(\$2,032,526)	-6.0%	\$28,334,885	(\$5,474,567)	-16.2%
CCRI - Flanagan Campus Renewal (Lincoln)	3,200,000	3,349,954	149,954	4.7%	3,600,505	400,505	12.5%
CCRI - Data, Cabling, and Power Infrastructure	5,750,000	6,021,095	271,095	4.7%	5,500,000	(250,000)	-4.3%
CCRI - Renovation and Modernization Phase I	15,000,000	16,513,600	1,513,600	10.1%	13,499,928	(1,500,072)	-10.0%
CCRI - Renovation and Modernization Phase II-IV	6,100,000	900,000	(5,200,000)	-85.2%	2,240,000	(3,860,000)	-63.3%
CCRI - Accessibility Improvements	290,000	300,000	10,000	3.4%	125,000	(165,000)	-56.9%
Grand Total	\$135,598,236	\$144,914,251	\$9,316,015	6.9%	\$121,036,327	(\$14,561,909)	-10.7%

- **URI, RIC, CCRI - Asset Protection:** Asset Protection projects are budgeted from Rhode Island Capital Plan funds (RICAP) and are used to maintain and repair facilities, including roads, buildings, and infrastructure. The asset protection program includes a number of projects at various facilities and allows each school to shift funding based on current priorities. In FY2027, there is a total of \$25.1 million, including \$15.2 million in RICAP asset protection funding for URI, \$6.5 million for RIC, and \$3.4 million for CCRI. In FY2026, the Budget includes a total of \$33.7 million in asset protection funding for URI (\$17.9 million), RIC (\$11.1 million), and CCRI (\$4.7 million).
- **URI - Academic Mechanical, Electrical, and Plumbing:** The Budget provides total RICAP funding of \$6.2 million in FY2027 and \$5.3 million in FY2026 to provide new HVAC systems in Fogarty and White Hall. The total project cost is \$14.2 million. Fogarty Hall, currently housing the Crime Lab and Nutrition and Food Science Department, will be renovated for administrative and academic departments. Substantial renovations will address the building envelope, mechanical systems, HVAC, as well as removing laboratory fixtures and associated utilities. White Hall, currently housing the College of Nursing, requires the upgrade of obsolete building systems and building envelope improvements, including foundation waterproofing, a drainage system, and minor cosmetic improvements.
- **URI - Fire Protection Academic Phase 2:** The Budget includes total RICAP funding of \$3.4 million in FY2026 and \$1.3 million in FY2027, toward the total cost of \$16.5 million in all funds (\$5.4 million in RICAP funds) to provide safety improvements. This project involves the installation of fire-suppressing sprinkler systems, the upgrade/replacement of existing fire alarm systems, and safety improvements in academic and administrative buildings in order to comply with changes in the State Fire Code. This phase will also provide a central bank of generators to provide the necessary power back up to allow the University to shelter in place during prolonged power outages. Phase I (\$25.8 million) of this project was completed in December 2016.

- **URI - Narragansett Bay Campus:** In addition to the \$100.0 million general obligation bond which was approved in November 2022, the Budget provides total RICAP funding of \$8.1 million in FY2026 and \$16.8 million in FY2027 toward repairs and construction on the Narragansett Bay Campus in support of education and research for the marine disciplines.
- **URI - PFAS Water Treatment Plant:** The Budget includes total RICAP funding of \$4.8 million in FY2026 and \$11.7 million in FY2027 toward the total cost of \$21.7 million to construct a permanent water treatment plant to address the University's elevated per- and polyfluorinated substances (PFAS) levels. Originally, these funds were identified as ARPA SFRF funding; however, the University's capital improvement plan timetable put these time-sensitive funds at risk of being reclaimed by the federal government, instead the project will be completely funded through RICAP funds
- **URI - Athletics Complex Renewal:** The Budget \$37.3 million in RICAP funds in FY2026 and \$21.4 million in FY2027 for the renovation of the Meade Stadium East Grandstands and the Slade Outdoor Track and Field. Total funding for the project is \$83.1 million over three years, including \$61.8 million in RICAP funds.
- **URI - Stormwater Management:** The Budget provides total RICAP funding of \$3.2 million in FY2026 and \$1.4 million in FY2027 to support stormwater improvements to existing drainage systems. According to the University, current infrastructure frequently exceeds during major flooding events, resulting in erosion and flooding to the downstream landscapes and buildings. Total project costs are estimated for the project at \$4.4 million.
- **URI - Campus Access Control (New Project):** The Budget recommends total RICAP funding of \$1.6 million in FY2027 to convert multiple existing access control systems over to one centralized system. By combining these existing systems, the university will be able to more quickly and efficiently respond to campus incidents and better ensure safety on campus.
- **URI - Campus Accessibility:** The Budget includes total RICAP funding of \$2.3 million in FY2026 and \$1.7 million in FY2027 in RICAP funds to support campus accessibility for people with disabilities. Projects include restroom improvements, exterior pedestrian improvements, and discrete building improvements such as elevator modernizations. The project will focus on the adaptation of existing infrastructure to comply with the American Disabilities Act (ADA). Total costs for the project are estimated to be \$7.0 million.
- **URI - Building Envelope:** The Budget includes \$3.0 million in RICAP funds annually in FY2026 and FY2027 to support projects addressing repairs to building envelope systems across the University's campuses. Roofs, windows, and exterior cladding would be repaired and improved to provide better interior air quality, enhanced energy efficiency, and improved appearances. The Budget provides a total of \$15.0 million in RICAP funds through FY2030 to address the University's deteriorating infrastructure.
- **OPC - WEC Expansion – Annex Site:** The Budget includes total RICAP funding of \$400,000 in FY2026 and \$160,000 in FY2027 to expand the RI Education Center model to Northern RI. The Woonsocket Education Center, which opened August 2022, is designed to address gaps in education and workforce development training in Northern RI. According to the Office, the demand for use of the Center has increased significantly, requiring more classroom space to accommodate employers. Due to delays in construction and development, the funding for the Annex Site has shifted to FY2026, with an estimated completion date of FY2026.
- **RIC - Infrastructure Modernization:** The Budget provides total RICAP funding of \$11.8 million in RICAP funding in FY2026 and \$5.7 million in FY2027 to modernize and replace steam lines, water lines, and the electrical distribution system across the RIC campus. Improvements will address issues of water quality, limit power failures, and eliminate steam plumes throughout the campus.

- **RIC - Whipple, Fogarty, and Adams Library:** The Budget provides \$500,000 in RICAP funding in FY2026 to support the renovation of Whipple Hall, Fogarty Hall, and Adams Library. Total projected costs are estimated at \$233.5 million, which will be funded through a series of general obligation bonds, included on statewide referenda in 2024, 2026, and 2028. The State is expected to contribute a total of \$500,000 in RICAP funds for Whipple Hall only. The following table illustrates expected expenditures for the Capital Improvement Project.

	Pre FY2026	FY2026 Budget	FY2027 Budget	FY2028 Budget	FY2029 Budget	FY2030 Budget	Post FY2030 Budget	Total
Whipple Hall								
Bond	-	\$1.5	\$37.0	\$34.5	-	-	-	
RICAP		\$0.5	-	-	-	-	-	
Total								\$73.0
Adams Library								
Bond	-	-	\$0.5	\$1.5	\$41.8	\$34.2		
Total								\$78.0
Fogarty Life Sciences Building								
Bond	-	-	-	-	\$0.5	\$1.5	\$83.0	
Total								\$85.0

in millions.

- **CCRI - Flanagan Campus Renewal (Lincoln):** The Budget provides total RICAP funding of \$3.3 million in FY2026 and \$3.6 million in FY2027 for the renewal of the Flanagan Campus in Lincoln. This \$12.5 million project includes modernization and code compliance upgrades to all the science labs at the Lincoln campus, as well as the refurbishment of the exterior including heat resistance paint, window replacement, and light abatement.
- **CCRI - Data, Cabling, and Power Infrastructure:** The Budget provides total RICAP funding of \$750,000 in FY2026 and \$5.5 million in FY2027 to assess, design, and construct a modernized data cabling and power infrastructure across the four CCRI campuses. The project will upgrade network wiring infrastructure and deliver more capacity to support additional classroom technology, wireless devices, and security systems, including cameras, emergency alarm systems, and HVAC control systems.
- **CCRI - Renovation and Modernization Phase I:** The Budget includes total RICAP funding of \$16.5 million in FY2026 and \$13.5 million in FY2027 to modernize academic and student support spaces. The project is estimated to cost a total of \$59.5 million with \$12.0 million from general obligation bonds approved in March 2021, and \$47.5 million in RICAP funds.
- **CCRI - Renovation and Modernization Phase II-IV:** The Budget includes total RICAP funding of \$900,000 in RICAP funds in FY2026 and \$2.2 million in FY2027. This phase, which is estimated to cost a total of \$147.7 million in both RICAP and general obligations funds, will begin the construction processes of the project. Specifically, in FY2026 and FY2027, the project will focus on HVAC, electrical, and foundational repairs at the Warwick and Providence campuses.
- **CCRI - Accessibility Improvements:** The Budget includes total RICAP funding of \$300,000 in FY2026 and \$125,000 in FY2027 to support projects addressing ADA compliance issues. While there is a current project bid related to the Lincoln campus bathrooms, the College proposes addressing other ADA non-compliant areas across all four campuses. The project is estimated to cost a total of \$1.9 million.

Rhode Island State Council on the Arts

Expenditures By Program	FY2025 Actual	FY2026 Enacted	FY2026 Governor	Change from Enacted		FY2027 Governor	Change from Enacted	
Governor's Commission on Disabilities	\$3.7	\$4.2	\$4.2	(\$0.0)	-0.7%	\$4.5	\$0.3	6.2%
Expenditures By Source								
General Revenue	\$2.4	\$2.4	\$2.4	\$0.0	0.1%	\$2.6	\$0.2	7.7%
Federal Funds	0.8	1.0	1.1	0.1	6.9%	1.2	0.1	13.5%
Other Funds	0.5	0.7	0.7	0.0	1.6%	0.7	0.1	7.5%
Restricted Receipts	-	0.1	-	(0.1)	-100.0%	-	(0.1)	-
Total	\$3.7	\$4.2	\$4.2	(\$0.0)	-0.7%	\$4.5	\$0.3	6.2%
Authorized FTE Levels	10.0	10.0	10.0	-	-	10.0	-	-
<i>\$ in millions. Totals may vary due to rounding.</i>								

The Rhode Island State Council on the Arts (RISCA) provides grants, technical assistance and support to arts organizations, schools, community centers, social service organizations, and local governments to bring the arts into the lives of Rhode Islanders. RISCA provides these services through grant making partnerships, education, and technical assistance. RISCA also manages the Art for Public Facilities Program providing art for state facilities.

MAJOR ISSUES AND TRENDS

The FY2026 Revised Budget includes \$4.2 million in all funds, of which \$2.4 million is general revenue, \$1.1 million are federal funds, and \$701,000 is other funds. Restricted receipts are eliminated in the revised budget, resulting in a decrease of \$115,058. The decrease is due to the reversal of the indirect cost recovery on federal grants instituted in the FY2026 Budget as Enacted.

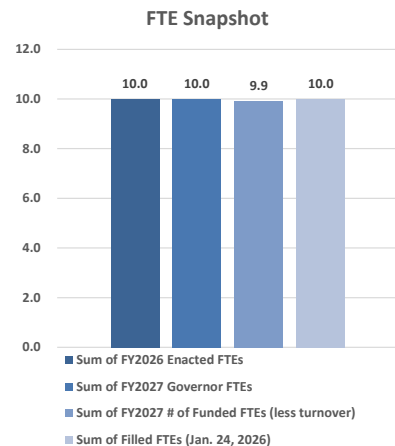
There is a \$70,862 increase in federal funds, an increase of \$11,000 in other funds, and an increase of \$1,443 in general revenue, as compared to the previous fiscal year. The increase of federal funds reflects added funding for Arts & Health and America250 projects,

The FY2027 Budget includes \$4.5 million in all funds, of which \$2.6 million is general revenue, reflecting an increase of \$195,000 as compared to the FY2026 Budget as Enacted. The increase primarily reflects the elimination of the \$115,058 indirect cost recovery (ICR) reduction taken in FY2026. The FY2027 Budget reverses the ICR reduction and restores that appropriation to RISCA in FY2027.

The Budget includes a net increase in federal funds of \$137,865 as compared to FY2026. The recommended appropriation for FY2027 includes funds carried-forward from RISCA's current award and funding for the next NEA Partnership Agreement, which RISCA anticipates will include additional funds for Arts and Health.

Restricted receipts decrease by \$115,058 as compared to the previous fiscal year. The decrease in restricted receipt funding is due to a change in the federal rate of recovery for indirect costs on federal grants.

The Budget includes \$742,000 in other funds, reflecting an increase of \$52,000 as compared to the FY2026 Budget as Enacted. The increase includes \$46,000 for the acquisition of works of art to be placed in public places, in accordance with Rhode Island General Law (RIGL 42-75.2), that requires at least 1.0 percent of state government capital construction costs are allocated for public art.



The Budget authorizes and fully funds 10.0 FTE positions in FY2026 and in FY2027, consistent with the enacted budget.

CENTRAL MANAGEMENT

The Rhode Island State Council on the Arts (RISCA) consists of one main program and three subprograms. Within the main Central Management program are the Grants and Operating Support subprograms and the Film Commission.

Rhode Island Council on the Arts	General Revenue
FY2026 Enacted	\$2,414,685
<i>Target and Other Adjustments</i>	<i>(1,537)</i>
Indirect Cost Recovery	115,058
Arts and Health Grant Program	50,000
Personnel Adjustments (statewide adjustment)	32,359
FY2027 Governor	\$2,610,565

Rhode Island Council on the Arts	Other Fund Changes
NEA Partnership Agreement (federal funds)	\$137,865
Realignment to Enacted/CSL (restricted receipts)	(115,058)
Percent for the Arts	Informational
Cultural Arts and the Economy	Informational

Indirect Cost Recovery **\$115,058**

The FY2026 Budget as Enacted included a 15.0 percent indirect cost recovery (ICR) from RISCA's annual partnership agreement from the National Endowment for the Arts (NEA). This reduced general revenue by \$115,058 to support RISCA's operations and increased restricted receipts by the same amount.

In August 2025, RISCA was informed by the NEA that the State was prohibited to take the ICR because RISCA already charges operational and administrative expenses to the annual partnership agreement above and beyond the 15.0 percent ICR. The Governor adds \$115,058 to restore the previously enacted ICR reduction.

Arts and Health Grant Program **\$50,000**

The Budget includes general revenue of \$640,000, reflecting an increase of \$50,000 from the previous fiscal year, to support an Arts and Health Project Incubator Grant program. According to RISCA, the grant program will "support emerging, innovative approaches to improving individual and community health in Rhode Island through art-driven strategies and will be open to both artists and nonprofit organizations."

This one-time funding will allow RISCA to maximize the \$75,000 received from the National Endowment for the Arts specific to arts, health, and wellness initiatives. Currently, RISCA's Arts and Health Grant program is supported by federal funding from the NEA which prohibits individuals from being direct recipients of NEA funds.

NEA Partnership Agreement (federal funds) **\$137,865**

The Budget includes a net increase in federal funds of \$137,865 as compared to FY2026. The recommended appropriation for FY2027 includes funds carried-forward from RISCA's current award, and funding for the next NEA Partnership Agreement, which RISCA anticipates will include additional funds for Arts and Health. The FY2027 federal budget also accommodates expenses from an Indirect Cost Recovery (ICR) initiative, that the Budget restores to RISCA's budget in FY2027.

The FY2026 Revised Budget increases federal funds by \$70,862 in the NEA Partnership Agreement for Arts & Health and America250 projects, which were not known prior to passage of the FY2026 Budget as Enacted.

Percent for the Arts

Informational

RISCA administers the State’s Percent for Public Art Program, which was established in 1987 to expand the public experience of art, foster the development of artists, and create a more humane environment. It also services to stimulate the state’s economy.

In accordance with RIGL 42-75.2, at least 1.0 percent of state government capital construction costs are allocated for the acquisition of works of art to be placed in public places. The 1.0 percent is generally spent on the project from which the funds were derived; any amounts not expended by RISCA is retained to provide for the maintenance and restoration of existing works.

The following table shows recently completed, current, and future projects of the program.

1% for Public Art Program - 2011 to Present	Location	Art Project Cost
Completed Projects		
Veterans Home	Bristol	\$210,000
Attorney General	Cranston	265,000
Virks Building	Cranston	120,000
Division of Motor Vehicles	Cranston	110,000
Barry and Simpson Buildings, Pastore Complex	Cranston	215,297
Department of Labor and Training	Cranston	54,501
Office of the State Medical Examiner	Cumberland	55,000
National Guard Joint Force Headquarters	East Greenwich	35,000
Rhode Island Fire Academy	Exeter	30,000
URI - School of Pharmacy	Kingston	995,020
URI - College of Engineering	Kingston	714,356
URI - Chemistry	Kingston	501,000
URI - Harrington Hall	Kingston	35,000
Rhode Island State Police	Lincoln	45,000
Met School	Newport	78,000
Pawtucket Bus Hub	Pawtucket	50,000
Pawtucket-Central Falls Train Station	Pawtucket	59,000
RIC - Art Center	Providence	170,000
RIC Craig-Lee Hall	Providence	135,000
RIC Fogerty School of Nursing	Providence	45,000
Rhode Island School for the Deaf	Providence	43,000
Garrahy Parking Garage	Providence	300,000
RIC Horace Mann School of Education	Providence	190,000
Intermodal Station	Warwick	300,000
Wickford Junction	Wickford	350,000
Current Projects (Budget)		
DMV Bus Inspection Facility	Cranston	\$49,000
Eleanor Slater- Regan Hospital	Cranston	368,129
DCYF Female Youth Residential Home	Exeter	212,206
Fire Academy Phase III	Exeter	48,000
URI- Fine Arts Center	Kingston	450,000
URI Narragansett Bay Campus Phase 1	Narragansett	191,000
RIC Clarke Science Building	Providence	305,650
RIC Gaige Hall	Providence	305,588
RIC Whipple Hall	Providence	TBD
State Health Laboratory	Providence	115,856
Rhode Island State Police Southern Barracks	West Greenwich	164,505
Future Projects (Budget)		
DEM Colt State Park Administrative Facility	Bristol	TBD
Eleanor Slater- Zambarano Long-Term Acute Care Facility	Burillville	TBD
RI Army National Guard Aviation Readiness Facility	East Greenwich	TBD
Davies Career & Technical School	Lincoln	TBD
URI Narragansett Bay Campus Phase 2	Narragansett	TBD
URI Biomedical Sciences	Kingston	TBD
Shepard Building	Providence	\$24,000
Total		\$7,339,108

Source: RISCA March 26, 2026

Cultural Arts and the Economy

Informational

Previous Funding: In November 2024, voters approved a \$10.0 million bond to continue the Cultural Arts and the Economy Grant program administered by RISCA for capital improvements, preservation, and renovation of public and nonprofit performance centers, museums, and cultural art centers. The ballot measure passed and included the following funding allocation:

- **Tomaquag Museum (\$2.0 million):** Provides \$2.0 million to support the building of the Tomaquag Museum in Kingston on the University of Rhode Island campus. The new museum in Kingston will be used for Indigenous cultural education and preservation, including spaces for programming and administration. The museum is currently located in Exeter, Rhode Island.
- **Newport Contemporary Ballet (\$2.0 million):** Provides \$2.0 million to build a Center for Arts, Dance, and Education at the Newport Contemporary Ballet. The Center is intended to be used for performance facilities, educational instruction, production, and administration.
- **Trinity Repertory Company (\$2.0 million):** Provides \$2.0 million for upgrades to the Lederer Theater Center at the Trinity Repertory Company. The Lederer Center is used for performance facilities, educational instruction, production, and administration.
- **Rhode Island State Council on the Arts (\$4.0 million):** Provides \$4.0 million to continue the Cultural Arts and the Economy Grant Program, which provides 1:1 matching grants for capital improvement, preservation, and renovation projects for a range of public and nonprofit arts and performance centers throughout the state. These funds are administered by the Rhode Island State Council on the Arts (RISCA).

Grant applications for the 2024 bond funds opened August 1, 2025, and were awarded by December 31, 2025. On January 16, 2026, RISCA announced recommendations of grants totaling \$2.8 million to 17 arts and cultural facilities organizations. The remaining \$1.2 million is retained by RISCA for a future round of grants and for administrative expenses. The following table lists the recipients:

State Cultural Facilities Grant - Grantees	Community	Grant Amount
Cape Verdean American Community Development	Pawtucket	\$500,000
The Sandra Feinstein-Gamm Theatre	Warwick	331,652
Friends of Linden Place	Bristol	331,280
Southside Cultural Center of Rhode Island	Providence	250,000
Newport Art Museum	Newport	211,841
Preserve RI for the Lippitt House Museum	Providence	200,000
South County Art Association	Kingston	200,000
Newport Historical Society	Newport	165,366
DownCity Design	Providence	100,000
La Farge Restoration Fund at Newport Congregational Church	Newport	100,000
The Greenwich Odeum	East Greenwich	100,000
The Granite Theatre	Westerly	95,522
Oasis International	Providence	70,000
Riverzedge Arts Project	Woonsocket	44,240
Newport Classical	Newport	32,860
Artists' Exchange	Cranston	14,125
South County Museum	Narragansett	3,200
Total		\$2,750,086

Source: RI Council on the Arts

In March 2021, voters approved a \$6.0 million bond to continue the Cultural Arts and the Economy Grant program administered by RISCA for capital improvements, preservation, and renovation of public and nonprofit performance centers, museums, and cultural art centers. Projects supported by the bond include:

- **Trinity Repertory Company - \$2.5 million:** For the Lederer Theater and the Pell Chafee Performance Centers in Providence.

- **Rhode Island Philharmonic – \$1.5 million:** For the Carter Center for Music Education and Performance in East Providence.
- **Other Nonprofit Cultural Organizations - \$2.0 million:** These funds will be allocated by RISCA for 1:1 matching grants to nonprofit cultural organizations that lease or own their performance space and for program administration costs at RISCA.

As of February 28, 2025, all funds from the 2021 bond have been awarded. The funding was awarded across 24 different projects, with individual funding awards ranging from approximately \$13,000 to \$250,000. Funded projects receive reimbursement grants, meaning that organizations who receive awards must perform construction first and submit invoices with proof of payment to receive reimbursement. The projects are in various stages of completion.

The 2014 referenda provided funding to begin the State Cultural Arts and the Economy Grant Program. The RI Commerce Corporation, in consultation with the Rhode Island Council on the Arts, administers the program, which offers matching grants to public and non-profit historic sites, museums, artistic organizations, performance centers, and cultural arts centers for capital preservation and renovation projects. The RI Commerce Corporation developed rules and regulations to administer the program. As of June 30, 2025, \$29.8 million of the \$30.0 million bond authorization had been expended. The FY2027 Capital Budget recommends an expenditure of \$164,876 during FY2026.

Rhode Island Atomic Energy Commission

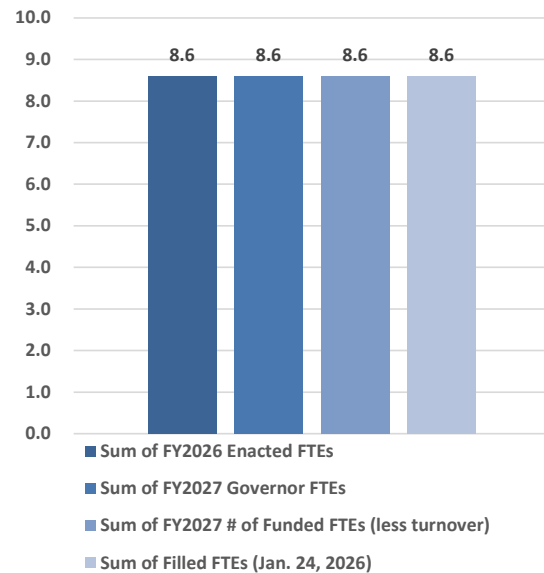
Expenditures by Program	FY2025 Actuals	FY2026 Enacted	FY2026 Governor	Change from Enacted	FY2027 Governor	Change from Enacted
Central Management	\$1.7	\$1.7	\$1.7	(\$0.0) -1.2%	\$1.7	\$0.0 0.7%
Expenditures by Source	FY2025 Actual	FY2026 Enacted	FY2026 Governor	Change from Enacted	FY2027 Governor	Change from Enacted
General Revenue	\$1.2	\$1.3	\$1.3	\$0.0 0.3%	\$1.3	\$0.0 3.0%
Restricted Receipts	0.0	0.0	0.0	- 0.0%	0.0	- 0.0%
Other Funds	0.4	0.4	0.4	(0.0) -6.1%	0.4	(0.0) -6.2%
Total	\$1.7	\$1.7	\$1.7	\$0.0 -1.2%	\$1.7	\$0.0 0.7%
Authorized FTE Levels	8.6	8.6	8.6	- -	8.6	- -
<i>\$ in millions</i>						

The Rhode Island Atomic Energy Commission (Commission) operates and maintains the Rhode Island Nuclear Science Center (RINSC), which is used for medical, biological, environmental, and materials research, education and commercial activities. The Commission also assists other state agencies in their radiation and emergency response programs.

RINSC operates a research reactor and provides laboratories and classrooms for research and education programs for the University of Rhode Island as well as for other colleges and universities in the State and throughout New England. In 2010, the University of Rhode Island (URI) began offering a nuclear engineering minor program of study. For students who perform well, a new nuclear engineer operating course was added in 2016 that prepares students for the operator license exam. URI is currently working to create a major in nuclear engineering. The Commission continues its collaboration with schools and universities in the State. Davies High School, Brown University physics classes, and URI mechanical design students are among those that have recently utilized the facility.

The Budget authorizes 8.6 FTE positions in FY2025 and FY2026 for the program, 1.8 of which are funded through URI for its radiation safety functions. URI funding also covers 40.0 percent of the Commission's overhead costs, including its building maintenance and repair costs.

FTE Snapshot



MAJOR ISSUES AND TRENDS

The general revenue increase in FY2026 Revised Budget and FY2027 is primarily due to the 3.0 percent cost of living adjustment (COLA) negotiated with unions representing the majority of state employees, which were also extended to non-union employees, totaling an increase of \$23,991 in personnel adjustments.

Central Management	General Revenue
FY2026 Enacted	\$1,278,282
<i>Target and Other Adjustments</i>	<i>13,731</i>
Personnel Adjustments (statewide adjustments)	23,991
FY2027 Governor	\$1,316,004

CAPITAL PROJECTS

Asset Protection: The Budget includes \$50,000 in Rhode Island Capital Plan (RICAP) funds for asset protection projects in FY2026 and FY2027. Through FY2031, capital projects include landscaping around the facility, repairs, and rehabilitating space within the facility to make it better able to serve the needs of the facility users.

Rhode Island Historical Preservation and Heritage Commission

Expenditures By Program	FY2025 Actual	FY2026 Enacted	FY2026 Governor	Change from Enacted		FY2027 Governor	Change from Enacted	
Central Management	\$2.5	\$3.4	\$3.5	\$0.1	2.4%	\$3.6	\$0.2	6.0%
Expenditures By Source								
General Revenue	\$1.7	\$2.0	\$2.0	\$0.0	2.6%	\$2.1	\$0.1	6.6%
Federal Funds	0.7	0.8	0.8	(0.0)	-1.8%	0.9	0.1	8.6%
Restricted Receipts	0.0	0.5	0.5	-	-	0.5	-	0.0%
Other Funds	0.0	0.1	0.2	0.0	31.9%	0.1	0.0	2.8%
Total	\$2.5	\$3.4	\$3.5	\$0.1	2.4%	\$3.6	\$0.2	6.0%
Authorized FTE Levels	15.6	15.6	15.6	-	-	15.6	-	-

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

The Rhode Island Historical Preservation and Heritage Commission (Commission) operates a statewide historical preservation program that identifies and protects historic buildings, districts, structures, and archaeological sites. The Commission identifies and protects historic and prehistoric sites, buildings, and districts by nominating significant properties to the National Register of Historic Places and the State Register as well as administering grants, loans and tax credits for rehabilitation of historic buildings. The Commission also develops and carries out programs to document and celebrate the rich cultural heritage of Rhode Island's people.

MAJOR ISSUES AND TRENDS

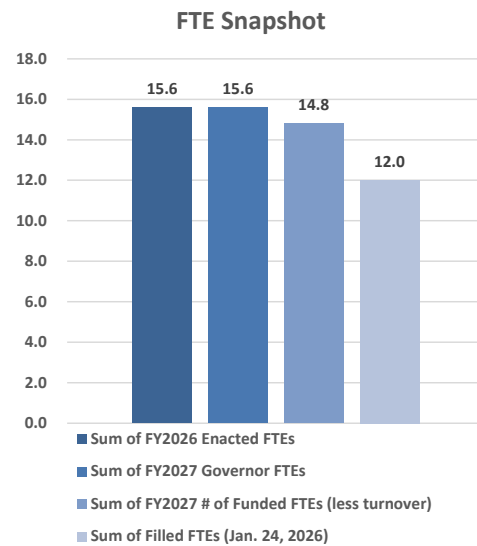
The FY2026 Governor's Revised Budget includes \$3.5 million in all funds, of which \$2.0 million is general revenue, \$807,253 is federal funds, \$511,827 is restricted receipts, and \$190,000 is other funds. This reflects an increase of \$47,282 in general revenue, a decrease of \$15,198 in federal funds, and a net increase of \$45,798 in other funds from the enacted budget.

The Governor recommends \$150,000 in FY2026 to finance the relocation of historical artifacts currently in storage at the Old State House to a facility at the University of Rhode Island campus in South Kingstown. This includes \$50,000 in Rhode Island Capital Plan funding to match a \$100,000 federal grant received in July 2023 from the National Park Service Save America's Treasures program. The federal grant is available through September 30, 2026. The RICAP funds will be used for the purchase and installation of shelving.

The FY2027 Budget includes \$3.6 million in all funds, of which \$2.1 million is general revenue, \$893,987 is federal funds, \$511,827 is restricted receipts, and \$148,449 is other funds. This reflects a general revenue increase of \$127,677, a federal fund increase of \$71,536, and a restricted receipt increase of \$3,847.

The FY2027 Budget proposes financing of up to \$5.0 million in general obligation bonds for new round of grants for the State Preservation Grant Program. The Historical Preservation and Heritage Commission states that requests for these funds have outstripped available funding in every one of the nine SPG grants cycles that we have run over the past 23 years.

The Budget authorizes 15.6 FTE positions for FY2026 and FY2027, consistent with the enacted budget.



Central Management	General Revenue
FY2026 Enacted	\$1,969,751
<i>Target and Other Adjustments</i>	<i>\$26,432</i>
A&C ISF Charges (statewide adjustments)	42,339
Centralized Services (statewide adjustment)	39,402
ERP Maintenance and Operating (statewide adjustments)	19,504
FY2027 Governor	\$2,097,428
Historic Preservation & Heritage Commission	Other Funds
State Preservation Grant (G. O. Bond Proceeds)	Informational

State Preservation Grant (G.O. Bond Proceeds)**Informational**

In November of 2014, voters approved \$5.0 million in general obligation bonds to recapitalize the State Preservation Grant Program. The State Preservation Grant Program was established to improve and/or repair landmarks and historic facilities such as museums, cultural centers, theatres, and public historic sites.

In March of 2021, a statewide bond referendum passed that allocated an additional \$1.0 million to the State Preservation Grant program in general obligation bonds. The Commission is supporting 18 grants for new projects totaling \$1.2 million.

Article 6 - Question 6 of the Governor's FY2027 Budget proposes financing of up to \$5.0 million in general obligation bonds for new round of grants for the State Preservation Grant Program. The Historical Preservation and Heritage Commission states that requests for these funds have outstripped available funding in every one of the nine SPG grants cycles that we have run over the past 23 years. The following highlights the status of the last two issuance of the State Preservation Grant Program:

- In November of 2014, voters approved \$5.0 million in general obligation bonds to recapitalize the State Preservation Grant Program. Through FY2022, the Commission supported 58 projects awarding \$4.6 million in funds.
- In March of 2021, a statewide bond referendum passed that allocated an additional \$1.0 million to the State Preservation Grant Program in general obligation bonds. The Commission is supporting 18 grants for new projects totaling \$1.2 million. According to HPHC the additional funds over the total bond amount reflect a rollover of remaining funds from the previous bond issue, i.e. the previous issue was for \$5.0 million but the awards totaled \$4.6 million.
- As of February 3, 2026, a total of \$5.8 million has been disbursed to 72 projects leaving a balance of \$332,441, and three ongoing projects totaling \$295,975. These projects requested and received an extension of their grant. There is \$36,466 in unspent funds from grantees that have either returned the funding or did not utilize the full amount awarded and are considered closed. The Commission has the option to reallocate those funds to another open grant that requires additional funding for that particular project.

The following table illustrates the State Preservation Grant awards:

Recipient	Town	FY2023 & FY2024 to be Spent		
		Award Amount	Amount Disbursed	
Pres. Soc. of Newport County	Newport	\$150,000	\$150,000	\$0
La Farge Restoration Fund	Newport	150,000	150,000	-
Newport Restoration Foundation	Newport	16,596	16,596	-
The Providence Athenaeum	Providence	16,843	16,843	-
Providence Public Library	Providence	150,000	150,000	-
Trinity Restoration Inc	Providence	145,846	145,846	-
City of Central Falls	Central Falls	150,000	150,000	-
Town of Cumberland	Cumberland	149,041	149,041	-
Old Slater Mill Assoc.	Pawtucket	44,500	44,500	-
City of Woonsocket	Woonsocket	30,000	30,000	-
Herreshoff Marine Museum	Bristol	150,000	150,000	-
Friends of Pomham Rocks	East Providence	150,000	150,000	-
Portsmouth Historical Society	Portsmouth	30,000	30,000	-
Block Island SE Lighthouse Foundation	New Shoreham	150,000	150,000	-
Town of North Kingstown	North Kingstown	-	-	-
Cocumcussoc Association	North Kingstown	47,447	47,447	-
South County Art Association	South Kingstown	29,634	29,634	-
Orlando Smith Trust	Westerly	10,575	10,575	-
Westerly Armory Restoration, Inc	Westerly	24,750	24,750	-
Historic New England	Johnston	31,240	31,240	-
Town of North Providence	North Providence	-	-	-
Town of Smithfield	Smithfield	31,950	31,950	-
Smithfield Preservation Society	Smithfield	19,476	19,476	-
RIDEM	Newport	150,000	150,000	-
PPAC	Providence	150,000	150,000	-
City of Providence	Providence	135,313	135,313	-
City of Pawtucket	Pawtucket	106,239	106,239	-
American French Genealogical Society	Woonsocket	150,000	150,000	-
City of East Providence	East Providence	69,652	69,652	-
Friends of Linden Place	Bristol	72,635	72,635	-
Coggeshall Farm Museum	Bristol	29,707	29,707	-
Memorial and Library Association of Westerly	Westerly	15,488	15,488	-
Beavertail Lighthouse Museum Association	Jamestown	42,250	42,250	-
Town of Coventry	Coventry	26,404	26,404	-
Town of East Greenwich	East Greenwich	150,000	150,000	-
Varnum Continentals, Inc.	East Greenwich	23,609	23,609	-
Foster Preservation Society	Foster	29,703	29,703	-
Newport Art Museum	Newport	150,000	150,000	-
City of Newport	Newport	150,000	150,000	-
Fort Adams Trust	Newport	150,000	150,000	-
International Tennis Hall of Fame	Newport	73,188	73,188	-
La Farge Restoration Fund	Newport	150,000	150,000	-
The Company of the Redwood Library and Athenaeum	Newport	39,783	39,783	-
Preservation Society of Newport County	Newport	-	-	-
Trinity Episcopal Church	Newport	29,508	29,508	-
Congdon Street Baptist Church	Providence	150,000	150,000	-
Preserve Rhode Island	Providence	150,000	150,000	-
Friends of the Music Mansion, Inc.	Providence	150,000	150,000	-
The Providence Athenaeum	Providence	131,963	131,963	-
Bristol Historical and Preservation Society	Bristol	75,888	75,888	-
Town of Bristol	Bristol	150,000	150,000	-
Historic New England	South Kingstown	39,160	39,160	-
South County Art Association	South Kingstown	28,333	28,333	-
North Smithfield Heritage Association	North Smithfield	88,220	88,220	-
City of Woonsocket	Woonsocket	44,249	44,249	-
Borders Farm Preservation, Inc.	Foster	30,000	30,000	-
Smithfield Preservation Society	Smithfield	8,000	8,000	-
Beavertail Lighthouse Museum Association	Jamestown	25,000	25,000	-
Herreshoff Marine Museum	Bristol	112,000	-	112,000
Friends of Linden Place	Bristol	28,200	26,644	1,556
City of Central Falls	Central Falls	150,000	-	150,000
Historic Metcalf-Franklin Farm Preservation Association	Cumberland	75,000	75,000	-
East Providence Historical Society	East Providence	26,860	26,860	-
Foster Preservation Society	Foster	11,900	11,687	213
Historic New England	Jamestown	69,000	69,000	-
La Farge Restoration Fund	Newport	150,000	150,000	-
Fort Adams Trust	Newport	122,500	122,500	-
Preservation Society of Newport County	Newport	74,250	74,221	30
Newport Restoration Foundation	Newport	-	-	30,000
Pawtucket Public Library	Pawtucket	58,044	58,044	-
City of Providence	Providence	88,500	88,500	-
Rhode Island Historical Society	Providence	48,000	43,333	4,667
The Steel Yard	Providence	40,850	6,875	33,975
Scituate Preservation Society	Scituate	9,900	9,900	-
South County History Center	South Kingstown	42,075	42,075	-
Clouds Hill Victorian House Museum	Warwick	50,000	50,000	-
Total		\$5,799,268	\$5,496,828	\$332,441

Source: RI Historic Preservation and Heritage Commission, February 3, 2026

Office of the Attorney General

Expenditures By Program	FY2025 Actual	FY2026 Enacted	FY2026 Governor	Change from Enacted		FY2027 Enacted	Change from Enacted	
Criminal	\$28.3	\$28.6	\$28.9	\$0.3	1.0%	\$29.1	\$0.4	1.5%
Civil	9.2	12.1	11.3	(0.8)	-6.4%	11.7	(0.4)	-3.1%
Bureau of Criminal Identification	4.7	3.8	4.4	0.6	15.8%	3.9	0.1	1.9%
General	5.3	7.9	8.2	0.3	4.2%	7.1	(0.7)	-9.5%
Total	\$47.5	\$52.5	\$52.9	\$0.4	0.8%	\$51.8	(\$0.6)	-1.2%

Expenditures By Source

General Revenue	\$36.7	\$38.2	\$38.4	\$0.1	0.4%	\$39.4	\$1.1	2.9%
Federal Funds	3.4	3.6	3.3	(0.2)	-6.2%	3.2	(0.3)	-9.7%
Restricted Receipts	7.3	8.1	8.7	0.5	6.3%	8.1	(0.0)	-0.5%
Other Funds	0.1	2.5	2.5	-	0.0%	1.2	(1.4)	-54.5%
Total	\$47.5	\$52.5	\$52.9	\$0.4	0.8%	\$51.8	(\$0.6)	-1.2%

Authorized FTE Levels	264.1	268.1	268.1	-	-	268.1	-	-

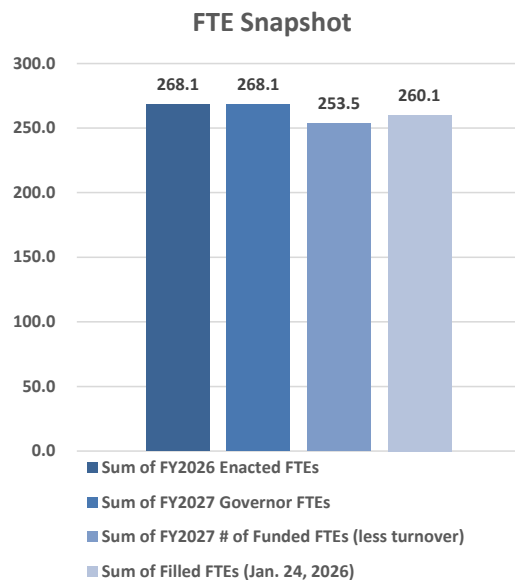
\$ in millions. Totals may vary due to rounding

The Office of the Attorney General is the central legal agency of the State. The Office is responsible for the prosecution of all felony criminal cases and misdemeanor appeals as well as the prosecution of misdemeanor cases brought by state law enforcement in the various district courts. Additionally, as chief legal officer of the State, the Attorney General acts to protect consumers against fraudulent business practices; investigates Open Meetings Act and Access to Public Records compliance; and, acts as the central repository for criminal history and information in the State. The Office is divided into four budget programs: General, Criminal, Civil, and Bureau of Criminal Identification.

MAJOR ISSUES AND TRENDS

FY2026: The FY2026 Governor's Revised Budget provides the Office of the Attorney General with \$52.9 million in all funds, reflecting an increase of \$438,500 or 0.8 percent from the FY2026 Budget as Enacted. The Governor recommends \$38.4 million of general revenue, representing an increase of \$145,464 or 0.4 percent from the current enacted level. The adjustment includes an additional \$321,324 for software maintenance related to body-worn camera evaluation offset by a \$402,276 reduction in personnel expenditures. The Office notes that the Governor did not account for year over year personnel growth and further indicate in the FY2026 2nd Quarter Report that "The Governor's Budget did not include adequate funding for our personnel expense this year." Documents produced by the Office of Management and Budget indicate that the reduction to personnel aligns with actual FY2026 spending.

FY2027: The FY2027 Governor's Recommended Budget provides the Office of the Attorney General with \$51.8 million in all funds, representing a decrease of \$640,872 or 1.2 percent from the FY2026 Budget as Enacted. The Governor recommends \$39.4 million of general revenue, reflecting a \$1.1 million or 2.9 percent increase from the enacted level. The general revenue adjustment includes an additional \$336,938 for software maintenance related to



body-worn camera evaluation, \$246,188 for statewide adjustments and a net increase of \$434,330 in personnel expenditures when compared to the FY2026 Budget as Enacted. The Governor recommends \$1.2 million of RICAP funds to support the renovation and asset management of the Office's 180 South Main Street location.

FTE Level: The Governor recommends an FTE authorization of 268.1 positions in both FY2026 and FY2027, consistent with the FY2026 enacted level. Through November of FY2026, the Office averaged 260.1 filled FTE positions, reflecting a 7.0 FTE vacancy rate. The Governor included turnover savings of \$1.7 million in the FY2026 Revised Budget, which is equivalent to 11.6 positions. This suggests the Governor's Revised Budget does not adequately fund the Office's Budget.

CRIMINAL PROGRAM

The Criminal Program is charged with the prosecution of felony cases and misdemeanor appeals. The Program assists the Attorney General in carrying out the constitutional responsibility to prosecute all felony criminal offenses occurring in the State, as well as all misdemeanor criminal cases brought by State law enforcement agencies or appealed to the Superior Court. Specialized units focus on white-collar crime, narcotics and organized crime, firearms offenses, juvenile offenders, domestic violence and sexual assault, Medicaid fraud, and District Court offenses.

Criminal Program	General Revenue
FY2026 Enacted	\$23,147,524
<i>Target and Other Adjustments</i>	<i>460</i>
Personnel: Salary and Benefit Adjustment	609,195
Contract Professional Services Adjustment	216,202
Operating Supplies and Expenses Adjustment	180,213
FY2027 Governor	\$24,153,594

Criminal Program	Other Fund Changes
Automatic Expungement (restricted receipts)	(\$386,000)
Federal Fund Adjustment (federal funds)	(314,586)

Personnel: Salary and Benefit Adjustment **\$609,195**

The Governor recommends \$21.5 million of general revenue to support the salary and benefits of personnel within the Criminal Program, reflecting a net increase of \$609,195. The adjustment includes a \$791,383 increase to regular wages, which is partially offset by a \$424,509 increase to turnover savings. The following table compares the personnel expenditures for the Criminal Program included in the FY2026 Budget as Enacted with the expenditures recommended by the Governor in FY2027.

Personnel: Salary and Benefits	FY2026 Enacted	FY2027 Governor	Change
Regular Wages	\$13,312,895	\$14,104,278	\$791,383
Turnover	(943,020)	(1,367,529)	(424,509)
Employer Cost Of Employee Medical Insurance	1,972,515	2,209,690	237,175
ERSRI Retirement Plans - Employer Contribution	3,968,202	3,901,543	(66,659)
FICA - Employer Cost	977,854	1,010,612	32,758
AFB Fund Assessment	372,297	397,442	25,145
Medical Insurance Waiver Bonus	-	23,272	23,272
All Other Adjustments	1,185,312	1,175,942	(9,370)
Total	\$20,846,055	\$21,455,250	\$609,195

Contract Professional Services Adjustment**\$216,202**

The Governor recommends \$613,623 of general revenue to fund contracted professional services for the program in FY2027, reflecting a net increase of \$216,202 from the FY2026 Budget as Enacted. The adjustment includes a \$301,270 increase for expert witnesses, which is offset by a \$96,000 reduction in laboratory testing. The Office anticipates an increased need for expert witnesses to assist with the many litigation cases they are involved in and requested additional funding. The reduction for laboratory testing is due to a technical change in the State's new accounting system, which now requires the specific doctor's office to be included and labeled as expert witnesses.

Operating Supplies and Expenses Adjustment**\$180,213**

The Governor recommends \$2.1 million of general revenue to fund operating supplies and expenses within the Office's Criminal program, reflecting an increase of \$180,213 from the FY2026 Budget as Enacted. The adjustment includes an additional \$334,084 for software maintenance offset by a \$100,000 reduction for general purpose building repairs. The software maintenance includes the requested funding for body-worn camera software. The Office is responsible for managing the intake of body-worn camera videos by police departments throughout the state, as well as utilizing the footage for criminal prosecutions. Consequently, thousands of camera recordings are provided to the AG's Office, and the software will enhance the ability to receive, organize, review, reproduce, and redact the recordings, providing transparency and accountability to the State.

Automatic Expungement (restricted receipts)**(\$386,000)**

The Governor recommends \$25,225 of restricted receipts to fund the Automatic Expungement program in FY2027, reflecting a \$386,000 reduction from the FY2026 enacted level. The project is expected to be complete in FY2026, and the funds recommended for FY2027 support information technology expenses. The 2022 General Assembly passed the Rhode Island Cannabis Act, which legalized recreational use of cannabis for adults and required the automatic expungement of marijuana-related convictions for offenses that have been decriminalized by July 1, 2024. The Governor recommends \$185,225 of restricted receipts in the FY2026 Revised Budget for the project, representing a \$226,000 reduction from the FY2026 enacted level and supports IT and advisory services. The following table compares the restricted receipts recommended by the Governor for the automatic expungement project in FY2026 and FY2027 with the FY2026 Budget as Enacted.

	FY2026 Enacted	FY2026 Governor	Change	FY2027 Governor	Change
Automatic Expungement					
IT Systems Design & Support	\$25,225	\$165,225	\$140,000	\$25,225	\$0
Program Supplies	206,000	-	(206,000)	-	(206,000)
Management & Advisory Services	180,000	20,000	(160,000)	-	(180,000)
Total	\$411,225	\$185,225	(\$226,000)	\$25,225	(\$386,000)

Federal Fund Adjustment (federal funds)**(\$314,586)**

The Governor recommends \$3.1 million of federal funds for the Criminal program, reflecting a net reduction of \$314,586 from the FY2026 Budget as Enacted. The recommendation reduces funding from the Equitable Sharing-Forfeitures account that is no longer needed for a capital project and eliminates grants from the Violence Against Women Act (VAWA), which the Office indicates are not currently available. The following table compares the FY2026 Budget as Enacted to the Governor's recommendations for FY2026 and FY2027.

Federal Funds	FY2026	FY2026	Change	FY2027	Change
	Enacted	Governor		Governor	
Equitable Sharing – Forfeitures	\$1,627,067	\$1,271,567	(\$355,500)	\$1,338,661	(\$288,406)
Violence Against Women	148,293	-	(148,293)	-	(148,293)
State Medicaid Fraud Unit	1,044,021	1,318,088	274,067	1,173,887	129,866
Victim Liaison Grant	32,000	32,000	-	-	(32,000)
Social Security Investigations	246,154	262,913	16,759	269,432	23,278
Traffic Safety Resource Prosecutor	117,190	124,950	7,760	127,746	10,556
Victims of Crime	34,287	23,931	(10,356)	24,700	(9,587)
Cold Case DNA Grant	155,000	155,000.00	-	155,000	-
Total	\$3,404,012	\$3,188,449	(\$215,563)	\$3,089,426	(\$314,586)

CIVIL PROGRAM

The Civil Program is charged with conducting the State's legal affairs and representing the State in legal proceedings. By law, the Attorney General initiates and defends actions in state and federal courts whenever warranted; ensures that representation is provided to state officers, employees, and agencies in all courts; advises state officers and agencies on legal issues; and, issues written opinions on legal issues when requested by governmental officers.

Civil Program	General Revenue
FY2026 Enacted	\$7,301,706
Target and Other Adjustments	(12,387)
Personnel: Salary and Benefit Adjustment	(616,640)
FY2027 Governor	\$6,672,679

Civil Program	Other Fund Changes
Non-Multi-State Initiative Funds (restricted receipts)	\$299,582

Personnel: Salary and Benefit Adjustment (\$616,640)

The Governor recommends \$5.8 million of general revenue to support the salary and benefits of personnel in the Civil program, reflecting a \$616,640 reduction from the enacted level. The Office indicates that the adjustment is not a purposeful restructuring and likely due to the constant fluctuation in hiring experience and timing. The adjustment includes a \$448,609 reduction in regular wages and a \$40,605 increase to budgeted turnover. The following table compares the funding recommended by the Governor for personnel expenses in FY2027 with the funding included in the FY2026 Budget as Enacted.

Personnel: Salary and Benefits	FY2026 Enacted	FY2027 Enacted	Change
Regular Wages	\$4,335,078	\$3,886,469	(\$448,609)
ERSRI Retirement Plans - Employer Contribution	1,232,963	1,146,577	(86,386)
Turnover	(353,482)	(394,087)	(40,605)
Employer Cost Of Employee Medical Insurance	603,344	584,004	(19,340)
Additional Adjustments	647,035	625,335	(21,700)
Total	\$6,464,938	\$5,848,298	(\$616,640)

Non-Multi-State Initiative Funds (restricted receipts) \$299,582

The Governor recommends the Office utilize \$3.4 million of restricted receipts collected through non-multi-state initiatives in FY2027, reflecting an increase of \$299,582 from the FY2026 Budget as Enacted. The adjustment provides additional support for personnel expenditures and does not represent purposeful restructuring.

BUREAU OF CRIMINAL IDENTIFICATION

The Bureau of Criminal Identification (BCI) is the state entity charged with maintaining criminal history information for crimes committed in Rhode Island. The BCI responds to criminal history records requests, analyzes and records fingerprint information, maintains pistol permits, issues security guard licenses, and conducts employee background checks. The BCI is open 24-hours per day, 7-days per week to respond to requests from law enforcement agencies throughout the country. In FY2019, the BCI moved to the Office's new facility located at the Pastore complex. The new facility was completed in 2018 using Google forfeiture federal funds.

Bureau of Criminal Identification	General Revenue
FY2026 Enacted	\$2,440,742
<i>Target and Other Adjustments</i>	<i>10,607</i>
Personnel: Salary and Benefit Adjustment	112,091
FY2027 Governor	\$2,563,440

Personnel: Salary and Benefit Adjustment **\$112,091**

The Governor recommends \$2.3 million of general revenue to support the salary and benefits of personnel within the Bureau of Criminal Identification, reflecting an increase of \$112,091 from the FY2026 enacted level. The adjustment includes an additional \$60,120 for regular wages and \$26,256 for medical insurance. The following table illustrates the adjustment.

Personnel: Salary and Benefits	FY2026 Enacted	FY2027 Governor	Change
Regular Wages	\$1,401,196	\$1,461,316	\$60,120
Employer Cost Of Employee Medical Insurance	159,405	185,661	26,256
Medical Insurance Waiver Bonus	-	7,007	7,007
FICA - Employer Cost	106,186	112,816	6,630
ERSRI Retirement Plans - Employer Contribution	429,059	434,303	5,244
All Other Adjustments	111,364	118,198	6,834
Total	\$2,207,210	\$2,319,301	\$112,091

GENERAL DIVISION

The General Division is responsible for the overall operations of the Office. It consists of the following units: Executive, Fiscal, Personnel, Operations, Management Information Systems, and Public Information/Legislation. The Division oversees the finances of the Office, prepares and submits the Office's annual budget, and lobbies for the resources necessary for the efficient operation of the Office.

General Program	General Revenue
FY2026 Enacted	\$5,354,455
<i>Target and Other Adjustments</i>	<i>15,528</i>
A&C ISF Charges (statewide adjustments)	402,064
Personnel: Salary and Benefit Adjustment	329,684
ERP Maintenance and Operations Billings (statewide adjustments)	(122,147)
FY2027 Governor	\$5,979,584

Personnel: Salary and Benefit Adjustment **\$329,684**

The Governor recommends \$5.2 million of general revenue to support the salary and benefits of personnel in the General program, reflecting an increase of \$329,684 from the FY2026 enacted level. The adjustment includes a \$300,985 increase to regular wages offset by a \$120,336 reduction in seasonal salaries. The following table illustrates the adjustment.

Personnel: Salary and Benefits	FY2026 Enacted	FY2027 Governor	Change
Regular Wages	\$2,936,584	\$3,237,569	\$300,985
Seasonal/Special Salaries/Wages	120,336	-	(120,336)
Employer Cost Of Employee Medical Insurance	384,044	469,383	85,339
ERSRI Retirement Plans - Employer Contribution	923,561	979,240	55,679
Turnover	(28,079)	(65,921)	(37,842)
All Other Adjustments	571,446	617,305	45,859
Total	\$4,907,892	\$5,237,576	\$329,684

CAPITAL PROJECTS

The Office of the Attorney General's capital budget is funded with Rhode Island Capital Plan (RICAP) funds and federal funds received through the federal Equitable Sharing – Forfeitures Program. The Governor provides \$2.5 million of RICAP funds for the Office in FY2026, which is consistent with the enacted level and \$1.2 million in FY2027, reflecting a decrease of \$1.4 million from the FY2026 enacted level. For federal funds, the Budget provides the Office with a total of \$1.7 million in FY2025 and \$1.6 million in FY2026 of Equitable Sharing federal funds, representing increases of \$522,968 and \$423,468, respectively, from the enacted level.

	FY2026	FY2027						Total
Capital Plan Funds	Revised	Governor	FY2028	FY2029	FY2030	FY2031	FY2032	Capital
RICAP	\$2.5	\$1.2	\$0.9	\$0.2	\$0.2	\$0.2	\$0.2	\$5.2
Federal Funds	0.2	0.2	0.2	0.2	0.2	0.2	0.2	1.5
Total	\$2.7	\$1.4	\$1.1	\$0.4	\$0.4	\$0.4	\$0.4	\$6.6

\$ in millions, totals may vary due to rounding.

Renovation and Asset Protection (other funds)

Informational

The Governor recommends \$2.5 million of RICAP funds in FY2026 and \$1.2 million in FY2027 for the Office's Renovation and Asset Protection project. The Office recently replaced the roof at the 150 South Main Street location. The funding provided in FY2026 and FY2027 will support renovations at the 180 South Main Street location, including replacing windows, the HVAC system, and a partial roof. The Office indicates that the aging HVAC and windows contribute to a significant loss of energy efficiency.

Equitable Sharing Capital Projects (federal funds)

Informational

The Governor recommends \$210,000 of federal funds from the Equitable Sharing – Forfeitures program in FY2026 and FY2027, as well as in out-years FY2028 through FY2032, for a total of \$1.5 million. The funding is to be used for asset maintenance and protection work, and vehicle replacements. The FY2026 Budget provided funding from this account to purchase electric vehicle charging stations, which the Office indicates were ultimately funded by the Public Utilities Commission. The equitable sharing program provides state, local, and tribal law enforcement agencies with a share of the proceeds received through their participation in a law enforcement effort.

Department of Corrections

Expenditures By Program	FY2025 Actual	FY2026 Enacted	FY2026 Governor	Change from Enacted		FY2027 Governor	Change from Enacted	
Central Management	\$23.2	\$24.9	\$26.2	\$1.3	5.2%	\$27.2	\$2.4	9.5%
Parole Board	1.5	1.7	1.6	(0.1)	-3.7%	1.7	(0.0)	-0.3%
Custody and Security	183.0	211.5	209.4	(2.1)	-1.0%	195.0	(16.4)	-7.8%
Institutional Support	39.7	51.6	51.2	(0.4)	-0.7%	45.7	(5.9)	-11.4%
Institutional Based Rehab/Population Management	18.5	16.7	16.8	0.1	0.7%	16.8	0.1	0.4%
Healthcare Services	34.7	37.1	40.2	3.1	8.4%	41.0	3.9	10.6%
Community Corrections	21.1	23.0	22.8	(0.2)	-1.0%	23.3	0.3	1.3%
Total	\$321.8	\$366.4	\$368.2	\$1.8	0.5%	\$350.7	(\$15.7)	-4.3%
Expenditures By Source								
General Revenue	\$302.9	\$324.0	\$325.7	\$1.7	0.5%	\$335.0	\$11.0	3.4%
Federal Funds	4.3	1.8	3.6	1.8	103.4%	2.7	1.0	54.6%
Restricted Receipts	1.6	1.3	1.5	0.2	14.8%	1.3	(0.1)	-3.8%
Other Funds	13.0	39.3	37.4	(1.9)	-4.7%	11.7	(27.6)	-70.3%
Total	\$321.8	\$366.4	\$368.2	\$1.8	0.5%	\$350.7	(\$15.7)	-4.3%
Authorized FTE Levels	1,461.0	1,461.0	1,461.0	-	-	1,461.0	-	-

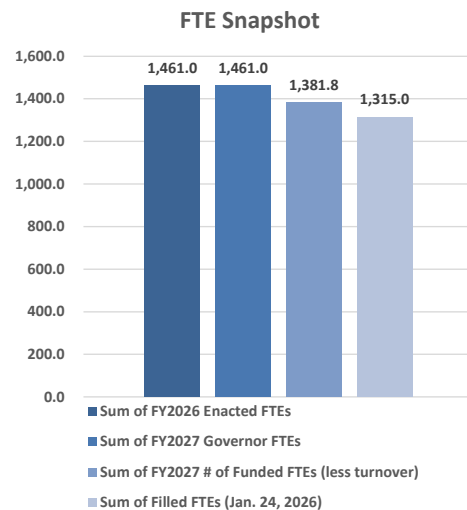
\$ in millions. Totals may vary due to rounding.

The Rhode Island Department of Corrections (DOC) provides appropriate, safe, secure, and humane control of offenders while actively assisting and encouraging offenders to become productive and law-abiding members of the community. Additionally, the Rhode Island State Parole Board is budgeted as a unit of the Department but has independent programmatic decision-making authority. Collectively known as the Adult Correctional Institutions (ACI), there are six separate occupied facilities, which have a total current capacity of 3,989 beds. In FY2025, the Department housed an average of 2,337 inmates (58.6 percent of capacity) at the ACI for the fiscal year, including 2,205 men and 132 women. The Department also provides supervision of offenders in the community (home confinement, probation, and parole).

MAJOR ISSUES AND TRENDS

FY2026: The FY2026 Governor's Revised Budget includes \$368.2 million in total expenditures, reflecting an increase of \$1.8 million, or 0.5 percent above the FY2026 enacted level. The Budget includes \$325.7 million of general revenue, representing an increase of \$1.7 million or 0.5 percent above the enacted level. The general revenue includes reappropriations of \$581,138 to support critical healthcare workforce incentives. The overall general revenue increase is primarily driven by rising operational costs and includes an additional \$762,443 for pharmaceuticals and \$241,873 for food. Furthermore, the Budget provides \$3.6 million in federal funds, reflecting an increase of \$1.8 million from the FY2026 enacted level. The increase is primarily related to a \$1.2 million Congressional Earmark award for the Department to replace aging, unsafe, and unusable transport vehicles.

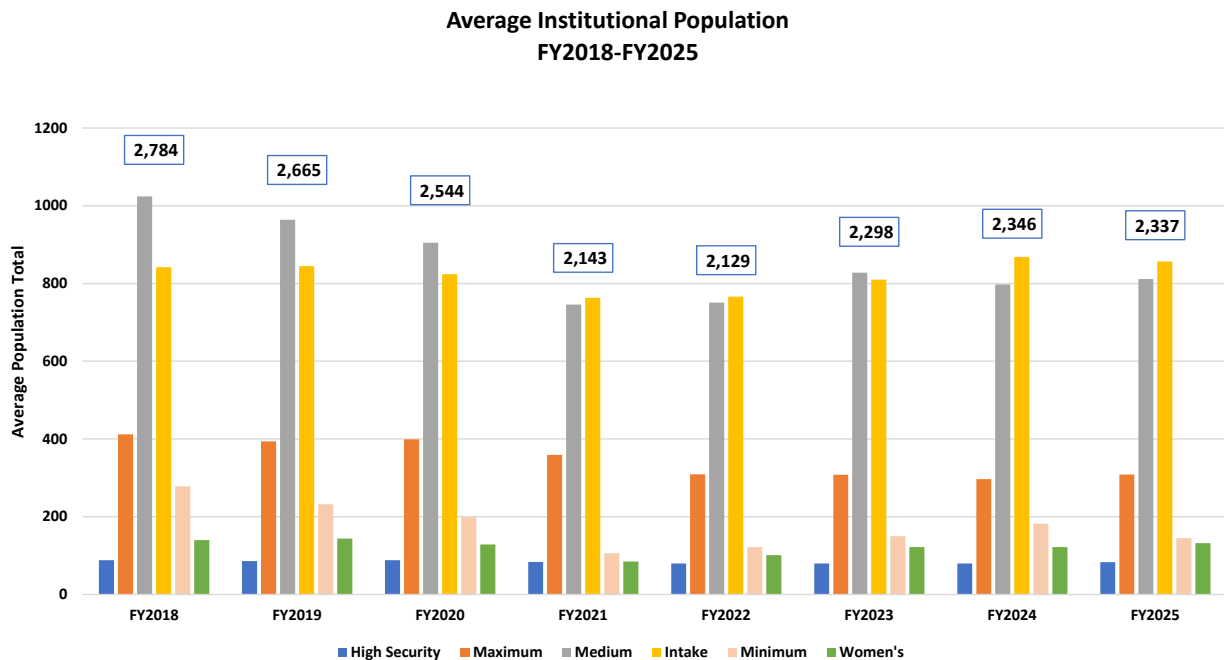
FY2027: The FY2027 Governor's Recommended Budget includes \$350.7 million in total expenditures, reflecting a \$15.7 million or 4.3 percent reduction from the FY2026 enacted level. The Budget includes \$335.0 million in general revenue, representing an \$11.0 million or 3.4 percent increase from the FY2026 enacted level. The general revenue increase is primarily



driven by personnel costs, which account for \$9.6 million of the increase and include collective bargaining agreements with the state employee bargaining unit and the Rhode Island Brotherhood of Correctional Officers (RIBCO). The Governor recommends \$11.7 million of other funds, reflecting a \$27.6 million reduction from the FY2026 Budget as Enacted, due to the expected completion of the HVAC project at the Intake Service Center.

Assumed Population: The FY2026 Revised Budget assumes a daily population of 2,414 inmates, which is 122 below the 2,536 inmates assumed in the FY2026 Budget as Enacted. The FY2027 Governor's Recommended Budget assumes a daily population of 2,455 inmates, which is 41 inmates above the population assumed in the FY2026 Revised Budget and 81 below the population assumed in the FY2026 Budget as Enacted. Population assumptions are projected annually by the JFA Associates of Washington DC, which was recently acquired by CGL Companies.

Actual Population: In FY2025, the Department's average institutional population was 2,337, which is 9 inmates below the previous year's average and 102 below the population assumed in the FY2025 Final Budget. The High-Security Facility held the smallest population with an average of 83 inmates, while the Intake Service Center held the largest population with an average of 856 inmates. The following graph and table illustrate the average population held by the Department from FY2018 through FY2025.



Source: Department of Corrections Population Report

Facility	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
High Security	88	86	88	84	80	80	80	83
Maximum	412	394	399	359	309	308	297	308
Medium	1,024	964	905	746	751	828	797	812
Intake	842	845	824	763	766	810	868	856
Minimum	278	232	199	106	122	150	182	145
Women's	140	144	129	85	101	122	122	132
Average Population	2,784	2,665	2,544	2,143	2,129	2,298	2,346	2,337

Source: Department of Corrections Population Report

Projected Population: The Department’s Ten-Year Prison Population Projections report, prepared by CGL Companies and released in August of 2025, indicates that the total sentenced offender population is projected to increase over the next ten years by upwards of 13.0 percent. The report finds that “Slight increases in the average length of stay for awaiting trial populations seen in FY2025 are forecasted to fuel a 13.5 percent growth in the awaiting trial population between FY2026 and [FY] 2036 at an annual average rate of 1.3 percent per year.” The report further states that “Increasing admissions coupled with increases in the average sentences for sentenced male admissions seen in FY2023 result in the RIDOC sentenced population being projected to increase 25.7 percent between FY2025 and FY2035 at an annual rate of 2.3 percent per year.” The following graph and table illustrate the Department’s actual population for FY2014-FY2025 and the projected population for FY2026-FY2035.

Fiscal Year	Assumed Population	% Change from FY2025
FY2025*	2,337	-
FY2026	2,414	3.3%
FY2027	2,455	5.0%
FY2028	2,499	6.9%
FY2029	2,546	8.9%
FY2030	2,589	10.8%
FY2031	2,631	12.6%
FY2032	2,677	14.5%
FY2033	2,724	16.6%
FY2034	2,771	18.6%
FY2035	2,821	20.7%
FY2036	2,856	22.2%

Source: RIDOC 2027 Budget Request

*FY2025 population is actual

RIDOC Population Projections FY2014-FY2036



Source: RIDOC FY2027 Budget Request

Note: Figures in blue represent projections.

Average Cost Per Offender: In FY2025, the State paid an annual average cost of \$126,811 for each institution-based offender, or \$347.43 per day, including administrative overhead and capital costs. Of the Department’s facilities, inmates housed at the High Security Center resulted in the largest annual expense to the State, at \$431,971 per inmate, while inmates housed at the Anthony P. Trivisono Intake Service Center exhibited the lowest annual cost, at \$90,502 per inmate. The following table illustrates the Department’s FY2025 annual average cost per offender for both the institution-based and community-based offenders.

Facility	Average Population	Annual Cost per Offender [†]	Daily Cost per Offender [†]
<i>Institution Based Offenders *</i>			
High Security Center	83	\$431,971	\$1,183.48
Women's Facility	132	224,424	614.86
Minimum	145	198,762	544.55
Maximum	308	156,114	427.71
Medium/Moran	812	93,892	257.24
Intake Service Center	856	90,502	247.95
Total Institution Population	2,337	\$126,811	\$347.43
<i>Community Based Offenders</i>			
Probation & Parole	6,484	\$3,433	\$9.41
Home Confinement [‡]	207	15,671	\$42.93
Total Community Population	6,691	\$3,812	\$10.44

Source: RIDOC FY2027 Budget Request

* Population reflects total average population housed in FY2025.

[†] Cost per offender includes both administrative overhead and capital costs.

[‡] Institutional population includes offenders under active supervision only. It does not include banked cases, court-ordered unsupervised cases, deported cases, offenders paroled to immigration or another jurisdiction, nor cases pending transfer.

Recidivism Study: The FY2025 Budget as Enacted directed the Department of Corrections to conduct a recidivism study to evaluate recidivism trends and the outcomes of the existing correctional programs. The Department contracted CGL Companies and the report was delivered on February 28, 2025. The report analyzed a rolling cohort from 2013 to 2023, captured the initial sentenced releases and all subsequent reoffending patterns. Additionally, the study examined the relationship between re-offending and participation in RIDOC programming. The study indicates that 43.3 percent of the 14,841 individuals who were released had returned to sentenced status, reflecting a total of 6,518 recidivists. Additionally, the consultants determined that “Wellness and substance use disorder (SUD) treatment showed the strongest negative correlation with recidivism.” The study made the following recommendations for the Department:

- Conduct a deeper analysis of specific programs using multivariate regression analyses to isolate the true impact of various types of interventions.
- Link RIDOC data with arrest records to produce Rhode Island’s first re-arrest recidivism rate, clarifying how correctional and law enforcement systems interact.
- Leverage the Executive Office of Health and Human Services Ecosystem Data to examine how access to healthcare, housing, and social services affects post-release outcomes.
- Validate RIDOC’s risk assessment tool to evaluate whether cutoff scores should be adjusted for improved risk prediction.
- Conduct survival analysis to identify peak risk periods for reoffending and assess time-to-failure trends across demographics and program participation.

RIBCO Contract: The Governor provides general revenue throughout the Department’s programs in accordance with the Rhode Island Brotherhood of Correctional Officers (RIBCO) contract, which is effective July 1, 2024, through June 30, 2027. The agreement provides Cost of Living Adjustments (COLA) of 3.0 percent in FY2027, an increase to the shift differential for members working overnight, a reduction to the years required to receive the top-step pay grade, in addition to various adjustments to benefits. In aggregate, the Governor recommends \$261.3 million of general revenue for salary and benefits in FY2027,

reflecting an increase of \$9.6 million from the current enacted level. The increase is primarily related to the following provisions within the RIBCO contract.

- **COLA:** The agreement provides members with COLAs of 5.0 percent in FY2025, 4.0 percent in FY2026, and 3.0 percent in FY2027. The COLAs take effect at the start of the fiscal year.
- **Step Schedule:** The agreement shortens the number of years members must work to achieve the top step pay grade and creates a new pay grade for members with 20 years of service. Prior to the agreement, members were required to work 14 years to reach the top step. For FY2026, members are eligible to reach the top step after 10 years of service, which is reduced to 8 years of service at the start of FY2027. Additionally, the agreement creates a new top step pay grade for members with 20 years of service, which provides a 2.5 percent increase.
- **Shift Differential:** The agreement increases the shift differential by \$1.30 per hour, providing members who work a “night tour of duty” a \$2.00 per hour incentive, which is applicable to both regularly scheduled and overtime shifts. The previous shift differential was \$0.75 per hour.

CENTRAL MANAGEMENT

The Central Management program houses two sub-programs: the Executive program, which consists of the Office of the Director, Legal Services, and Internal Affairs, as well as the Administration Program, which includes Human Resources, Management Information, Planning and Research, Policy Development and Auditing, the Training Academy and Staff Development, and Financial Resources.

Central Management	General Revenue
FY2026 Enacted	\$24,875,748
<i>Target and Other Adjustments</i>	<i>136,556</i>
Accounts and Control ISF (statewide adjustments)	1,536,438
Personnel: Salary and Benefit Adjustment	811,970
Centralized Services (statewide adjustments)	719,243
ERP Maintenance and Operations Billings (statewide adjustments)	(552,314)
Training Unit Operating Supplies	(293,749)
FY2027 Enacted	\$27,233,892

Personnel: Salary and Benefit Adjustment **\$811,970**

The Governor recommends \$14.1 million of general revenue for salary and benefits of personnel within the Central Management program, reflecting an increase of \$811,970 from the FY2026 enacted level. The adjustment includes \$1.3 million for wage and various benefit increases related to the collective bargaining agreements, offset by a \$440,712 increase in turnover savings.

Training Unit Operating Supplies and Expenses **(\$293,749)**

The Governor recommends \$175,571 of general revenue to fund operating supplies for the Department’s Training Unit, reflecting a reduction of \$293,749 from the FY2026 enacted level. Notable adjustments include decreases of \$189,999 for recruitment advertising and \$104,322 for staff clothing and uniforms. The recommendation provides funding for two classes in FY2027. The Department’s Academy recently graduated Class 94 and appointed 32 correctional officers. Class 95 is expected to commence in April of 2026.

PAROLE BOARD

The Parole Board is a six-member commission appointed by the Governor that is charged with evaluating and authorizing the early release of inmates who meet certain conditions. The Department determines eligibility criteria, including that inmates must serve at least one-third of their sentence before being eligible

for parole and must meet defined criteria post-parole and for the duration of their sentence. The Parole Board has one sub-program, the Sex Offender Community Notification (SOCN) Unit. The SOCN Unit is intended to support the sex offender leveling process, notify the community, and provide support to the Rhode Island Sex Offender Board of Review, the RI Sex Offender Registry, state and local police, as well as the public.

Parole Board	General Revenue
FY2026 Enacted	\$1,673,257
<i>Target and Other Adjustments</i>	<i>(24,821)</i>
Personnel: Salary and Benefit Adjustment	19,750
FY2027 Enacted	\$1,668,186

Personnel: Salary and Benefit Adjustment **\$19,750**

The Governor recommends \$1.6 million of general revenue to support the salary and benefits of personnel in the Department's Parole Board program, reflecting a net increase of \$19,750 from the current enacted level. The adjustment primarily occurs within the Sex Offender Community Notification Unit and includes various adjustments related to the current agreements with the RIBCO and the State Employee Collective Bargaining Unit.

CUSTODY AND SECURITY

The Custody and Security program is responsible for the secure custody and control of the State's inmate population to ensure the safety of staff, inmates, and the general public. The program manages six correctional institutions and one jail complex, all located in Cranston at the Pastore Center. Men's facilities include High Security, Maximum Security, the John J. Moran Medium Security Prison, Minimum Security, and the Intake Service Center. Women are housed in the Gloria McDonald. Some female inmates were previously housed in the Bernadette Guay facility; however, this facility was closed in FY2017. The program is the largest within the Department and is divided into two sub-programs: Custody, which includes all staff, activities, and food service within the facilities under the care of their respective Wardens, and the Security sub-program which includes the Central Office Warden, the Correctional Emergency Response Team, Facility Security Audit Teams, Crisis Intervention Teams, Special Investigations Unit, the Canine Unit, and a Department Armorer.

Custody and Security	General Revenue
FY2026 Enacted	\$182,260,831
<i>Target and Other Adjustments</i>	<i>(70,399)</i>
Personnel: Salary and Benefit Adjustment	5,371,192
Operating Supplies and Expenses Adjustment	(267,027)
FY2027 Governor	\$187,294,597

Personnel: Salary and Benefit Adjustment **\$5.4 million**

The Governor recommends \$183.5 million of general revenue to support the salary and benefits of personnel within the Custody and Security program, reflecting a net increase of \$5.4 million from the FY2026 Budget as Enacted. The increase includes the contract provisions agreed upon with the Rhode Island Brotherhood of Correctional Officers (RIBCO) and the State Employee Collective Bargaining Unit.

Additionally, the adjustment includes a \$983,599 reduction to account for the Department's revised absenteeism policy. The Department revised the policy in 2019, adjusting the disciplinary path for absenteeism, which was challenged by RIBCO. The Courts determined that the policy may be implemented without negotiating with the union, which the Department mandated in September 2025. The \$983,599 in savings represents a 12.0 percent reduction in sick hours taken by correctional officers in FY2025. The

Department believes that with an increased ability to take disciplinary actions against those who violate the absenteeism policy, there will be less abuse of sick time by personnel. The Department further notes that this is the first iteration of the policy change, and the fiscal impact remains undetermined. The following table compares the general revenue funding recommended by the Governor for FY2026 and FY2027 with the funding provided by the FY2026 Budget as Enacted, by unit.

	FY2026	FY2026		FY2027	
Salary and Benefits	Enacted	Governor	Change	Governor	Change
Medium Security - Moran	\$42,389,766	\$44,392,285	\$2,002,519	\$46,168,171	\$3,778,405
Maximum Security	27,349,884	27,958,528	608,644	28,982,447	1,632,563
High Security	21,172,003	21,485,868	313,865	22,260,476	1,088,473
Intake Services Center	44,640,370	41,968,611	(2,671,759)	44,008,539	(631,831)
Minimum Security	17,721,118	16,221,386	(1,499,732)	17,133,053	(588,065)
K-9 Unit	936,983	470,974	(466,009)	484,005	(452,978)
Women's Facilities	16,240,719	15,963,775	(276,944)	16,682,165	441,446
Special Investigations	2,469,778	2,476,639	6,861	2,544,190	74,412
Tactical Team	465,797	516,777	50,980	530,912	65,115
Health Services	23,044	-	(23,044)	-	(23,044)
Institutions/Operations	1,471,733	1,407,113	(64,620)	1,453,934	(17,799)
Records and ID Unit	3,281,529	3,172,265	(109,264)	3,286,024	4,495
Total	\$178,162,724	\$176,034,221	(\$2,128,503)	\$183,533,916	\$5,371,192

Operating Supplies and Expenses Adjustment

(\$267,027)

The Governor recommends \$2.7 million of general revenue for operating supplies within the Custody and Security program, reflecting a decrease of \$267,027 from the prior year's enacted level. Significant adjustments include decreases of \$124,112 for janitorial supplies, \$122,697 for loan repayment to the State Fleet Revolving Loan Fund, and \$84,130 for linen and laundry, offset by an increase of \$209,327 for clothing and uniforms.

INSTITUTIONAL SUPPORT

The Institutional Support program is divided into three sub-programs: the Food Services sub-program, which is responsible for the procurement and preparation of nutritionally-balanced foods for all inmates; the Facilities and Maintenance sub-program, which is responsible for all maintenance and repairs to the Department's buildings on the Pastore Complex; and the Classification sub-program, which divides inmates into groups based on their needs.

Institutional Support	General Revenue
FY2026 Enacted	\$40,099,600
<i>Target and Other Adjustments</i>	<i>(55,847)</i>
Centralized Services (statewide adjustments)	(1,885,118)
Facility Maintenance Unit Adjustment	694,524
Food Services Unit Adjustment	606,900
FY2027 Governor	\$39,460,059

Facility Maintenance Unit Adjustment

\$694,524

The Governor recommends \$20.1 million of general revenue to support the Facility Maintenance Unit, reflecting an increase of \$694,524 from the enacted level. The recommendation increases operating supplies by \$1.0 million, including \$879,625 for building repairs and \$114,869 for property insurance, offset by a \$404,514 reduction to contracted security services. The Department's FY2027 Budget Request notes that the agency reclassified the contracted security services funds as building repairs to better align with their intended use.

Food Services Unit Adjustment**\$606,900**

The Governor recommends \$11.2 million of general revenue to support the Food Services Unit, reflecting an increase of \$606,900 from the FY2026 Budget as Enacted. The recommendation increases operating supplies by \$274,586 and personnel costs by \$332,314. The operating supply increase includes \$338,454 for food costs offset by a \$57,990 reduction to kitchen supplies. The personnel adjustment accounts for the collective bargaining agreements with RIBCO and the state employee collective bargaining unit as well as a \$51,881 reduction to turnover savings. The Department indicates that the food cost increase is consistent with the increase reflected nationwide due to inventory and delivery concerns.

INSTITUTIONAL BASED REHABILITATION/POPULATION MANAGEMENT

The Institutional Based Rehabilitation/Population Management program handles educational and vocational training; Correctional Industries; case management services; inmate treatment services, including substance abuse and counseling and other services; and, reentry services, including discharge planning and reentry assistance.

Correctional Industries provides inmate labor and work crews, and certain manufactured items. Correctional Industries services are provided centrally to all state departments and agencies as well as to municipalities. State law requires the State and municipalities to solicit bids from Correctional Industries when soliciting labor and/or supplies offered under the program. The operational cost of the program is shown on a centralized basis for informational purposes (internal service funding), but the actual costs are reflected in the operating budgets of user agencies.

Institutional Based Rehab/Population Management	General Revenue
FY2026 Enacted	\$15,027,101
<i>Target and Other Adjustments</i>	<i>(20,688)</i>
Contract Professional Services Adjustment	209,073
Operating Supplies Adjustment	(138,864)
FY2027 Governor	\$15,076,622

Contract Professional Services Adjustment**\$209,073**

The Governor recommends \$4.3 million of general revenue to support contracted professional services within the Institutional Based Rehab /Population Management program in FY2027, reflecting a \$209,073 increase from the FY2026 enacted level. The significant adjustments include increases of \$395,143 for management and advisory services, offset by a \$217,171 reduction in doctors and medical consultants. The Department plans to expand religious services offered and requested the increase for advisory support. The reduction in medical consultants reflects a better alignment with actual spending and population.

	FY2026 Enacted	FY2026 Governor	Change	FY2027 Governor	Change
Contract Professional Services					
Management & Advisory Services	\$822,665	\$1,073,378	\$250,713	\$1,217,808	\$395,143
Doctors, Specialists, Medical Consultants, Dentists	2,706,956	2,433,550	(273,406)	2,489,785	(217,171)
University/College Services	377,974	433,812	55,838	433,812	55,838
Temporary Staffing: Clerical/Admin	35,285	-	(35,285)	-	(35,285)
Training Consultants	100,676	69,383	(31,293)	111,156	10,480
Interpreters/Translators	432	500	68	500	68
Lawn Maintenance	77,791	90,000	12,209	77,791	-
Total	\$4,121,779	\$4,100,623	(\$21,156)	\$4,330,852	\$209,073

Operating Supplies Adjustment**(\$138,864)**

The Governor recommends \$292,596 of general revenue for operating supplies and expenses within the Institutional Based Rehabilitation/Population Management program, representing a decrease of \$138,864

from the FY2026 Budget as Enacted. The adjustment includes reductions to program, office, and medical supplies as well as equipment rental costs. The Office of Management and Budget indicates the reduction reflects the revised inmate population.

	FY2026 Enacted	FY2026 Governor	Change	FY2027 Governor	Change
Operating Supplies and Expenses					
Program Supplies	\$186,046	\$143,552	(\$42,494)	\$149,032	(\$37,014)
Office Supplies	97,031	63,623	(33,408)	63,623	(33,408)
Equipment Rental	29,760	555	(29,205)	555	(29,205)
Software Maintenance	48,720	36,920	(11,800)	36,920	(11,800)
Medical Supplies	5,000	-	(5,000)	-	(5,000)
All Other Adjustments	64,903	42,452	(22,451)	42,466	(22,437)
Total	\$431,460	\$287,102	(\$144,358)	\$292,596	(\$138,864)

HEALTHCARE SERVICES

The Healthcare Services program is constitutionally mandated to provide medical, dental, and mental health service provision to all inmates. According to the Department, the inmate population is more likely than the general population to have infectious diseases and other conditions. About 1.0 percent of the inmate population is HIV positive, 25.0 percent are infected with Hepatitis C, 10.0 percent have persistent mental health illnesses, and 70.0 to 90.0 percent have histories of substance abuse.

Healthcare Services	General Revenue
FY2026 Enacted	\$37,051,880
<i>Target and Other Adjustments</i>	<i>158,025</i>
Personnel: Salary and Benefit Adjustment	2,767,370
Operating Supplies and Expenses Adjustment	1,001,354
FY2027 Governor	40,978,629

Personnel: Salary and Benefit Adjustment **\$2.8 million**

The Governor recommends \$22.7 million of general revenue to support the salary and benefits of personnel within the Healthcare Services program, reflecting an increase of \$2.8 million from the FY2026 Budget as Enacted. The increase primarily represents the provisions agreed upon with the Rhode Island Brotherhood of Correctional Officers (RIBCO) and the State Employee Collective Bargaining Unit.

Operating Supplies and Expenses Adjustment **\$1.0 million**

The Governor recommends \$6.5 million of general revenue for operating supplies and expenses within the Healthcare Services program, reflecting an increase of \$1.0 million from the FY2026 Budget as Enacted. The adjustment includes an additional \$964,802 for pharmaceuticals and \$40,365 for medical supplies. The Department notes prescription medications are a very costly element of correctional medical services. The treatment of Hepatitis C specifically has fluctuated from a high of \$120,000 per treatment regimen to the current average of \$19,500, due in part to utilizing the 340B program. The 340B Drug Pricing Program is a federal program that requires drug manufacturers to provide outpatient drugs at significantly reduced prices to eligible organizations. The following table compares the funding recommended by the Governor in FY2026 and FY2027 with the FY2026 Budget as Enacted.

	FY2026 Enacted	FY2026 Governor	Change	FY2027 Governor	Change
Operating Supplies and Expenses					
Pharmaceuticals	\$4,675,885	\$5,438,328	\$762,443	\$5,640,687	\$964,802
Medical Supplies	264,838	309,122	44,284	305,203	40,365
Professional Liability and Occurances	-	30,307	30,307	30,307	30,307
Medical Equipment Maintenance and Repairs	7,326	35,262	27,936	35,262	27,936
All Other Adjustments	587,284	524,432	(62,852)	525,228	(62,056)
Total	\$5,535,333	\$6,337,451	\$802,118	\$6,536,687	\$1,001,354

COMMUNITY CORRECTIONS

The Community Corrections program is responsible for supervising offenders serving portions of their sentence under probation, parole, or community confinement, and also provides certain services to victims of crimes. The Probation and Parole unit provides supervision and services for individuals under the jurisdiction of the courts or Parole Board and attempts to successfully reintegrate individuals from incarceration back into the community. Community Confinement provides supervision to individuals sentenced to “house arrest” by the courts and can include work-release supervision. Community Corrections uses electronic monitoring as a primary component of its supervision strategy. Victim Services provides 24-hour-per-day automated information about offender status and victim advocacy services, including crisis intervention, referral, and case management.

Community Corrections	General Revenue
FY2026 Enacted	\$23,026,186
<i>Target and Other Adjustments</i>	<i>(8,293)</i>
Personnel: Salary and Benefit Adjustment	226,485
Contract Professional Services Adjustment	72,691
Community Corrections Population	Informational
FY2027 Governor	\$23,317,069

Personnel: Salary and Benefit Adjustment **\$226,485**

The Governor recommends \$21.2 million of general revenue to support the salary and benefits of personnel within the Community Corrections program, reflecting an increase of \$226,485 from the FY2026 Budget as Enacted. The increase includes various adjustments related to the current agreements with the RIBCO and the State Employee Collective Bargaining Unit, as well as a \$109,663 increase to turnover savings.

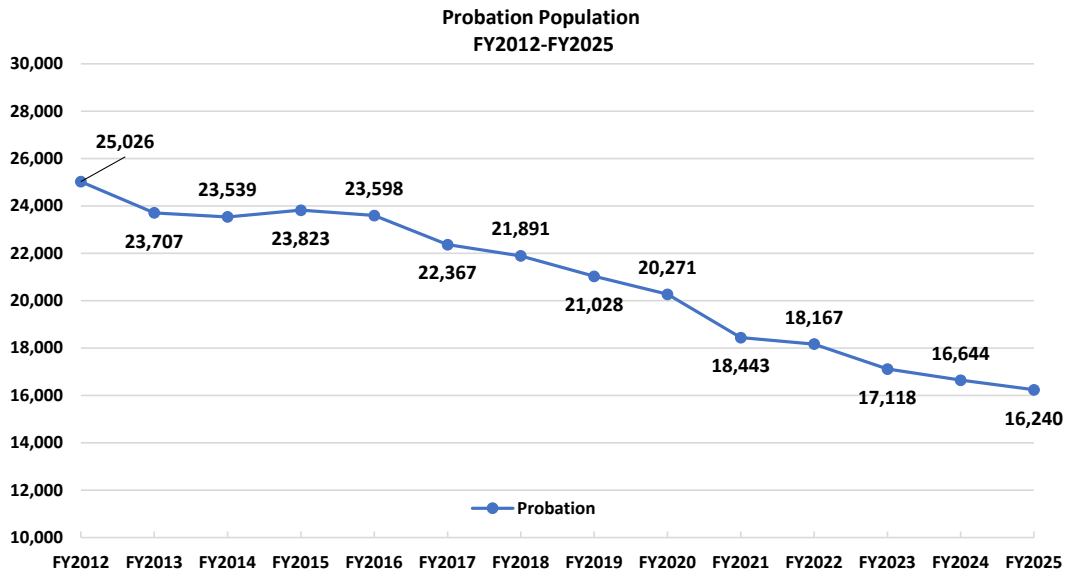
Contract Professional Services Adjustment **\$72,691**

The Governor recommends \$479,169 of general revenue to support contracted professional services within the Community Corrections program, reflecting an increase of \$72,691 from the current enacted level. The adjustment increases management and advisory services by \$231,848, primarily within the Probation and Parole Unit and reduces health service expenditures, such as doctors, dentists, and specialists, by \$166,124. The increase for management and advisory services reflects the Department expanding the number of religious services offered. The Department indicates that the reduction to contracted health services aligns with the expected spending levels and population projections.

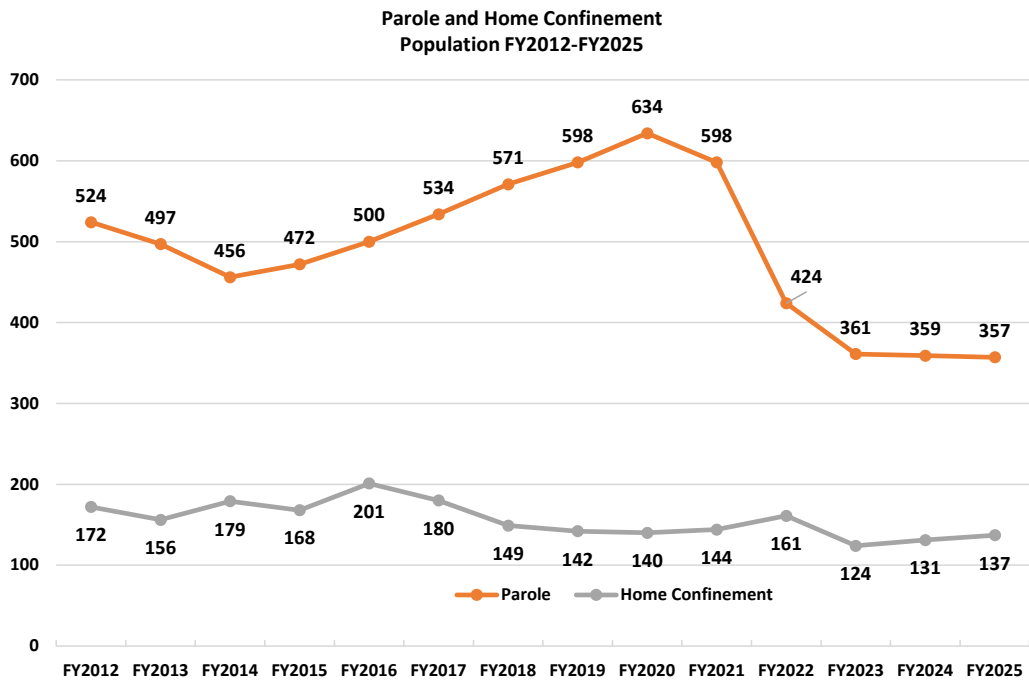
Community Corrections Population Information **Informational**

While representing only 6.7 percent of the Department’s general revenue budget in FY2027, the Community Corrections program serves the largest number of individuals. The Department indicates that in FY2025, the Community Corrections population average was 16,737, encompassing 16,240 individuals on probation, 357 on parole, and 140 under community supervision. The population report for FY2012 indicates that the average population was 25,722, which included 25,026 individuals on probation, 524 on parole, and 172 individuals under community supervision. When compared to the current population, the

Department’s population is 34.9 percent smaller than in FY2012. The following graphs and table display the Community Corrections population, including individuals on probation, parole, and under community supervision for FY2012-FY2025.



Source: Department of Corrections Population Report



Source: Department of Corrections Population Report

Supervision	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
Probation	25,026	23,707	23,539	23,823	23,598	22,367	21,891	21,028	20,271	18,443	18,167	17,118	16,644	16,240
Parole	524	497	456	472	500	534	571	598	634	598	424	361	359	357
Community Supervision	172	156	179	168	201	180	149	142	140	144	161	124	131	140
Population Total	25,722	24,360	24,174	24,463	24,299	23,081	22,611	21,768	21,045	19,185	18,752	17,603	17,134	16,737

Source: Department of Corrections Population Report

CAPITAL PROJECTS

The Department of Corrections' Capital Budget for FY2026 and FY2027 is supported entirely with Rhode Island Capital Plan (RICAP) funds. The FY2026 Governor's Revised Budget provides \$37.4 million of RICAP funds, reflecting a decrease of \$1.9 million from the FY2026 enacted level. The FY2027 Governor's Recommended Budget provides \$11.7 million of RICAP funds, reflecting an \$27.6 million reduction from the previous year's enacted level. The HVAC replacement project at the Intake Service Center is the primary cause of the adjustment.

RICAP Funded Projects	FY2026	FY2026	Change	FY2027	Change
	Enacted	Governor		Governor	
HVAC Replacement	\$27,818,335	\$27,035,530	(\$782,805)	\$5,476,281	(\$22,342,054)
Asset Protection	8,277,650	10,377,650	2,100,000	6,200,000	(2,077,650)
Correctional Facilities Renovations	3,179,677	-	(3,179,677)	-	(3,179,677)
Total	\$39,275,662	\$37,413,180	(\$1,862,482)	\$11,676,281	(\$27,599,381)

HVAC Replacement: The Governor recommends \$27.0 million of RICAP funds in FY2026 and \$5.5 million in FY2027 for the Department of Corrections' HVAC replacement project. The Governor's FY2026 recommendation is \$782,805 below the current enacted amount and includes \$2.0 million of unspent funding carried forward from the previous fiscal year. The FY2027 recommendation is \$22.3 million below the current enacted level due to the project's timeline.

The Department indicates that the HVAC system at the Intake Services Center (ISC) is over 30 years old, has reached the end of its useful life, requires costly repairs with parts that are difficult to obtain, and is the subject of numerous complaints from both staff and inmates. Furthermore, a newer HVAC system will be more energy efficient and reduce emissions.

The Department's FY2027 Capital Budget Request states that in the "Spring of 2025, the Medium Security Facility steampipe and chillers suffered irreparable damage due to severe pipe corrosion which resulted in the HVAC system being brought completely offline. As a result, the Department is renting generators and chillers to power the HVAC system at a monthly cost exceeding \$100,000." The Governor did not provide funding in the budget to replace the HVAC system at the Medium Security Facility.

Analyst Note: Governor's Budget Amendments 1, dated February 10, 2026, increases the RICAP funding for the HVAC Replacement project by \$1.7 million in FY2026 to accurately reflect the approved capital spending plan. With the inclusion of the GBA, the FY2026 Governor's Revised Budget provides \$28.8 million of RICAP funding for the project.

Asset Protection: The Governor recommends \$10.4 million of RICAP funds in FY2026 and \$6.2 million in FY2027 for asset protection projects at the ACI. The adjustment includes an increase of \$2.1 million in FY2026 and a \$2.1 million reduction in FY2027, when compared to the FY2026 enacted level. Current asset protection projects include security system upgrades, roof replacement throughout the complex, renovations to the exterior of the facilities, as well as renovations to the distribution center and parking lots. The recommendation in FY2026 includes \$2.1 million above the requested amount to support the rental costs of temporary chillers, heaters, and generators at the Medium Facility while the water main is inoperative.

Correctional Facilities Renovations: The Governor eliminates funding for this project at the request of the agency, reflecting a \$3.2 million reduction compared to the FY2026 enacted level. The Department's FY2027 Capital Budget Request notes that the Behavioral Management Unit (BMU) pilot program, which

commenced in FY2025 at a repurposed housing module within the Intake Service Center (ISC), has proven to be extremely capable at housing and treating individuals requiring a BMU level of treatment. Consequently, the Department is working with the Courts on a potential agreement to have the pilot program serve as the permanent BMU, which would eliminate the need to construct a separate unit.

Judiciary

Expenditures By Program	FY2025 Actual	FY2026 Enacted	FY2026 Governor	Change from Enacted		FY2027 Governor	Change from Enacted	
Supreme Court	\$52.3	\$52.7	\$54.4	\$1.7	3.2%	\$56.3	\$3.6	6.8%
Superior Court	28.4	30.5	30.6	0.1	0.2%	31.4	0.9	2.8%
Family Court	32.8	34.6	34.2	(0.4)	-1.0%	35.0	0.5	1.3%
District Court	18.5	18.5	18.2	(0.3)	-1.6%	18.5	0.1	0.4%
Traffic Tribunal	11.8	11.7	11.7	0.0	0.3%	12.0	0.3	2.7%
Workers' Compensation Court	10.2	11.1	11.1	(0.0)	-0.1%	12.1	1.0	8.9%
Judicial Tenure & Discipline	0.2	0.2	0.2	0.0	0.0%	0.2	0.0	1.2%
Total	\$154.2	\$159.2	\$160.4	\$1.1	0.7%	\$165.5	\$6.3	4.0%

Expenditures By Source	FY2025 Actual	FY2026 Enacted	FY2026 Governor	Change from Enacted		FY2027 Governor	Change from Enacted	
General Revenue	\$131.1	\$133.5	\$135.6	\$2.0	1.5%	\$139.5	\$6.0	4.5%
Federal Funds	5.2	6.3	5.4	(0.9)	-13.8%	5.4	(0.9)	-13.9%
Restricted Receipts	13.2	15.8	15.7	(0.1)	-0.4%	16.8	1.0	6.1%
Other Funds	4.7	3.6	3.7	0.0	1.4%	3.9	0.3	6.9%
Total	\$154.2	\$159.2	\$160.4	\$1.1	0.7%	\$165.5	\$6.3	4.0%

Authorized FTE Levels 745.3 749.3 749.3 - - 749.3 - -

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

Rhode Island has a unified court system composed of six statewide courts. The Supreme Court is the court of review, the Superior Court is the general trial court, and the Family, District, Traffic Tribunal, and Workers' Compensation Courts are trial courts of special jurisdiction. The entire system is state-funded with the exception of probate courts, which are the responsibility of cities and towns, and the municipal courts, which are local courts of limited jurisdiction.

The Chief Justice of the Supreme Court is the executive head of the state court system and has authority over the Judiciary's budget. The Chief Justice appoints the State Court Administrator and an administrative staff to handle budgetary and general administrative functions. Under the direction of the Chief Justice, the Court Administrator manages appropriations for all state courts, except those as provided otherwise by law. Each court has responsibility over its own operations and has a chief judge who appoints an administrator to handle internal court management.

Pursuant to RIGL 35-3-5, passed in 2004, "Itemized estimates of the financial needs of the legislature and of the judiciary shall be submitted, without revision, by the budget officer to the governor on or before the first day of October for inclusion in the budget. The Governor shall submit the financial needs as requested by the legislature and judiciary without revision for inclusion in the budget recommendation to the general assembly." The Governor's Office questions the authority of the statute relative to the state constitution and other general laws.

MAJOR ISSUES AND TRENDS

The Budget includes \$139.5 million in general revenue funding, a \$6.0 million (4.5 percent) increase over the FY2026 Budget as Enacted, or 6.4 percent over the FY2025 Actual expenditures. \$2.6 million of the increase is due to a current service level inflator of 2.5 percent applied to the Governor's FY2026 Revised Budget and \$3.0 million is for the statewide cost of living adjustment (COLA). The Judiciary requested an 11.1 percent increase in general revenue relative to the FY2026 Budget as Enacted, or 13.1 percent increase over the FY2025 Actual expenditures. Though not included in the budget request, for FY2027, the Judiciary agreed to a 3.5 percent turnover adjustment for both salaries and benefits, for a total reduction of \$4.2 million in general revenue. As shown in the table on the following page, the Governor reduced the Judiciary's total salary and benefit request by 5.2 percent or \$6.2 million, a difference of \$2.0 million. In FY2026, the Governor recommends the reappropriation of \$1.8 million in unused funds from FY2025 and adjusts for statewide personnel adjustments.

Federal funds decrease by \$876,899 primarily due to the expiration of grants including funding for Veterans Treatment, Family Treatment, and Mental Health Treatment Courts. In FY2027, restricted receipts increase by \$967,097 due primarily to a \$982,683 or 8.9 percent increase in the Worker's Compensation Court. The costs for this court are paid through the Workers' Compensation Administrative Fund.

Judiciary's Budget Request versus Governor's Recommendation

Expenditures By Program	General Revenue Only						Governor			
	FY2025	FY2026	FY2026	FY2026	Difference to		FY2027	FY2027	Difference to	
	Actual	Enacted	Request	Governor	Request		Request	Governor	Request	
Supreme Court	\$44.7	\$44.5	\$46.2	\$46.3	\$0.1	0.3%	\$50.4	\$48.0	(\$2.4)	-4.8%
Superior Court	28.3	30.2	30.9	30.3	(0.6)	-2.0%	33.7	31.1	(2.6)	-7.7%
Family Court	28.4	29.2	29.4	29.2	(0.2)	-0.6%	31.4	30.0	(1.5)	-4.7%
District Court	17.8	17.7	18.9	17.8	(1.1)	-5.9%	20.2	18.2	(2.0)	-9.7%
Traffic Tribunal	11.8	11.7	11.8	11.7	(0.1)	-0.5%	12.4	12.0	(0.4)	-3.3%
Judicial Tenure & Discipline	0.2	0.2	0.2	0.2	0.0	15.3%	0.2	0.2	(0.0)	-1.9%
Total	\$131.1	\$133.5	\$137.4	\$135.6	(\$1.8)	-1.3%	\$148.3	\$139.5	(\$8.8)	-5.9%

Expenditures By Category										
Assistance and Grants	\$11.6	\$12.6	\$12.9	\$12.9	\$0.0	0.0%	\$13.0	\$13.0	\$0.0	0.0%
Capital Purchases and Equipment	0.6	0.6	0.8	0.8	-	-	0.8	0.8	-	0.0%
Contract Professional Services	2.1	2.2	4.7	4.7	-	-	4.8	4.8	(0.0)	-0.4%
Operating Supplies and Expenses	13.1	6.5	8.7	6.8	(1.9)	-22.0%	10.5	7.8	(2.6)	-25.3%
Salary and Benefits	103.8	111.6	110.3	110.4	0.1	0.1%	119.1	113.0	(6.2)	-5.2%
Total	\$131.1	\$133.5	\$137.4	\$135.6	(\$1.8)	-1.3%	\$148.3	\$139.5	(\$8.8)	-5.9%

Authorized FTE Levels

749.3 749.3 - - 751.3 749.3 (2.0) -0.3%

\$ in millions. General revenue only. Totals may vary due to rounding.

In FY2026, the Judiciary requests the restoration of \$3.9 million, a 2.9 percent increase, in general revenue for the unidentified savings programmed into the FY2026 Budget as Enacted. Toward the restoration, the Budget includes a reappropriation of \$1.8 million in unexpended funds from FY2025 and an additional \$1.3 million in turnover savings achieved through a hiring freeze/delay. This freeze assumes replacements for 9.0 vacant judge and magistrate positions will not occur this fiscal year. In addition, the Budget includes an increase of \$333,506 for the pay-go-pension account and \$365,000 for Providence Police security detail due to the Sheriff shortage.

Unfunded Vacant Positions in FY2026

Court	Position	Cost
Family Court	Clerk Magistrate	\$293,415
	Clerk Magistrate	293,415
District Court	Clerk Magistrate	293,415
Superior Court	Associate Justice	321,128
	Associate Justice	321,128
	Magistrate	293,443
	Presiding Justice	351,232
Total		\$2,167,176

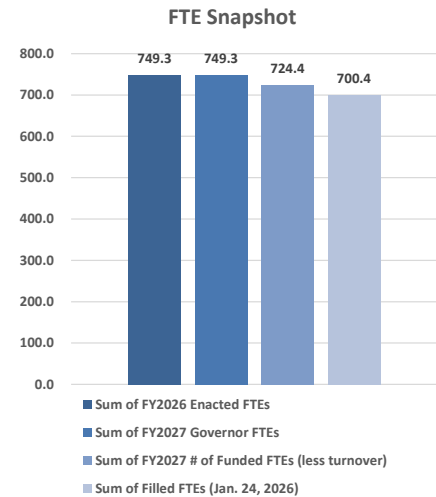
Source: Judiciary

In FY2027, the Judiciary requests a general revenue increase of \$14.8 million (11.1 percent) relative to the FY2026 Budget as Enacted. This increase includes the following:

- \$6.0 million to replace the unidentified savings in the FY2026 Budget as Enacted,
- \$4.2 million reflecting a turnover savings of 3.5 percent that was not included in the request,
- \$3.1 million for the 3.0 percent COLA,
- \$267,106 in salaries and benefits for the 2.0 new Deputy Chief Investigator FTE positions in the District Court,
- \$478,000 for increased pay-go pension costs to reflect changes to the beneficiaries receiving payments. Pay-go pensions support judges hired before 1990 who are not part of the state employees' retirement system,
- \$390,000 for the Providence Police security detail,

- \$76,000 for rent increase,
- \$324,000 in contract increases for building repairs.

The Budget provides 749.3 FTE positions in FY2026 and FY2027, consistent with the enacted budget; however, the Judiciary requested \$267,105 in general revenue for 2.0 new Deputy Chief Investigator FTE positions for the District Court. The additional positions were not recommended by the Governor. According to Judiciary, the new positions are needed in the Pretrial Services Unit (PTSU) to alleviate pressure on existing staff, improve service delivery, and align with national best practices. The scope of the PTSU has expanded with the Veterans Treatment Court (VTC) and the Mental Health Treatment Court (MHTC), and is operating beyond recommended capacity with 16 investigators managing 2,100 active cases and monitoring about 1,800 defendants. The additional positions will reduce caseloads, improve supervision, enhance data reporting, and increase capacity to support specialized court programs. Of the new positions, one will be placed in Providence County and one in Kent County. These positions have anticipated start date of July 1, 2026.



SUPREME COURT

The Supreme Court is the only constitutionally-established court in the State, and is empowered with administrative authority over the entire state court system. The Court is the final court of review, and also issues advisory opinions to Legislative and Executive branches of government and regulates the Rhode Island Bar. Administrative functions include budgeting, human resource management, purchasing, information technology management, and fine and fee collection. The Supreme Court also offers programs related to domestic violence prevention, mandatory continuing legal education, alternative dispute resolution, victim rights information, and the interpreter program.

Supreme Court	General Revenue
FY2026 Enacted	\$44,540,913
Target and Other Adjustments	419,542
Current Service Level Inflator	2,623,311
Security Services	390,000
FY2027 Governor	\$47,973,766

Current Service Level Inflator **\$2.6 million**

The Budget includes an additional \$2.6 million in general revenue to accommodate rising personnel and operating costs. The adjustment represents a 2.0 percent increase in general revenue relative to the FY2026 Budget as Enacted.

Security Services **\$390,000**

The Budget increases general revenue by \$390,000 to provide a total of \$571,500 for contracted security services. Due to shortages in the Division of Sheriffs, the Judiciary contracts with the Providence Police Department to provide additional security at the courthouses in Providence.

SUPERIOR COURT

The Superior Court has jurisdiction for all felony cases, misdemeanor cases that have been appealed or waived from the District Court, civil cases in which the disputed amount exceeds \$10,000, and all probate and zoning appeals. The Court has four locations throughout the state, including Providence, Warwick, Wakefield, and Newport. The Gun Court and Adult Drug Court were established in FY1995 and FY2002, respectively. The Superior Court also has appellate jurisdiction of decisions of local municipal and probate courts. Appeals from various boards and commissions, such as zoning boards and Ethics Commission appeals, are heard in Superior Court as well as petitions to review disciplinary action imposed upon a state or local police officer by the chief of that department. In addition to conducting trials, the Superior Court administers the Court-Annexed Arbitration Program which accelerates the disposition of certain less complex civil cases in which there is \$100,000 or less at issue. Matters such as contract disputes, personal injury claims, and property damage suits may be certified to this alternative dispute resolution program.

Superior Court	General Revenue
FY2026 Enacted	\$30,216,228
<i>Target and Other Adjustments</i>	<i>334,713</i>
Judges' Pensions	518,028
FY2027 Governor	\$31,068,969

Judges' Pensions **\$518,028**

The Budget increases general revenue funding for pay-go pensions by \$518,028 in the Superior Court, \$478,192 system-wide, to reflect newly retired and recently deceased judges. In FY2027, general revenue funded pay-go pension total \$4.4 million. Pay-go pensions support judges hired before 1990 who are not part of the state employees' retirement system.

FAMILY COURT

The Rhode Island Family Court, established in 1961, was the first statewide Family Court in the United States. The Family Court has jurisdiction to hear and determine all petitions for divorce and any motions in conjunction with divorce proceedings, such as motions relating to the distribution of property, alimony, support and custody of children. It also hears petitions for separate maintenance, and complaints regarding support for parents and children. The Family Court also has jurisdiction over matters relating to delinquent, wayward, dependent, neglected, abused, and mentally deficient or mentally disordered children. In addition, it has jurisdiction over adoptions, paternity proceedings, and a number of other matters involving domestic relations and juveniles. Appeals from decisions of the Family Court are taken directly to the state Supreme Court.

The Court runs specialty court programs, including the Juvenile Drug Court, Domestic Violence Court, Truancy Court, Mental Health Court Clinic, and the Juvenile Re-Entry Court. The Court has four locations throughout the state, including Providence, Warwick, Wakefield, and Newport.

Family Court	General Revenue
FY2026 Enacted	\$29,167,951
<i>Target and Other Adjustments</i>	<i>562,320</i>
Personnel Adjustments (statewide adjustments)	234,168
FY2027 Governor	\$29,964,439

DISTRICT COURT

The District Court has jurisdiction over all criminal misdemeanor cases if the defendant waives the right to a jury trial. If the defendant asks for a jury trial, the case will be transferred to the Superior Court. The District Court also has jurisdiction over bail hearings in felony cases and over violation hearings in misdemeanor cases. The District Court presides over civil trials in which the damages sought total up to

\$5,000. If the parties agree, the District Court can hear civil suits for damages to a maximum of \$10,000. District Court jurisdiction also includes Small Claims Court for damages up to \$2,500; violations of municipal ordinances and regulations; violations and hearings on involuntary hospitalization under the mental-health, drug-abuse, and alcohol laws; regulatory appeals, including those related to taxation; and violations of state or local housing codes. Appeals from District Court decisions go to the Superior Court. The Court has four locations throughout the state, including Providence, Warwick, Wakefield, and Newport.

District Court	General Revenue
FY2026 Enacted	\$17,697,776
<i>Target and Other Adjustments</i>	<i>91,443</i>
Personnel Adjustments (statewide adjustments)	456,961
FY2027 Governor	\$18,246,180

TRAFFIC TRIBUNAL

The Traffic Tribunal replaced the Administrative Adjudication Court in 1999. The Traffic Tribunal is responsible for hearing most traffic cases, distributing and controlling traffic summonses, and maintaining accurate driver accident and violation records. The Traffic Tribunal hears appeals from the Division of Motor Vehicles and the municipal courts as well as certain violations of the Department of Environmental Management. The Tribunal has authority to enforce its own judgments. The Traffic Tribunal has one location, at the Pastore Center in Cranston.

Traffic Tribunal	General Revenue
FY2026 Enacted	\$11,704,985
<i>Target and Other Adjustments</i>	<i>317,524</i>
FY2027 Governor	\$12,022,509

WORKERS' COMPENSATION COURT

The Workers' Compensation Court (WCC) has jurisdiction over all disputes between employers and employees relating to workers' compensation. The court's jurisdiction includes contested cases involving the rehabilitation of injured employees and claims involving disputes between an employer and its workers' compensation insurer. Since FY1990, the expenses incurred in the operation of the court are paid through the Workers' Compensation Administrative Fund (restricted receipts).

Workers' Compensation Court	Restricted Receipts
FY2026 Enacted	\$11,090,756
<i>Target and Other Adjustments</i>	<i>158,632</i>
Personnel Adjustments (statewide adjustments)	824,051
FY2027 Governor	\$12,073,439

JUDICIAL TENURE AND DISCIPLINE

The Commission on Judicial Tenure and Discipline is the program charged with investigating judges who have been charged with misconduct. The Supreme Court may affirm, modify, or reject the recommendations of the Commission.

Judicial Tenure & Discipline	General Revenue
FY2026 Enacted	\$188,686
<i>Target and Other Adjustments</i>	<i>2,215</i>
FY2027 Governor	\$190,901

CAPITAL PROJECTS

The Budget includes \$3.7 million in Rhode Island Capital Plan (RICAP) funds in FY2026 and \$3.9 million in FY2027, an increase of \$49,768 and \$250,000 respectively, relative to the FY2026 Budget as Enacted.

- **Garrahy Courthouse Restoration:** The Budget includes \$1.1 million in RICAP funds in FY2026 and in FY2027 to complete the restoration of interior spaces at the judicial complex. The project includes carpet replacement, repairing tiles, as well as painted and natural wood surfaces. In addition, upgrades will be made to employee bathrooms. Total project costs are projected at \$4.5 million.
- **Judicial Complexes HVAC:** The Budget includes \$505,885, including a small carryforward, in FY2026 and \$500,000 FY2027 for the replacement and repair of court-managed HVAC systems at the courthouses system wide. Total project costs are currently estimated at \$11.9 million with funding extending beyond FY2031. Funds are provided for installation of air handler units (AHU) and variable air volume (VAV) systems, replacement of make-up air units and water heaters, and fan coil replacement.
- **Judicial Complexes Asset Protection:** The Budget includes \$1.5 million in FY2026 and FY2027 for asset protection projects throughout the court system. Projects include security and fire suppression upgrades, courtroom restorations, elevator upgrades, and electrical upgrades.
- **Judicial Complexes Fan Coil Unit Replacements:** The Budget provides \$503,082, including a small carryforward, in FY2026 and \$750,000 in FY2027, an increase of \$3,082 and \$250,000 respectively relative to the enacted budget. The project includes architectural/engineering work and the installation of the fan coils in the Licht, Fogarty, and Murray facilities. The total project cost is estimated at \$6.6 million and is expected to continue beyond FY2031.

Military Staff

Expenditures By Program	FY2025 Actual	FY2026 Enacted	FY2026 Governor	Change from Enacted		FY2027 Governor	Change from Enacted	
RI National Guard	\$34.7	\$41.6	\$88.5	\$46.9	112.5%	\$58.4	\$16.7	40.2%
Total	\$34.7	\$41.6	\$88.5	\$46.9	112.5%	\$58.4	\$16.7	40.2%
Expenditures By Source								
General Revenue	\$3.0	\$3.4	\$3.5	\$0.1	2.3%	\$3.6	\$0.2	6.1%
Federal Funds	27.4	29.0	67.2	38.3	132.0%	45.5	16.5	57.0%
Restricted Receipts	0.0	0.1	0.1	-	-	0.1	-	-
Other Funds	4.2	9.2	17.7	8.5	92.9%	9.2	0.0	0.2%
Total	\$34.7	\$41.6	\$88.5	\$46.9	112.5%	\$58.4	\$16.7	40.2%
Authorized FTE Levels	93.0	93.0	93.0	-	-	93.0	-	-

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

The mission of the Military Staff (Rhode Island National Guard) is to prepare for immediate mobilization in the event of war or national emergency; to maintain peace, order, and public safety in the state in time of man-made or natural disaster or when otherwise directed by the Governor; and, to participate in the development and establishment of local, regional, and nationwide initiatives and programs.

MAJOR ISSUES AND TRENDS

The FY2026 Revised Budget includes \$88.5 million, of which \$67.2 million (76.0 percent) are federal funds, \$3.5 million (4.0 percent) is general revenue, \$17.7 million (19.9 percent) are RICAP funds, and \$66,000 (0.1 percent) are restricted receipts. This reflects an all funds increase of \$46.9 million from the FY2026 Budget as Enacted. Federal funds increase by \$38.3 million, other funds (RICAP) increase by \$8.5 million, and general revenues increase by \$84,034.

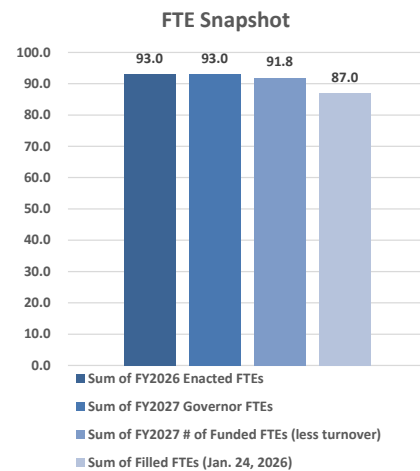
The Revised Budget includes federal Asset Forfeiture Funds of \$4.5 million to complete the construction of the Counter Drug Training Facility. This facility is a 15,722 square foot Counter Drug Training Facility at Camp Fogarty in the Town of East Greenwich.

The FY2027 Budget includes \$58.4 million, of which \$45.5 million (77.9 percent) is federal funds, \$9.2 million (15.7 percent) is RICAP funds, \$3.6 million (6.2 percent) is general revenue, and \$66,000 (0.1 percent) is restricted receipts. This reflects an all funds increase of \$16.7 million from the FY2026 Budget as Enacted. Federal funds increase by \$16.5 million, general revenues increase by \$210,535, and other funds (RICAP) increase by \$21,641.

The Budget provides 93.0 FTE positions in FY2026 and in FY2027, consistent with the enacted budget.

Quonset Air National Guard Facilities

The largest expenditures of the Military Staff budget occur at the Rhode Island Air National Guard facilities at Quonset, which is scheduled to receive federal appropriations of \$18.2 million in FY2026, \$1.4 million in FY2028, and \$1.4 million in FY2029, for several capital projects. A significant portion of these federal funds are not State-guided projects, and the federal funding is not appropriated through the State.



In addition, the Rhode Island Air National Guard will receive \$3.3 million in RICAP funds in FY2026 for the Air National Guard Repair Squadron Operations Facility, a new Air National Guard Headquarters Building, and for the reconstruction of the Quonset runways to meet military specifications.

Quonset Air National Guard Capital Projects	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	Total
Federal	\$18.2	\$0.0	\$1.4	\$1.4	\$0.0	\$0.0	\$21.0
RICAP	3.3	-	-	-	-	-	3.3
Total	\$21.5	\$0.0	\$1.4	\$1.4	\$0.0	\$0.0	\$24.3

\$ in millions

Source: RICAP FY2027 Capital Budget. Federal from FY2027 Capital Budget Book.

Federal Funding

The FY2026 Revised Budget includes \$67.2 million in federal funds reflecting an increase of \$38.2 million from the FY2026 Budget as Enacted, of which \$30.2 million of the federal funds increase is applied to minor construction projects of the Army and Air National Guard facilities and \$4.5 million of the increase is to complete the construction of the Counter Drug Facility.

The FY2027 Budget includes \$45.5 million in federal funds, reflecting an increase of \$16.5 million from the previous fiscal year. Approximately \$32.2 million, or 70.8 percent of the federal funds, is applied to the operations and capital construction projects of the Army and Air National Guard facilities. In particular, the major expenses involve the Quonset Air National Guard facility and runway reconstruction projects, armory asset protection, and renovations to the Air Guard Squadron Operations Facility at Quonset Air Guard Base. The remaining \$13.3 million or 29.2 percent, supports personnel and contract services of the Army and Air National Guard.

The capital budget also contains federal funds for National Guard projects that are not State projects appropriated within the State budget. Most of the federal funded capital projects are direct federal appropriations to the National Guard facilities. These capital projects are included to provide an understanding of activities of the federal National Guard Bureau in improving facilities in the State.

Federal Funded National Guard Capital Projects	Pre-FY2026	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	Post-2031	Total
Federal Aviation Administration/TSA	\$22.9	\$3.8	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$26.6
National Guard Bureau	83.7	56.6	24.9	6.6	9.4	8.1	8.6	8.2	206.1
Total	\$106.6	\$60.3	\$24.9	\$6.6	\$9.4	\$8.1	\$8.6	\$8.2	\$232.7

\$ in millions

Source: Federal from FY2027 Capital Budget Book.

Coventry Water Modernization Project

The Governor's Budget Amendment #3 dated March 11, 2026, adds federal funds of \$600,000 in FY2026 and Governor's Budget Amendment #4 adds \$3.5 million in FY2027 to finance the Coventry Water Modernization project.

At the time the agency submitted its capital plan requests for FY2027-FY2031, the Military Staff requested funding for this project via the Army MSAP subproject listing, which at the time was to be 100.0 percent RICAP funded. However, the project was not included in the Governor's recommended capital budget. Recently, the Military Staff learned that \$4.1 million in federal funds would be awarded for the project, making the project 100.0 percent federally funded.

The project involves the installation of a new water supply from the Kent County Water Authority (KCWA) to the Rhode Island Army National Guard (RIARNG) property located in Coventry, RI. The work includes the installation of approximately 3,100 linear feet of new 8-inch DI water main along Read School House Road and Nike Site Road, a prefabricated booster pump station, emergency diesel generator, electrical, instrumentation, SCADA, including valves, hydrants, water system tie-in connections, pavement restoration, and appurtenances. In addition, the existing RIARNG pump station, three water supply wells, and underground storage tank will be decommissioned.

NATIONAL GUARD

The National Guard program is composed of reserve units of the United States Army and Air Force, the Rhode Island National Guard (RING), and the State Historic Militia. The Guard is authorized to have more than 3,249 members (2,130 Army National Guard and 1,179 Air National Guard). The Guard has numerous facilities throughout the state, including 14 armories, 3 air bases, 2 training sites, 10 maintenance and support buildings, and housing equipment valued at \$500.0 million. According to the Military Staff, the estimated annual economic impact on the State attributed to National Guard programs exceeds \$238.0 million. The Guard is largely financed through federal funds, including drill and training pay for Army and Air Guard personnel, supplies, equipment, facility maintenance, and capital projects. State funds are provided as a match on some projects and primarily pay employee salary and benefit costs, training, travel, and maintenance.

RI National Guard	General Revenue
FY2026 Enacted	\$3,424,058
<i>Target and Other Adjustments</i>	<i>(3,354)</i>
Personnel Adjustments (statewide adjustment)	116,209
A&C ISF Charges (statewide adjustment)	78,904
ERP Maintenance and Operations Billing (statewide adjustment)	(72,761)
Operating Adjustments	52,602
Capital Purchases	48,600
Internal Agency ETSS Charges (statewide adjustment)	(36,941)
Fire and Safety Inspections	27,276
FY2027 Governor	\$3,634,593

RI National Guard	Other Fund Changes
Miscellaneous Minor Construction (federal funds)	\$16,331,345

Operating Adjustments **\$52,602**

The Budget includes \$1.3 million in general revenue (\$9.7 million in all funds) in FY2027 for operating expenses, reflecting a net increase of \$52,602 from the FY2026 Budget as Enacted. The largest adjustments include a decrease of \$40,983 for building repairs, an increase of \$35,670 for natural gas – fuel, an increase of \$29,641 for bank analysis charges, a reduction of \$15,500 for building/machinery supplies, and an increase of \$14,430 for insurance.

The increase in bank analysis costs is predominantly due to the Grants Management System billing, which is expected to increase 15.0 percent in FY2027. In addition, several other budget natural accounts were consolidated into Bank Analysis charges in the transition from RIFANS accounting system to WorkDay.

The increase in insurance costs is a correction for past practice. It was discovered last year that the Department of Administration was mistakenly charging the Rhode Island State Police for property insurance expenditures for Rhode Island National Guard properties. The insurance cost increase covers the corresponding state match for that cost.

Operating Adjustments	FY2026 Enacted	FY2027 Governor	Change
Building Repairs	\$256,682	\$215,699	(\$40,983)
Natural Gas	190,327	225,997	35,670
Bank Analysis Charges	250	29,891	29,641
Building/Machinery Supplies	40,744	25,244	(15,500)
Property Casualty and Liability Insurance	34,688	49,118	14,430
All Other Operating Adjustments	745,486	774,830	29,344
Total	\$1,268,177	\$1,320,779	\$52,602

Capital Purchases**\$48,600**

The Budget includes general revenue of \$48,600 to finance a one-time request for four lawnmowers to maintain the grounds at Quonset runway and ensure grass is kept at a certain height for air safety.

Fire and Safety Inspections**\$27,276**

The Budget includes \$60,836 in general revenue, reflecting an increase of \$27,276 for increased costs for fire inspections. The Military Staff contracted with Encore Fire Protection for testing alarms and fire suppression inspections (done quarterly) at all facilities and installations. In addition, the contractor flushes lines bi-annually and does annual back flow preventions.

The increase reflects higher fees and expenses charged by the contractor for necessary repairs to the systems that were discovered during preventative maintenance work. There is also a corresponding increase to general revenue of \$23,789 recommended in the FY2026 Revised Budget.

Miscellaneous Minor Construction (federal funds)**\$16.3 million**

The Budget includes \$23.7 million in federal funds for numerous miscellaneous minor capital and asset protection projects that are partially or fully paid with federal funds. This is an increase of \$16.3 million from the FY2026 Budget as Enacted, resulting from the completion of multiple projects.

CAPITAL PROJECTS

The Budget includes RICAP funds of \$17.7 million in FY2026, reflecting an increase of \$8.5 million from the FY2026 Budget as Enacted, and includes \$9.2 million in FY2027, reflecting an increase of \$21,641 from the previous fiscal year. The RICAP funded projects include:

Capital Projects - RICAP Funds	FY2026 Enacted	FY2026 Governor	Change	FY2027 Governor	Change
RICAP - Aviation Readiness Center	\$4,538,673	\$7,518,614	\$2,979,941	\$7,603,990	\$3,065,317
RICAP - Asset Protection	2,564,675	4,271,867	1,707,192	1,592,912	(971,763)
RICAP - Counter-Drug Training Facility	1,025,250	2,583,808	1,558,558	-	(1,025,250)
RICAP - Quonset Air National Guard Headquarters Facility	-	1,893,948	1,893,948	-	-
RICAP - Quonset Airport Runway Reconstruction	446,663	827,585	380,922	-	(446,663)
RICAP - Squadron Ops Facility (Air Guard)	600,000	600,000	-	-	(600,000)
Total	\$9,175,261	\$17,695,822	\$8,520,561	\$9,196,902	\$21,641

- **Aviation Readiness Center:** The Budget includes \$7.5 million of RICAP funds in FY2026, reflecting an increase of \$3.1 million from the FY2026 Budget as Enacted and includes \$7.6 million in RICAP funds in FY2027 to complete the construction of a \$62.0 million, 73,788 square foot training and readiness center at the Quonset Air Base for the Rhode Island National Guard 1/126th Aviation Unit. Approximately, 75.0 percent of the project cost is paid through the federal National Guard Bureau.
- **Asset Protection:** The Budget includes \$4.3 million in RICAP funds in FY2026 and \$1.6 million in FY2027 RICAP funds for general asset protection projects. The project lists out-year funding of \$14.5 million in RICAP funds through post-FY2031.
- **Counter Drug Facility:** The Budget includes \$2.6 million in RICAP funds in FY2026 to complete the Counter Drug Facility capital project.
- **Squadron Ops Facility:** The Budget includes \$600,000 in RICAP funds in FY2026, for a new asset protection/rehabilitation project involving work on the HVAC system, envelope sealing, as well as work for a new auditorium and command post for the Squadron Operations Facility at the Quonset Air National Guard Base.

Rhode Island Emergency Management Agency

Expenditures By Program	FY2025 Actual	FY2026 Enacted	FY2026 Governor	Change from Enacted		FY2027 Enacted	Change from Enacted	
Central Management	\$24.2	\$43.7	\$57.0	\$13.4	30.7%	\$63.6	\$19.9	45.6%
Expenditures By Source								
General Revenue	\$6.9	\$7.5	\$7.6	\$0.2	2.5%	\$8.4	\$0.9	12.3%
Federal Funds	15.2	34.9	47.7	12.8	36.8%	51.2	16.3	46.8%
Restricted Receipts	0.2	0.4	0.6	0.2	49.8%	0.4	(0.0)	-2.6%
Other Funds	2.0	0.9	1.0	0.1	17.2%	3.5	2.7	310.2%
Total	\$24.2	\$43.7	\$57.0	\$13.4	30.7%	\$63.6	\$19.9	45.6%
Authorized FTE Levels	38.0	38.0	38.0	-	-	38.0	-	-

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

The Rhode Island Emergency Management Agency (RIEMA) is the coordinating agency for multi-jurisdiction and multi-agency response in the state for all emergencies including natural and technological hazards such as fires, floods, tornadoes, hurricanes, winter storms, chemical releases, weapons of mass destruction, and terrorism incidents. RIEMA is the official coordinating agency of the State for the federal Department of Homeland Security and the Federal Emergency Management Agency in times of state, national, multi-jurisdiction, and multi-agency emergencies and disasters. RIEMA operates and maintains the State Emergency Operations Center, as well as the statewide 800 MHz radio system and network.

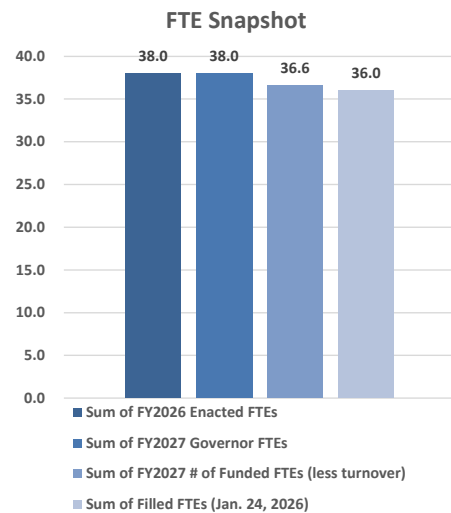
MAJOR ISSUES AND TRENDS

The FY2026 Revised Budget includes \$57.0 million, of which \$7.6 million is general revenue. This reflects a net increase of \$186,926 from the FY2026 Budget as Enacted. The largest funding source is federal funds which comprise 83.7 percent or \$47.7 million of the Agency's budget in FY2026. Federal funding increases by \$12.8 million from the FY2026 Budget as Enacted, largely due to increased emergency and security program grant awards.

The FY2026 Revised Budget includes general revenue of \$250,000 for expenses related to the upcoming 2026 Fédération Internationale de Football Association (FIFA) World Cup. Event sponsors and visiting teams may reimburse other costs. The State expects to have a state public safety presence at The Graduate Hotel in Providence, as well as at Bryant University in Smithfield.

The FY2027 Budget includes \$63.6 million, of which \$8.4 million is general revenue. The general revenue increase is \$918,180, reflecting the inclusion of a full-year lease payment for the managed public safety warehouse and the third year COLA of 3.0 percent. Federal funds are \$51.2 million and account for 80.6 percent of the Agency's budget in FY2027, an increase of \$16.3 million from the FY2026 Budget as Enacted. This mainly reflects the receipt of FEMA award in FY2027. Other funds are \$3.5 million, an increase of \$2.7 million from the FY2026 Budget as Enacted, largely reflecting the additional funding to obtain a new Mobile Command Post.

The Budget includes 38.0 FTE positions in FY2026 and in FY2027, consistent with the budget as enacted.



Blizzard of 2026

The State is currently seeking federal reimbursement for costs associated with the Blizzard of 2026. The Governor declared a State of Emergency on February 22, 2026, which allowed the state to begin the process of requesting federal disaster assistance through the Rhode Island Emergency Management Agency (RIEMA). As of March 25, 2026, FEMA has not responded to the State's emergency request. It is unknown if FEMA will approve the declaration and release disaster aid.

Central Management	General Revenue
FY2026 Enacted	\$7,457,256
<i>Target and Other Adjustments</i>	<i>178,330</i>
RIEMA Managed Public Safety Warehouse	537,003
A&C ISF Charges (statewide adjustment)	196,210
Turnover	(172,321)
Centralized Services (statewide adjustment)	137,776
Personnel Adjustments (statewide adjustment)	43,668
ERP Maintenance and Operations Billing (statewide adjustment)	(38,486)
Internal Agency ETSS Charges (statewide adjustment)	36,000
FY2027 Governor	\$8,375,436

Central Management	Other Fund Changes
Disaster and Emergency Preparedness Grants (federal funds)	\$19,331,263
Personnel, Contract Services, Operating, and Capital Adjustments (federal funds)	(3,002,579)

RIEMA Managed Public Safety Warehouse Lease **\$537,003**

The Budget includes \$836,519 in general revenue to fund operating expenses of the Rhode Island Emergency Management Agency public safety warehouse. This reflects an increase of \$537,003 from the FY2026 Budget as Enacted, to cover costs associated with rental payments for the warehouse. Article 12, of the FY2026 Budget as Enacted authorized a lease agreement for warehouse space to be administered by the Rhode Island Emergency Management Agency.

The warehouse is 73,770 square feet of space located at 2700 Plainfield Pike in the City of Cranston and owned by EIM Plainfield Pike LLC. The warehouse space was co-administered between the Department of Administration and the Rhode Island Emergency Management Agency as part of the State's pandemic response using federal funding from the ARPA SFRF for the storage of personal protection equipment (PPE) and other necessary COVID-19 response related supplies.

The Budget also includes \$341,779 in general revenue for personnel and contract service costs to operate the warehouse.

Turnover **(\$172,321)**

The Budget increases general revenue turnover savings by \$172,321 from \$42,971 to \$215,292, a change equivalent to 1.1 FTE positions in FY2027. The Budget reflects anticipated turnover in personnel expenses as compared to the FY2026 Budget as Enacted.

Disaster and Emergency Preparedness Grants (federal funds) **\$19.3 million**

The Budget includes \$42.6 million in federal funds for various federal grants and reimbursements received for storm and natural disaster events. This appropriation is \$19.3 million more than the FY2026 Budget as Enacted. These funds also reimburse preparedness efforts for terrorist threats, active shooters, hazardous material containment, and other emergency events. The preparedness efforts are intended to improve and enhance the State's ability to prevent, deter, respond to, and recover from threats and incidents. Federal grant funds vary from year to year depending upon the number and severity of natural disasters and the

availability of federal funds for non-disaster grants. The following table highlights the more significant changes in FY2026 and FY2027.

RIEMA Federal Grants	FY2026 Enacted	FY2026 Governor	Change	FY2027 Governor	Change
FEMA 4505 Hazard Mitigation	\$63,090	\$12,719,882	\$12,656,792	\$16,328,703	\$16,265,613
SLCGP 2024 State and Local Cybersecurity Grant Program	-	3,335,047	3,335,047	3,335,047	3,335,047
SHSP 2025 State Homeland Security Grant	-	1,933,255	1,933,255	3,199,441	3,199,441
NSGP 2024 Supp Non-Profit Security Grant Program	-	1,702,507	1,702,507	1,702,507	1,702,507
SHSP 2023 State Homeland Security Grant	2,616,299	1,688,972	(927,327)	1,188,972	(1,427,327)
BRIC 2023 - Building Resilient Infrastructure and Communities (Projects)	345,000	1,562,430	1,217,430	1,562,430	1,217,430
EMPG 2022 Emergency Management Preparedness Grant	1,422,558	419,937	(1,002,621)	219,937	(1,202,621)
SHSP 2022 State Homeland Security Grant	1,195,186	605,890	(589,296)	-	(1,195,186)
NPSG 2022 Non Profit Security Grant	1,021,804	234,833	(786,971)	-	(1,021,804)
SLCGP 2023 State and Local Cybersecurity Grant Program	4,243,868	1,000,000	(3,243,868)	3,243,868	(1,000,000)
All Other Grants	12,357,435	12,077,260	(280,175)	11,815,598	(541,837)
Total	\$23,265,240	\$37,280,013	\$14,014,773	\$42,596,503	\$19,331,263

Personnel, Contract Services, Operating, and Capital Adjustments (federal funds) (\$3.0 million)

The Budget includes \$8.6 million in federal funds for personnel, contract services, operating, and non-RICAP capital costs, reflecting a decrease of \$3.0 million in federal funds from the FY2026 Budget as Enacted. The largest increase reflects the new 2025 Emergency Management Preparedness Grant award of \$3.0 million in FY2027 and a \$1.2 million increase for the 2025 State Homeland Security Grant. These are largely offset by the decrease of \$2.5 million for 2024 Emergency Management Preparedness Grant, \$1.6 million for 2023 Emergency Management Preparedness Grant, and \$1.5 million for FEMA Management Costs.

Personnel, Contract Services, Operating, and Capital - Federal	FY2026 Enacted	FY2026 Governor	Change	FY2027 Governor	Change
EMPG 2025 Emergency Management Preparedness Grant	\$0	\$1,508,365	\$1,508,365	\$3,024,015	\$3,024,015
EMPG 2024 Emergency Management Preparedness Grant	3,109,107	2,799,964	(309,143)	622,647	(2,486,460)
EMPG 2023 Emergency Management Preparedness Grant	1,554,474	-	(1,554,474)	-	(1,554,474)
FEMA 4505- Management Costs	1,500,813	284,944	(1,215,869)	-	(1,500,813)
SHSP 2025 State Homeland Security Grant	-	248,120	248,120	1,164,884	1,164,884
All Other Personnel, Contract Services, Operating, Capital - Federal	5,476,982	5,625,558	148,576	3,827,251	(1,649,731)
Total	\$11,641,376	\$10,466,951	(\$1,174,425)	\$8,638,797	(\$3,002,579)

CAPITAL PROJECTS

The Budget includes \$1.0 million in RICAP funds in FY2026, reflecting an increase of \$149,162 from the FY2026 Budget as Enacted and \$3.5 million in RICAP funds in FY2027, reflecting an increase of \$2.7 million from the FY2026 Budget as Enacted for the following projects:

RICAP Fund Projects	FY2026 Enacted	FY2026 Governor	Change	FY2027 Governor	Change
RICAP - RISCON Infrastructure Upgrades	\$315,404	\$400,566	\$85,162	\$330,000	\$14,596
RICAP - RISCON Tower	550,000	550,000	-	-	(550,000)
RICAP - State Emergency Ops Center	-	64,000	64,000	-	-
RICAP: Mobile Command Post	-	-	-	3,218,908	3,218,908
Total	\$865,404	\$1,014,566	\$149,162	\$3,548,908	\$2,683,504

The Capital Budget includes \$3.2 million to obtain a new Mobile Command Post (MCP) to replace the existing 22-year old vehicle. The MCP provides an on-scene command location for emergency management operations, training exercises, and as according to RIEMA, “to ensure compliance with compliance with National Incident Management System (NIMS) standards.”

In addition, the Budget includes \$330,000 for infrastructure upgrades to the Rhode Island Statewide Communications Network (RISCON) radio network system. The infrastructure improvements include propane generator replacements, adding propane generators to sites currently without one, and other security and wiring upgrades. The Budget includes out-year RICAP funding of \$1.1 million to construct communication towers for the RISCON system and municipal agencies in the Towns of Warren, Richmond, and Cumberland.

Department of Public Safety

Expenditures By Program	FY2025 Actual	FY2026 Enacted	FY2026 Governor	Change from Enacted		FY2027 Enacted	Change from Enacted	
Central Management	\$16.2	\$21.1	\$31.3	\$10.1	47.9%	\$13.1	(\$8.0)	-38.0%
E-911	10.1	10.7	11.0	0.2	2.3%	10.5	(0.2)	-1.9%
Security Services	28.3	33.7	32.4	(1.3)	-3.9%	34.7	1.0	2.9%
Municipal Police Training	0.6	0.8	0.9	0.1	11.4%	0.6	(0.2)	-20.4%
State Police	122.4	131.5	139.9	8.3	6.3%	115.9	(15.7)	-11.9%
Total	\$177.6	\$197.9	\$215.3	\$17.5	8.8%	\$174.8	(\$23.1)	-11.7%

Expenditures By Source

General Revenue	\$128.4	\$132.8	\$142.2	\$9.4	7.0%	\$136.7	\$3.9	2.9%
Federal Funds	19.8	27.1	30.3	3.2	11.9%	16.1	(10.9)	-40.4%
Restricted Receipts	12.0	14.3	14.8	0.5	3.2%	14.8	0.5	3.3%
Other Funds	17.4	23.7	28.1	4.4	18.7%	7.2	(16.5)	-69.7%
Total	\$177.6	\$197.9	\$215.3	\$17.5	8.8%	\$174.8	(\$23.1)	-11.7%

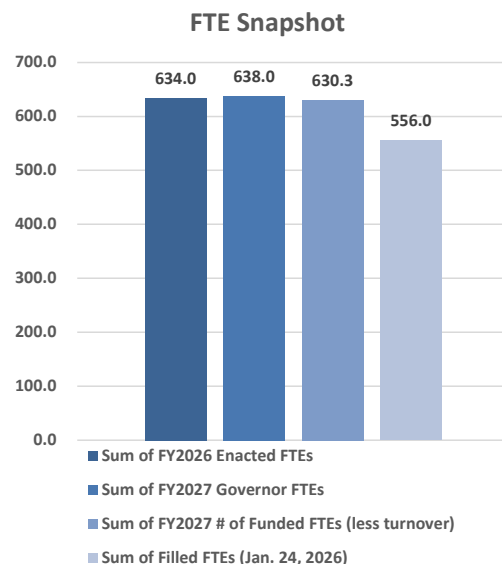
Authorized FTE Levels	632.0	634.0	635.0	1.0	0.2%	638.0	4.0	0.6%

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

The Department of Public Safety (DPS) is the principal agency of the executive branch charged with law enforcement functions. It includes five program areas, including Central Management, E-911, the Municipal Police Training Academy, Security Services, and the State Police. The Department was created in the FY2009 Budget and is headed by the Superintendent of the State Police.

MAJOR ISSUES AND TRENDS

FY2026: The FY2026 Governor's Revised Budget includes \$215.3 million for the Department of Public Safety, reflecting an increase of \$17.5 million or 8.8 percent from the FY2026 enacted level. The Budget includes \$142.2 million in general revenue, representing a \$9.4 million or 7.0 percent increase from the FY2026 enacted level. The general revenue increase is primarily driven by \$9.3 million in reappropriations, of which \$9.0 million represents the statewide body-worn camera program. The FY2026 Budget as Enacted did not provide funding for the State Police to conduct a Training Academy; however, the Governor reallocates turnover savings to fund a 2026 Academy which begins in March. The Governor recommends \$30.3 million in federal funds, reflecting an increase of \$3.2 million from the enacted level. The increase includes \$4.5 million of reappropriated American Rescue Plan Act State Fiscal Recovery Funds (ARPA SFRF) for the Support for Survivors of Domestic Violence project and \$2.5 million for the FY2024 COPS Anti-Heroin Task Force program, offset by reductions to previously awarded federal grants. The Governor includes \$28.1 million in other funds, reflecting an increase of \$4.4 million from the FY2026 Budget as Enacted, primarily due to \$2.0 million in RICAP funds and \$2.2 million in road construction reimbursement. The additional RICAP funds will primarily support asset



protection projects, and the road construction reimbursement will partially support vehicle purchases for the State Police.

FY2027: The FY2027 Governor's Recommended Budget includes \$174.8 million in all funds for the Department of Public Safety, reflecting a decrease of \$23.1 million, or 11.7 percent, from the FY2026 enacted level. The Budget includes \$136.7 million in general revenue, representing an increase of \$3.9 million from the enacted level. The adjustment includes an additional \$600,000 for the renewal of the taser and body-worn camera contract and \$1.7 million for the State Police to conduct a Training Academy, which was not funded in the FY2026 Budget as Enacted. The \$16.5 million reduction to other funds represents the expected completion of constructing the Department's new Southern Barracks.

The Budget authorizes 635.0 FTE positions in FY2026 and 638.0 FTE positions in FY2027, reflecting increases of 1.0 and 4.0 FTE from the FY2026 enacted level. The additional FTE in FY2026 is a Data Processing Systems Manager for the State Police program and is supported by general revenue. The Governor transfers the position from the Department of Administration. The additional 3.0 FTE positions in FY2027 are supported entirely by restricted receipts and include 2.0 FTE Telecommunicator positions and 1.0 FTE Shift Supervisor position for the E-911 program.

CENTRAL MANAGEMENT

The Central Management program consists of the Business Office, Legal Office, and Public Safety Grants Administration Office (formerly the Governor's Justice Commission). The Business Office provides fiscal oversight for the Department, as well as human resources, payroll, and purchasing. The Public Safety Grants Administration Office serves as a conduit agency for a number of federal grants that flow to local and state public safety agencies. Grant administration includes both formula and discretionary grant programs.

Central Management	General Revenue
FY2026 Enacted	\$1,899,154
<i>Target and Other Adjustments</i>	<i>12,331</i>
A&C ISF Charges (statewide adjustments)	816,157
Centralized Services (statewide adjustments)	(50,516)
ERP Maintenance and Operations Billings (statewide adjustments)	(178,420)
Statewide Body-Worn Camera Project	Informational
FY2027 Governor	\$2,498,706
Central Management	Other Fund Changes
Federal Grant Adjustment (federal funds)	(\$8,772,948)
ARPA SFRF: Support for Survivors of Domestic Violence (federal funds)	35,033

Statewide Body-Worn Camera Project

Informational

The Governor includes \$9.0 million of general revenue in the FY2026 Revised Budget for the Statewide Body-Worn Camera Project, all of which reflect reappropriations from the previous fiscal year. The FY2025 Final Budget provided \$11.5 million for the project, of which the Department spent \$2.5 million. The Department plans to disburse the funds over multiple years, as police departments throughout the state fulfill their contracts. The FY2026 Budget as Enacted contained language requiring all unexpended or unencumbered balances to be reappropriated to the next fiscal year.

Current Status: As of March 2025, the Department has expended a total of \$7.4 million for the project, with \$7.6 million remaining obligation. According to the Department, the project will be completed in 2030.

Background: In 2021, the General Assembly authorized a statewide program to put body-worn cameras on every frontline police officer and supervisor in Rhode Island. The statewide program is designed to equip approximately 1,700 of Rhode Island's uniformed patrol officers, across every municipal police department and the Rhode Island State Police, with body-worn cameras.

The FY2023 Budget as Enacted appropriated \$15.0 million to the Department to purchase body-worn cameras and associated equipment, contingent on the creation of the initiative's rules and regulations. The rules and regulations took effect on October 19, 2022, and departments throughout the State began implementing the changes. The FY2024 Budget as Enacted shifted \$13.5 million of the \$15.0 million total to FY2024 and directed any unspent funds to be re-appropriated to FY2024. Similarly, the FY2025 Budget as Enacted shifted \$11.5 million of general revenue from FY2024 to FY2025 and directed any unspent funds to be re-appropriated to FY2025.

Federal Grant Adjustment (federal funds)

(\$8.7 million)

The Governor includes \$9.8 million in federally funded grants in FY2027 for the Central Management program, reflecting a net decrease of \$8.7 million when compared to the FY2026 enacted level. The decrease is primarily due to the utilization of backdated grant awards that are no longer available. The Department's Public Safety Grant Administration Office (PSGAO) administers the application and tracking process for grants and the Criminal Justice Policy Board approves projects that will receive funding. The following table compares the grant funding levels recommended by the Governor in FY2026 and FY2027 with the FY2026 Budget as Enacted.

Federal Grants	FY2026 Enacted	FY2026 Revised	Change	FY2027 Governor	Change
Byrne/JAG Grant Program (JAG)	\$6,450,875	\$4,715,379	(\$1,735,496)	\$3,256,219	(\$3,194,656)
Crime Victim Assistance (VOCA)	4,879,209	4,479,218	(399,991)	2,270,319	(2,608,890)
Sexual Assault Services Formula Program (SASP)	2,037,367	1,573,581	(463,786)	880,749	(1,156,618)
Juvenile Justice and Delinquency Prevention (JJDP)	1,720,244	1,086,171	(634,073)	978,425	(741,819)
Violence Against Women Formula Grants (VAWA)	2,422,912	1,600,970	(821,942)	1,840,492	(582,420)
Paul Coverdell Forensic Sciences Improvement Grant Program	253,726	114,370	(139,356)	0	(253,726)
Project Safe Neighborhoods (PSN)	284,972	305,200	20,228	150,367	(134,605)
Body Worn Camera Policy and Implementation	114,072	78,752	(35,320)	10,100	(103,972)
State Justice Statistics Program (SJS)	81,890	55,933	(25,957)	270	(81,620)
National Criminal History Improvement Program (NCHIP)	192,139	231,412	39,273	241,135	48,996
Coronavirus State and Local Fiscal Recovery Funds	29,753	4,530,962	4,501,209	64,786	35,033
Support for Adam Walsh Act Implementation Grant Program (SORNA)	15,480	50,020	34,540	50,020	34,540
Residential Substance Abuse Treatment for State Prisoners (RSAT)	25,657	35,437	9,780	28,875	3,218
Coronavirus Emergency Supplemental Funding (CESF)	1,276	77,041	75,765	0	(1,276)
Crime Victim Assistance/Discretionary Grants	150	50	(100)	50	(100)
Total	\$18,509,722	\$18,934,496	\$424,774	\$9,771,807	(\$8,737,915)

- **Byrne/Justice Assistance Grant Formula Grant (JAG):** Provided through the Office of Justice Programs, the JAG program is the leading source of federal criminal justice funding provided to states and supports a range of program areas, such as law enforcement, prosecution and court, prevention and education, corrections and community corrections, drug treatment and enforcement.
- **Crime Victim Assistance (VOCA):** Provided through the Office for Victims of Crime within the United States Department of Justice, VOCA grants provide individuals who have been victimized by crime with compensation and assistance. The grants are funded by the Crime Victims Fund which was established by the Victims of Crime Act of 1984.
- **Sexual Assault Services Formula Program (SASP):** Provided through the Office on Violence Against Women, the SASP program supports the efforts of states and territories in aiding victims of sexual

assault. SASP is the first federal funding stream dedicated to providing direct intervention and assistance for victims of sexual assault as well as their families.

- **Juvenile Justice & Delinquency Prevention - Title II (JJDP):** Provided through the Office of Juvenile Justice and Delinquency Prevention within the United States Department of Justice, JJDP grants support the efforts of states and territories to improve the juvenile justice system. Funding is provided directly to states for the development and implementation of comprehensive juvenile justice plans, which may include education, training, research, prevention, diversion, treatment, and rehabilitation programs. The goals of the JJDP grants are the deinstitutionalization of status offenders, the separation of juveniles from adult inmates, and the reduction of racial and ethnic disparity.
- **Project Safe Neighborhoods (PSN):** Project Safe Neighborhoods is a nationwide program that connects federal, state, local, and tribal law enforcement officials, as well as prosecutors, community leaders, and other stakeholders, in order to identify significant violent crime problems within a community. PSN is coordinated by the U.S. Attorneys' Offices in the 94 federal judicial districts throughout the 50 states and territories. A major goal of PSN is to incorporate research, data-driven analysis, and lessons learned from previous violent crime reduction efforts to guide decision-making on the most effective strategies to reduce violence.
- **National Criminal History Improvement Program (NCHIP):** Provided through the Office of Justice Programs and the Bureau of Justice Statistics, NCHIP is an overarching program designed to assist states in meeting the evolving requirements related to criminal histories and related records.

ARPA SFRF: Support for Survivors of Domestic Violence (federal funds)

(\$10.0 million)

The Governor recommends \$64,786 of federal American Rescue Plan Act State Fiscal Recovery Funds (ARPA SFRF) in FY2027 for the Support for Survivors of Domestic Violence program, and \$4.5 million in FY2026. The project has been funded entirely with ARPA SFRF since it commenced in FY2023 and is automatically reappropriated any unspent funds to the following fiscal year.

Current Status: The Department indicates that as of January 1, 2026, contracted nonprofit organizations have provided services to 34,639 victims of domestic violence or sexual assault, provided housing assistance for 17,844 victims, and provided clinical or mental health services to 3,039 victims. The following table illustrates the total amount awarded and disbursed to each of the nonprofits, as of February 1, 2026, in addition to each organization's remaining balance.

Nonprofit Organization	Awarded	Disbursed	Balance
Sojourner House	\$5,233,728	\$4,196,406	\$1,037,322
Crossroads RI	1,224,425	447,471	776,954
Blackstone Valley Advocacy Center	2,211,961	1,597,612	614,349
Family Service of RI	1,097,336	504,675	592,661
McCauley Ministries	406,611	278,196	128,415
Total	\$10,174,061	\$7,024,360	\$3,149,701

Background: The FY2023 Budget as Enacted included \$3.5 million in planned expenditures for FY2023, FY2024, and FY2025, reflecting a total appropriation of \$10.5 million. The program had no actual expenditures in FY2023, \$1.1 million in FY2024, and the FY2025 Final Budget appropriates \$9.3 million.

Rhode Island serves domestic violence and sexual assault survivors through a network of non-profit agencies that are largely supported with public funding. These organizations provide various types of assistance, including safe housing, wraparound services, counseling, trauma-related mental health, and other supports to victims. The organizations selected include the Blackstone Valley Advocacy Center, Crossroads RI, Family Services of RI, McCauley Ministries, and Sojourner House.

According to DPS, demand for services for survivors of domestic violence and sexual assault regularly surpasses the ability of the provider system to meet it. The pandemic significantly exacerbated this demand. Extensive waitlists exist for supportive housing and mental health services. DPS notes, for instance, that domestic violence calls to RI Victims of Crime hotline in July and August 2020, increased year-over-year by 93.7 percent and 69.5 percent, respectively. The State’s primary program addressing victims of domestic violence and sexual assault is the Victims of Crime Act Grant (VOCA), a federal formula grant that is funded by the US Department of Justice. VOCA funds have decreased in recent years due to changes in federal settlement agreements.

Analyst Note: Governor’s Budget Amendment 1, dated February 10, 2026, increases the State Fiscal Recovery Funds by \$41 to accurately reflect remaining funds for FY2026.

E-911

The objective of the E-911 Uniform Emergency Telephone System is to maintain a statewide emergency telephone system providing prompt transfers of E-911 calls to the appropriate responding fire department, medical rescue service, or law enforcement agency. The Division operates 24 hours a day, 7 days a week. E-911 has a primary public safety answering point (PSAP) located in the State Police Headquarters complex in North Scituate, as well as a secondary PSAP in North Providence. Backup PSAP facilities are considered best management practices to provide service continuity if an emergency affects the primary PSAP. Article 2 of the FY2020 Budget as Enacted provided a dedicated funding stream for E-911 services by shifting all E-911 surcharge fee revenue from general revenue to a restricted receipt account, the E-911 Fund.

E-911	Restricted Receipts
FY2026 Enacted	\$10,730,138
<i>Target and Other Adjustments</i>	<i>19,255</i>
Records Management System Implementation Costs (restricted receipts)	(1,033,425)
3.0 FTE Increase to E-911 Personnel (restricted receipts)	513,842
Personnel: Salary and Benefit Adjustment (restricted receipts)	297,205
Surcharge and Revenue Fund Balance	Informational
FY2027 Governor	\$10,527,015

Records Management System Implementation Costs (restricted receipts) (\$1.0 million)

The Governor removes \$1.0 million of E-911 restricted receipts in FY2027 for the implementation of the Computer Aided Dispatch (CAD) and Records Management System (RMS). The FY2026 Budget as Enacted provided \$1.0 million of restricted receipts for the project, which are included by the Governor in the FY2026 Revised Budget.

Background: The FY2025 Budget as Enacted provided funding for a centralized Computer Aided Dispatch (CAD) and Records Management System (RMS), to be utilized by the Department of Public Safety and other law enforcement agencies throughout Rhode Island. Prior to implementation, law enforcement and fire agencies independently managed their records management systems, many of which were over 20 years old, with limited integration amongst the systems. The Department believed that the lack of system integration created concerns surrounding officer safety and situational awareness, as well as repetitive business processes. Furthermore, agencies were unable to quickly analyze statewide crime data in real time while making critical decisions surrounding policing strategies.

The FY2026 Budget as Enacted provided funding for the implementation and compliance with Governmental Accounting Standards Board, Statement 96 (GASB 96). GASB 96, which was implemented by the State Controller, requires all “subterranean” (reoccurring) software costs to be shifted to a new account.

The CAD and RMS project created a centralized and united records management system, hosted by Amazon Web Services, which removed the need for physical record keeping and provides instant access to statewide records for all participating agencies. The system is configured with a multi-agency approach, providing real-time location data and information of both current and previously recorded incidents to personnel of participating agencies. The Department believes that the RMS will resolve their concerns and allow for a centralized and united records management system.

Analyst Note: The Department indicates that the operating cost projection includes full participation from agencies and departments statewide. As of March 13, 2026, there are currently 20 municipal agencies and 5 state agencies utilizing the RMS. 5 municipal agencies and an additional state agency are expected to join by the end of FY2026. The participation rate will not impact the implementation costs but will require a revision to the operating costs. The Department notes that the contract has a provision which will proportionally reduce the operating costs to the State for cities and towns that do not participate.

3.0 FTE Increase to E-911 Personnel (restricted receipts) \$513,842

The Governor recommends \$513,842 in restricted receipts to support 3.0 new FTE positions in the E-911 program, including 2.0 FTE E-911 Telecommunicator positions and 1.0 FTE E-911 Shift Supervisor position. The recommendation includes \$504,646 for salary and benefits of the new personnel and \$15,000 for furniture and equipment. The Department indicates that the additional positions will address the deficiencies in the E-911 metrics, reduce burnout and turnover amongst personnel, as well as minimize the number and wait times of calls in the queue.

Personnel: Salary and Benefit Adjustment \$297,205

The Governor recommends \$7.3 million in restricted receipts to support the salary and benefits of personnel within the E-911 program, reflecting a net increase of \$297,205 from the FY2026 Budget as Enacted. The adjustment provides an additional \$379,944 in regular wages offset by reductions of \$140,687 for medical insurance and \$56,000 for overtime. The overtime reduction reflects the additional FTE positions.

Surcharge Revenue and Fund Balance Informational

In FY2027, \$11.7 million is projected to be collected from the First Response Surcharge, of which, \$1.2 million will be deposited into the ITRR, and the remaining \$10.5 million will be transferred to the general fund. Additionally, \$7.4 million is projected to be collected as E-911 restricted receipts.

Background: The FY2020 Budget as Enacted reconfigured the telecommunication surcharges that support emergency services and first response programs, including the E-911 program. Previously, there was a \$1.00 emergency services and first response surcharge on wireline, wireless, and prepaid telecommunication services and an additional \$0.26 technology surcharge on just wireless services. 90.0 percent of the revenue from the \$1.00 surcharge was deposited as general revenue, with the balance placed into the State's Information Technology Investment Fund. The \$0.26 surcharge was deposited into a restricted receipt account to support the State geographic information system (GIS) and other technology improvements.

Article 2 of the FY2020 Budget as Enacted eliminated both of these surcharges and established two new ones, an E-911 surcharge and a First Response Surcharge. The \$0.50 E-911 surcharge directly supports the E-911 program, with revenue deposited to a dedicated restricted receipt account within the Department of Public Safety (DPS) explicitly reserved to support the E-911 system. The First Response Surcharge was also established to support first responder services across the State. The surcharge amount varies by telecommunication type and ranges from \$0.50 to \$0.75. 90.0 percent of the revenue collected from the First Response Surcharge is deposited into the general fund, with the remaining 10.0 percent transferred to the Information Technology Restricted Receipt account (ITRR). The following table illustrates the fund's revenues, expenditures, and transfers from FY2010 through FY2026.

E-911 Surcharge and First Response Surcharge Revenues vs. Expenditures

Fiscal Year	E-911 Surcharge	First Response Surcharge	E911 Restricted Receipts	E-911 Expenditures	Deposit to ITRR	Net to General Fund
2010	\$17,898,223	\$0	\$0	\$4,635,901	\$0	\$13,262,322
2011	17,248,460	-	-	4,829,770	-	12,418,690
2012	17,255,770	-	-	4,766,586	-	12,489,185
2013	17,507,117	-	-	5,103,735	-	12,403,382
2014	17,454,670	-	-	5,444,296	-	9,798,629
2015	17,640,703	-	-	5,320,615	-	12,320,088
2016	18,130,694	-	-	5,499,050	1,480,947	11,150,697
2017	18,280,846	-	-	5,699,440	1,435,310	11,146,096
2018	18,660,771	-	-	5,894,522	1,588,357	11,177,893
2019	18,886,107	-	-	5,899,730	1,545,323	11,441,053
2020	4,598,771	6,922,020	5,242,464	6,519,118	1,181,109	9,063,027
2021	4,182	10,451,821	8,329,344	7,197,039	1,045,535	9,406,285
2022	31,897	10,625,484	8,080,045	7,106,599	1,062,497	9,562,987
2023	4,895	10,834,241	7,897,162	7,252,509	1,083,822	9,750,419
2024	-	10,008,507	8,518,703	7,464,523	1,000,656	9,007,852
2025	-	10,424,569	8,449,835	10,114,801	1,042,457	9,382,112
2026 (Enacted)	-	11,234,469	7,465,807	10,730,138	1,123,447	10,111,022
2026 (Revised)	-	11,154,513	7,106,770	10,974,080	1,115,451	10,039,062
2027 (Recommended)	-	11,622,526	7,381,367	10,527,015	1,162,253	10,460,273

Source: Office of Revenue Analysis and Office of Management and Budget, March 2026

Analyst Note: Since FY2025 the E-911 expenditures have exceeded the amount of E-911 restricted receipts collected. The Department's FY2027 Budget Request included legislation that would increase the E-911 Surcharge from the current amount of \$0.50 per month to \$0.75 per month, in addition to reducing the First Response Surcharge from the current amount of \$0.75 per month to \$0.50 per month. The Governor did not include the proposal in his recommendation.

SECURITY SERVICES

The Security Services program consists of the Capitol Police and the Division of Sheriffs. The Capitol Police have arrest powers and provide security at 13 State buildings, including the State House, the courthouses, and numerous executive branch facilities. The Sheriffs are responsible for statewide activities assigned by law which relate to the duties and functions of the sheriffs in several counties. The Division is responsible for courtroom security, judicial security, cellblock security, transportation of individuals charged with crimes, interstate prisoner extraditions, and service of process.

Security Services	General Revenue
FY2026 Enacted	\$33,685,555
<i>Target and Other Adjustments</i>	<i>(4,526)</i>
Personnel: Salary and Benefit Adjustment	976,858
Capitol Police and Sheriffs: Motor Vehicles	Informational
FY2027 Governor	\$34,657,887

Personnel: Salary and Benefit Adjustment **\$976,858**

The Governor recommends \$30.9 million of general revenue to support the salary and benefits of personnel within the Security Services program, reflecting a net increase of \$976,858 from the FY2026 Budget as Enacted. The adjustment primarily occurs within the Sheriffs Division, which is increased by \$836,924, and includes a \$247,433 reduction to turnover savings. The adjustment to turnover reflects the budgetary process and assumes the hire date for the recruits, which occurs within the fiscal year and creates vacancies for the positions prior to their start date. The following table illustrates the adjustment.

Personnel: Sheriffs	FY2026 Enacted	FY2026 Revised	Change	FY2027 Governor	Change
AFB Fund Assessment	\$8,930	\$366,292	\$357,362	\$424,155	\$415,225
Employer Cost Of Employee Medical Insurance	2,724,514	2,594,516	(129,998)	3,064,472	339,958
Regular Wages	14,307,455	13,065,373	(1,242,082)	14,643,437	335,982
Turnover	(771,433)	(453,376)	318,057	(524,000)	247,433
AFB Exception Rate	218,855	-	(218,855)	-	(218,855)
Stipend Payments	354,400	155,000	(199,400)	175,000	(179,400)
Defined Contribution Plan - Employer Contribution	135,306	3,356	(131,950)	3,534	(131,772)
All Other Adjustments	6,901,359	6,477,479	(423,880)	6,929,712	28,353
Subtotal Sheriffs	\$23,879,386	\$22,208,640	(\$1,670,746)	\$24,716,310	\$836,924

Personnel: Capitol Police	FY2026 Enacted	FY2026 Revised	Change	FY2027 Governor	Change
AFB Exception Rate	\$47,616	\$0	(\$47,616)	\$0	(\$47,616)
AFB Fund Assessment	3,006	83,735	80,729	93,717	90,711
Defined Contribution Plan - Employer Contribution	29,260	2,458	(26,802)	2,822	(26,438)
Turnover	(80,663)	(60,682)	19,981	(20,025)	60,638
Stipend Payments	95,800	42,000	(53,800)	42,000	(53,800)
Regular Wages	2,997,074	2,844,376	(152,698)	3,037,039	39,965
Longevity Pay	78,407	103,613	25,206	106,912	28,505
Overtime	840,840	840,840	-	866,065	25,225
All Other Adjustments	2,026,734	1,907,737	(118,997)	2,049,478	22,744
Subtotal Capitol Police	\$6,038,074	\$5,764,077	(\$273,997)	\$6,178,008	\$139,934

Total **\$29,917,460** **\$27,972,717** **(\$1,944,743)** **\$30,894,318** **\$976,858**

The Department's 2nd Quarter Report, released in January 2026, indicates that the Department may realize a personnel surplus due to graduating a smaller Sheriffs class than the 20.0 originally planned, as well as additional vacancies that have occurred following enactment of the Budget. The Department's goal is to hire 20.0 additional Sheriffs from the most recent recruitment drive. The following table illustrates the results from recent training academy classes for the Sheriffs and Capitol Police from 2024-2026.

Sheriffs	Class Size	Lateral Hires
2024	8	N/A
2025	14	8
2026*	20	1

Capitol Police	Class Size	Lateral Hires
2024	3	N/A
2025	4	0
2026	2	1

* Figure reflects budgeted class size

Capitol Police and Sheriffs: Motor Vehicles

Informational

The Governor recommends the Department utilize personnel savings to purchase vehicles for the Capitol Police and Sheriffs Division outright in FY2026 and use the State Fleet Revolving Loan Fund for vehicles

purchased in FY2027. The Office of State Fleet Operations bills agencies annually for their lease payments beginning the year following purchase. Pursuant to RIGL 42-11-2.4(d), the State Fleet Revolving Loan Fund may be utilized by agencies and departments to acquire vehicles.

The Governor recommends \$414,500 of general revenue for vehicles in FY2027, including \$60,500 for 1 Capitol Police vehicle and \$354,000 for 2 Sheriff vehicles. The Budget includes an equivalent amount of funding as reimbursement from the revolving loan fund.

The Governor recommends \$551,500 of general revenue for the Capitol Police and Sheriffs to purchase vehicles in FY2026, consistent with the Department's 15 Year Replacement Plan. The appropriation includes \$181,500 for 3 Capitol Police vehicles and \$370,000 for 6 Sheriff vehicles and removes a \$525,500 transfer of expenditures to the revolving loan fund.

MUNICIPAL POLICE TRAINING ACADEMY

The Rhode Island Municipal Police Training Academy (MPTA) was established in 1969 and assigned to train and certify municipal law enforcement officers for all municipalities except for the City of Providence. Municipalities do not pay to send recruits to the Academy, but they do provide in-kind services including officer time to teach courses and meeting and firing range space. Recruits are paid by municipalities for their time spent at the Academy. Since the first training class in 1970, the Academy has graduated 114 classes. The Academy runs two to three classes and 80 to 100 professional development workshops annually. Since 1981, the Academy has been located at the Community College of Rhode Island (CCRI) Flanagan Campus in the Town of Lincoln.

Municipal Police Training Academy	General Revenue
FY2026 Enacted	\$349,440
<i>Target and Other Adjustments</i>	655
MPTA Records Management System Equipment	(32,400)
Personnel: Salary and Benefit Adjustment	25,539
FY2027 Governor	\$343,234
Municipal Police Training Academy	Other Fund Changes
Federal Grant Adjustment (federal funds)	(\$225,463)
RI POST (restricted receipts)	75,000

***MPTA Records Management System Equipment* (\$32,400)**

The Governor removes \$32,400 of general revenue in FY2027 that was included as a one-time expense in FY2026 to purchase wireless network equipment for the Rhode Island Municipal Police Training Academy (MPTA). The funding remains in the FY2026 Governor's Revised Budget. The equipment will provide recruits with exposure to the primary law enforcement databases and direct training with the new Records Management System (RMS).

***Personnel: Salary and Benefit Adjustment* \$25,539**

The Governor recommends \$265,535 of general revenue to support the salary and benefits of the 2.0 FTE positions within the Municipal Police Training Academy, reflecting an increase of \$25,539 from the FY2026 enacted level of \$239,996. The significant adjustments include increases of \$10,000 for overtime, \$6,073 for regular wages, and \$3,414 for longevity pay.

***Federal Grant Adjustment (federal funds)* (\$225,463)**

The Budget includes \$191,992 of federal funds from the 2026 Law Enforcement Highway Safety Grant for the MPTA program, reflecting a net reduction of \$225,463 from the FY2026 enacted level. The adjustment

relates to the availability of funding, the FY2026 Budget as Enacted included \$104,364 from the 2025 Law Enforcement Highway Safety Grant and \$313,091 from the 2026 Law Enforcement Highway Safety Grant.

RI POST (restricted receipts)

\$75,000

The Governor recommends \$75,000 in restricted receipts for the administrative, information technology, and operating expenses incurred by the Rhode Island Police Officers Commission on Standards and Training (POST). The RI POST is established in state law and serves as the statewide oversight body for law enforcement professional standards.

Analyst Note: Governor's Budget Amendment 2, dated February 10, 2026, removes the \$75,000 of restricted receipts for the RI POST and increases general revenue by an equivalent amount. The adjustment is due to a technical correction.

STATE POLICE

The Rhode Island State Police are a uniformed and investigative law enforcement agency with statewide jurisdiction. The agency is organized into three bureaus: the Administrative Bureau, Uniform Bureau, and Detective Bureau. The Administrative Bureau consists of both sworn command staff and civilian personnel and provides overall management and support. The Uniform Bureau is responsible for preventing crime and investigating criminal and noncriminal activities. The Uniform Bureau also establishes highway safety through the enforcement of motor vehicle laws with emphasis on hazardous moving violations, i.e. drunk driving and speeding. The Detective Bureau is the primary investigative unit that helps the Attorney General's Office and other agencies in investigating organized and white-collar crime and provides support to police agencies throughout the State.

State Police	General Revenue
FY2026 Enacted	\$96,907,970
<i>Target and Other Adjustments</i>	<i>84,550</i>
State Police Training Academy	1,655,511
Taser and Body-Worn Camera Contract	600,000
Centralized Services (statewide adjustments)	(35,022)
1.0 FTE Increase to State Police Personnel	4,309
State Police Vehicles	Informational
FY2027 Governor	\$99,217,318

State Police	Changes
Road Construction Reimbursement (other funds)	\$1,000,000

State Police Training Academy

\$1.7 million

The Governor recommends the Department conduct a State Police Training Academy in FY2027 and includes \$2.6 million of general revenue, reflecting an increase of \$1.7 million from the FY2026 enacted level of \$979,925. In 2024, the State Police Academy graduated 29 new troopers. The Academy's most recent class graduated in June of 2025 with 16.0 new troopers and are expecting to begin a class of 17.0 recruits in March 2026. The expected graduation date for the upcoming class is August 2026.

The recommendation includes an additional \$975,858 for operating supplies and \$679,653 for the salary and benefits of personnel. Specific operating increases include \$285,000 for military supplies, \$238,750 for clothing and uniforms, \$165,000 for food, and \$142,812 for safety supplies. The FY2026 Budget as Enacted assumed there would not be a class in FY2026. The following table compares the funding recommended by the Governor in FY2026 and FY2027 with the FY2026 Budget as Enacted.

	FY2026 Enacted	FY2026 Governor	Change	FY2027 Governor	Change
State Police Training Academy					
Seasonal/Special Salaries/Wages	\$0	\$224,100	\$224,100	\$375,300	\$375,300
Military Supplies	-	213,750	213,750	285,000	285,000
Staff Clothing, Uniforms, Accessories	-	179,063	179,063	238,750	238,750
ERSRI State Police Retirement Plans	-	197,067	197,067	196,983	196,983
Food	-	123,750	123,750	165,000	165,000
Security/Safety Supplies	-	107,109	107,109	142,812	142,812
ERSRI Retirement Plans	101,720	-	(101,720)	-	(101,720)
Software Maintenance	-	66,972	66,972	89,296	89,296
Overtime	-	84,901	84,901	84,901	84,901
State Police Retiree Health Ins Contributions	41,713	82,919	41,206	105,939	64,226
Computer and Software Supplies	-	30,000	30,000	40,000	40,000
All Other Adjustments	836,492	922,973	86,481	911,455	74,963
Total	\$979,925	\$2,232,604	\$1,252,679	\$2,635,436	\$1,655,511

Taser and Body-Worn Camera Contract**\$600,000**

The Governor recommends \$600,000 of general revenue to fund a new 5-year contract for body-worn and vehicle cameras, as well as to consolidate the contracts for unmanned aerial equipment and tasers into a single contract. The State Police's current contract for the Taser 7 system expires in April of 2026 and the contract will upgrade the inventory with Taser 10 devices. The manufacturer indicates that the system has a five-year useful life and that utilization outside of the recommended period should be for training purposes only, as factors like temperature and humidity may impact the device's performance. The Department indicates that the consolidation and bundling of contracts will create a general revenue savings of \$125,000 across a 5-year period when compared to a la carte replacement.

1.0 FTE Increase to State Police Personnel**\$4,309**

The Governor transfers 1.0 FTE Data Processing Systems Manager position from the Department of Administration to the Department of Public Safety and recommends a net general revenue increase of \$4,309. The position is currently stationed at the Rhode Island State Police Headquarters and exclusively supports the Department of Public Safety but is considered an employee of the Department of Administration's Division of Enterprise Technology and Strategy Services (ETSS). The Department of Public Safety is billed \$222,881 internally by the ETSS for the position. The Governor recommends transferring the position to the Department of Public Safety in both the FY2026 Revised and FY2027 Recommended Budgets for a net general revenue savings of \$1,286 in FY2026 and a net general revenue increase of \$4,309 in FY2027.

State Police Vehicles**Informational**

The Governor recommends \$2.4 million of general revenue (\$2.6 million in all funds) for the State Police to acquire 32 vehicles for the State Police through the State Fleet Revolving Loan Fund in FY2027. The recommendation is consistent with the enacted level apart from federal funds, which are reduced by \$648,276. The Office of State Fleet Operations bills agencies annually for their lease payments beginning the year following purchase. Pursuant to RIGL 42-11-2.4(d), the State Fleet Revolving Loan Fund may be utilized by agencies and departments to acquire vehicles.

The FY2026 Revised Budget contains \$1.2 million of general revenue (\$3.3 million all funds) to outright purchase 29 vehicles for the State Police, reflecting a general revenue reduction of \$1.2 million from the enacted level (\$71,211 increase in all funds). The Governor recommends the Department utilize personnel turnover as well as \$1.2 million in receipts collected through Road Construction Reimbursement, as

opposed to the State Fleet Revolving Loan Fund. The Department notes in their FY2025 2nd Quarter Report that the outright purchase eliminates \$835,000 of year-one vehicle loan repayments in FY2026.

Road Construction Reimbursement (other funds)

\$1.0 million

The Governor recommends \$4.4 million in road construction reimbursement receipts to be utilized by the Department in FY2027, reflecting an increase of \$1.0 million from the enacted level. The Department utilizes these funds to support overtime expenditures, of which, the \$1.0 million increase in FY2027 supports. The Governor recommends \$5.5 million in FY2026, reflecting a \$2.2 million increase from the enacted level. The FY2026 Revised Budget provides an additional \$1.0 million for overtime expenditures and \$1.2 million to support the outright purchase of State Police vehicles.

CAPITAL PLAN PROJECTS

The Governor's recommended capital plan for the Department of Public Safety is financed entirely with Rhode Island Capital Plan (RICAP) funds, including \$21.7 million in FY2026 and \$2.0 million in FY2027. The recommendation for FY2026 is \$2.0 million above the current enacted level and includes \$1.8 million of reappropriated funds for asset protection projects. The FY2027 recommendation is \$17.7 million below the enacted level, primarily due to the expected completion of the Southern Barracks project in early FY2027. The following table illustrates the Governor's capital project recommendation for the Department in FY2026 and FY2027.

Capital Project	FY2026 Enacted	FY2026 Revised	Change from Enacted	FY2027 Governor	Change from Enacted
Southern Barracks	\$16,750,000	\$16,749,980	(\$20)	\$0	(\$16,750,000)
Training Academy Upgrades	1,550,000	1,875,148	325,148	670,000	(880,000)
RI Statewide Communications System Network	245,048	-	(245,048)	-	(245,048)
Asset Protection	1,205,000	3,116,587	1,911,587	1,345,000	140,000
Total	\$19,750,048	\$21,741,715	\$1,991,667	\$2,015,000	(\$17,735,048)

Southern Barracks

The Governor recommends \$16.8 million of RICAP funds in FY2026 and no funding in FY2027 to support the Department's Southern Barracks project. The project involves the construction of a new State Police barracks in West Greenwich to serve the State's southern region. The project is expected to reach substantial completion by June and full occupancy by August 2026 for a total cost of \$41.4 million, all of which is RICAP funds.

Background: In 2018, the Department of Public Safety initiated a comprehensive planning review and feasibility study related to the Rhode Island State Police (RISP) barracks facilities located in Wickford, Hope Valley, and Portsmouth. The review and study were completed in the Fall of 2019 and were coordinated by a master planning committee consisting of members of the RISP, representatives from the Department of Administration, and an architectural and engineering design firm. The committee found that the existing three barracks, which were built in the 1930s, did not meet the modern public safety and policing requirements of the State Police. It was therefore determined that it was not feasible to renovate each of the existing structures and instead the Department will construct a new, combined barracks in the southern part of the State.

The Department selected a parcel of land located at 65 New London Turnpike, West Greenwich. The property was previously owned by the Department of Transportation, which transferred the deed to the State Police. The ceremonial groundbreaking occurred on site in October of 2024. Upon completion, the Department plans to decommission the assets and revert ownership of the Wickford and Hope Valley barracks to the Department of Administration.

Analyst Note: Governor's Budget Amendment 1 dated February 10, 2026, increases the RICAP funding for the Southern Barracks project by \$12.2 million, from \$16.7 million to \$29.0 million to accurately reflect unspent funds carried over from FY2025 to FY2026.

Training Academy Upgrades

The Governor recommends \$1.9 million of RICAP funds in FY2026 and \$670,000 in FY2027 for improvements to the State Police Training Academy located in Foster. Recently, the Department has maintained the grounds, contracted A&E services for the construction of a storage facility with environmental controls to prolong the life of RISP equipment and renovated the pump house. Upcoming projects include installing environmental controls to extend the useful life of the Firearms Training Simulator, environmental and safety renovations to the firing range, replacement of the storage facilities, as well as various HVAC and electrical upgrades.

The Department identified a need for a dedicated training facility to accommodate the increased law enforcement programming that occurs at the Training Academy and engaged RGB Architects to prepare a feasibility study to estimate the cost to build a field house. The study examined the cost to build a 28,000 square foot field house with two classrooms, two offices, equipment storage, and a dedicated firearm simulator room. The study indicated the estimated total construction cost of the field house is \$24.3 million, which is not included in the Governor's Recommendation.

RISCON (RI Statewide Communications System Network)

The Governor removes \$245,048 of RICAP funds in FY2026, the funds were appropriated to support the final payment on the upgrade to the State Police microwave loop network, which is a statewide 6 GHz digital network comprised of 5 microwave hops connecting key radio transmission sites and facilities statewide. The Rhode Island Statewide Communications Network (RISCON) is managed by the Rhode Island Emergency Management Agency (RIEMA) and serves as the primary radio communications platform for the Department of Public Safety, as well as the Department of Transportation, Rhode Island Public Transit Authority, and numerous other agencies and departments throughout the State.

Analyst Note: Governor's Budget Amendment 1, dated February 10, 2026, replenishes \$245,048 of RICAP funds for the RISCON project to include the project's final expenditure in FY2026.

Asset Protection

The Governor recommends \$3.1 million of RICAP funds in FY2026 and \$1.3 million in FY2027, to fund maintenance and preservation costs for the 28 Public Safety Buildings and seven radio towers throughout the State. Asset protection projects include maintenance to the State Police Headquarters, E-911 Headquarters, and the Wickford and Hope Valley barracks. Recent asset protection projects include renovations and ADA compliance updates to the Radio Bureau Building and Richard Rhodes House, asset protection on the roof of headquarters, and reserve for the Hope Valley and Wickford Barracks. The Richard Rhodes House was originally built in 1794, extensively renovated in 1912, and acquired by the State in 1936 for use as the State Police Headquarters and Scituate Barracks. The Public Safety Grant Administration Office is currently housed in the building.

Office of the Public Defender

Expenditures By Program	FY2025 Actual	FY2026 Enacted	FY2026 Governor	Change from Enacted		FY2027 Governor	Change from Enacted	
Central Management	\$16.7	\$18.3	\$18.3	\$0.0	0.1%	\$18.9	\$0.6	3.2%
Expenditures By Source								
General Revenue	\$16.6	\$18.2	\$18.2	\$0.0	0.1%	\$18.8	\$0.6	3.2%
Federal Funds	0.1	0.1	0.1	-	0.0%	0.1	-	0.0%
Total	\$16.7	\$18.3	\$18.3	\$0.0	0.1%	\$18.9	\$0.6	3.2%
Authorized FTE Levels	104.0	104.0	104.0	-	-	105.0	-	-

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

The Office of the Public Defender represents indigent adults and juveniles who are charged with criminal offenses or who are in jeopardy of losing custody of their children to the State. Referrals come from the Supreme, Superior, District, and Family Courts. All who are financially eligible are assigned to a staff attorney for representation in the appropriate court. The main office and two branch locations are located in Providence. Three additional offices are located in the southern half of the state. The metropolitan areas of Providence and Newport account for the bulk of the cases. The Office includes four basic divisions of attorneys: appellate, criminal trial (including separate felony and misdemeanor units), juvenile, and parental rights. The Public Defender is appointed by the Governor to a six-year term, with the advice and consent of the Senate.

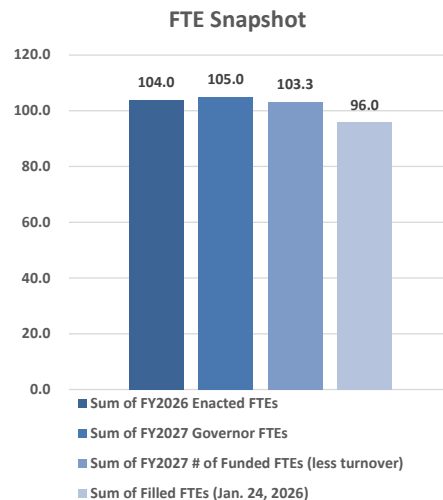
MAJOR ISSUES AND TRENDS

The Office of the Public Defender is funded almost entirely by general revenue.

FY2026: The FY2026 Governor's Revised Budget includes \$18.3 million in all funds, of which, \$18.2 million is general revenue and \$85,035 are federal funds. The Governor recommends a net general revenue increase of \$11,095 and keeping federal funds consistent with the FY2026 enacted level.

FY2027: The FY2027 Governor's Recommended Budget includes \$18.8 million of general revenue (\$18.9 million in all funds) representing an increase of \$587,210 or 3.2 percent from the FY2026 enacted level. The \$587,210 general revenue increase includes the addition of 1.0 new FTE Assistant Public Defender position and the statewide 3.0 percent cost of living adjustment (COLA) for state employees. Of the additional \$587,210 recommended, \$543,329 or 92.5 percent reflects personnel expenditures. The Governor recommends \$85,035 in federal funds, consistent with the enacted level. Budget items of note include:

- Article 9 of the Governor's Budget recommends renewal of the lease for the Public Defender's main office, located at 160 Pine Street in Providence. The recommendation is for a 5-year term with aggregate rent not to exceed \$2.2 million and the maximum annual rent not to exceed \$435,094.
- The Office indicates that it currently suffers from a well-documented caseload crisis and requested additional staff to provide legal representation to the State's indigent population. The Office notes that "National standards recommend that misdemeanor attorneys handle no more than 400 cases per year, our attorneys routinely handle between 800 and 1,200 cases per year." The Office requests 7.0



additional FTE positions in FY2027, including 3.0 FTE Case Management Coordinator, 3.0 Assistant Public Defender I positions and 1.0 Staff Attorney II position.

The Governor recommends 104.0 FTE positions in FY2026, which is consistent with the enacted level. The Governor recommends 105.0 FTE positions in FY2027, reflecting an increase of 1.0 position from the enacted level.

Central Management	General Revenue
FY2026 Enacted	\$18,178,679
<i>Target and Other Adjustments</i>	<i>(8,504)</i>
Personnel: Salary and Benefit Adjustment	364,661
1.0 New Assistant Public Defender FTE Position	187,176
A&C ISF Charges (statewide adjustment)	96,597
ETSS Billings (statewide adjustment)	(52,720)
FY2027 Enacted	\$18,765,889

Personnel: Salary and Benefit Adjustment ***\$364,661***

The Governor recommends \$16.9 million of general revenue in FY2027 to support the salary and benefits of personnel within the Office of the Public Defender (excluding the new FTE position), reflecting an increase of \$364,661 from the enacted level. The adjustment includes a \$220,653 increase to turnover savings as well as a 3.0 percent cost of living adjustment (COLA), which was provided in the most recent contract with the state employee collective bargaining unit.

1.0 New Assistant Public Defender FTE Position ***\$187,176***

The Governor recommends an additional 1.0 FTE for the Office as well as \$187,176 of general revenue to support a new Assistant Public Defender position in FY2027. The recommendation includes \$178,668 for salary and benefits, \$6,508 for operating supplies, and \$2,000 for computer equipment.

Department of Environmental Management

Expenditures By Program	FY2025 Actual	FY2026 Enacted	FY2026 Governor	Change from Enacted		FY2027 Governor	Change from Enacted	
Office of the Director	\$16.1	\$15.7	\$17.1	\$1.4	8.6%	\$18.2	\$2.5	15.9%
Bureau of Natural Resources	80.7	106.5	101.7	(4.8)	-4.5%	103.9	(2.6)	-2.5%
Bureau of Environmental Protection	37.6	42.2	45.3	3.1	7.4%	43.8	1.6	3.7%
Total	\$134.5	\$164.4	\$164.1	(\$0.3)	-0.2%	\$165.9	\$1.4	0.9%
Expenditures By Source								
General Revenue	\$56.0	\$58.4	\$58.6	\$0.2	0.3%	\$60.6	\$2.2	3.8%
Federal Funds	46.6	44.7	48.2	3.5	7.8%	51.2	6.5	14.5%
Restricted Receipts	21.3	24.8	26.7	1.9	7.8%	27.3	2.5	10.1%
Other Funds	10.6	36.6	30.7	(5.9)	-16.1%	26.8	(9.8)	-26.8%
Total	\$134.5	\$164.4	\$164.1	(\$0.3)	-0.2%	\$165.9	\$1.4	0.9%
Authorized FTE Levels	439.0	439.0	439.0	-	0.0%	440.0	1.0	0.2%

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

The Department of Environmental Management (DEM) is responsible for protecting, managing, and restoring the natural resources of the State. The Department is organized into three divisions: the Office of the Director, the Bureau of Natural Resources, and the Bureau of Environmental Protection.

The Department is charged with supervising and controlling the protection, development, planning, and utilization of the natural resources of the state; the promotion of agriculture and animal husbandry; and, providing for the maintenance of waterways and boating facilities.

MAJOR ISSUES AND TRENDS

The FY2027 Budget includes an all funds increase of \$1.4 million, or 0.9 percent, from the FY2026 Budget as Enacted. The Budget includes a \$2.2 million (3.8 percent) increase in general revenue expenditures due primarily to an increase of \$752,000 to support the maintenance and operating costs of the Department's online application system, \$148,523 for the transfer of authority over the Big River Reservoir lands, statewide salary and benefit adjustments including the most recent cost of living adjustment, and statewide central services. The Local Agriculture and Seafood (LASA) grant program is level funded, compared to the FY2026 Budget as Enacted, with \$500,000 in general revenue. The increase in federal funds is primarily due to a \$15.5 million Federal Emergency Management Agency (FEMA) Hazard Mitigation grant awarded to Rhode Island to elevate structures at the Port of Galilee and Wickford Dock in FY2026 and FY2027. The increase in restricted receipts is primarily driven by the indirect cost recovery (ICR) on federal grants which is a rate negotiated between DEM and the relevant federal agency and charged to individual grants based on eligible expenses. The decrease in other funds is driven by project schedule shifts primarily in a decrease of RICAP funded repairs to state-owned dams and the Galilee Piers, partially offset by an increase in the Recreational Facilities Improvement project.

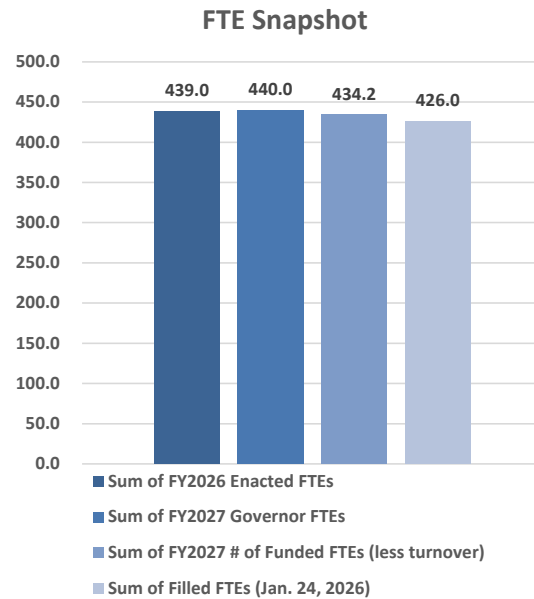
Pursuant to RIGL 28-12-3(q), the minimum wage in Rhode Island will increase from \$16.00 per hour to \$17.00 per hour on January 1, 2027. While this change is expected to impact seasonal employees within the DEM, the adjustment was not provided for in the FY2027 budget target provided by the Office of Management and Budget. According to DEM, if 2025 seasonal staffing levels were maintained, the cost for the wage increase would be about \$4.9 million while the Governor's Budget provides \$4.3 million for seasonal wages.

In FY2026, the Budget reduces funding by \$300,641, including a \$172,924 reduction in general revenue due to statewide adjustments. Federal and restricted receipt increases are primarily driven by the FEMA Hazard Mitigation grant to improve resiliency at commercial fishing ports. The decrease in other funds is driven by project schedule shifts primarily in a decrease of RICAP funded repairs to state-owned dams and the Galilee Piers, partially offset by an increase the Recreational Facilities Improvement.

The Budget authorizes 439.0 FTE positions in FY2026, consistent with the FY2026 budget as Enacted, and 440.0 in FY2027 to reflect the transfer of 1.0 FTE programming services position from the Water Resources Board as part of the transfer of administrative and regulatory authority over the Big River Management Area.

OFFICE OF THE DIRECTOR

The Office of the Director includes the Office of Management Services, Legal Services, Administrative Adjudication, and the two central service offices of Human Resources and Information Technology. The Office is responsible for developing and implementing programs to protect the State's environment, protect citizens from public health threats resulting from pollution, and provide facilities that support outdoor recreational activities.



Office of the Director	General Revenue
FY2026 Enacted	\$9,446,875
<i>Target and Other Adjustments</i>	<i>(10,150)</i>
Online Permitting Application Portal	752,000
Centralized Services (statewide adjustments)	321,104
FY2027 Governor	\$10,509,829
Online Permitting Application Portal	\$752,000

The Budget includes \$752,000 in general revenue to support the maintenance and operating costs of the Department's online application portals for construction permitting and business licensing. The implementation costs were covered by IT restricted receipt funds that are not available in FY2027. The ongoing costs include \$234,000 for vendor management support and \$518,000 for annual software licensing fees. The online platform is more accessible and convenient for the public, and it also reduces the amount of time staff need to review and approve licenses and permits. Applicants get real-time status updates on applications, communicate directly with DEM staff, and receive notifications for renewals.

BUREAU OF NATURAL RESOURCES

The Bureau of Natural Resources is comprised of six divisions which manage the State's marine, freshwater, and upland resources. The Bureau administers the State's agriculture programs, state land acquisitions, and local matching grant programs for outdoor recreation. The Bureau is also responsible for enforcing state laws and regulations governing hunting and fishing, public safety in state parks, and recreational boating; and for administering, maintaining, and operating eight state parks, five campgrounds, seven state beaches, a golf course, the East Bay and Blackstone Bike Paths, and 40,000 acres of state-owned forests. Furthermore, the Bureau is responsible for oversight of all land leases and capital assets of port facilities and commercial fishing piers in Narragansett and Newport.

Bureau of Natural Resources	General Revenue
FY2026 Enacted	\$32,325,750
<i>Target and Other Adjustments</i>	<i>340,721</i>
Big River Management Area Transfer (1.0 FTE position)	148,523
FY2027 Governor	\$32,814,994

Big River Management Area (1.0 new FTE position) \$148,523

Article 3 transfers administrative and regulatory authority over the Big River Reservoir lands from the Water Resources Board (WRB) in the Department of Administration (DOA) to the Department of Environmental Management (DEM). The transfer includes 1.0 FTE programming services position and \$148,523 in general revenue, including \$138,523 in salaries and benefits and \$10,000 in operating supplies and expenses.

The Big River Management Area (BRMA) includes 8,400 acres of land, including portions of West Greenwich, Coventry, and Exeter, designated as a potential water supply resource but currently managed as open space allowing passive recreation such as hiking, canoeing, and non-motorized biking. The WRB is a regulatory body with limited capacity for property management and enforcement. Consequently, DEM is managing the property through a Memorandum of Understanding (MOU) with the WRB and is therefore responsible for issues with the property including maintenance, access, and public safety. Given DEM's current role with the management areas and their experience with land management across the State, the Governor recommends the transfer of administrative and regulatory authority.

According to DEM, the State maintains leases on 9 residential properties and three commercial properties within BRMA, including Coventry Pines Golf Course, Greenwich Village Nursey School, and Maple Root Ramblewood Corporation mobile home park. Pursuant to 490-RICR-00-00-5.6, the Division of Capital Asset Management and Maintenance (DCAMM) manages the leases on the property in consultation with the WRB. However, the article provides that the current regulations will remain in effect until the rules and regulations are transferred and promulgated by DEM, and, based on information received from DEM, management of the leases will also be transferred with the regulatory authority. DEM indicated that the intent is to continue the commercial leases but to phase out the residential leases as the leases expire or the tenants move out.

BUREAU OF ENVIRONMENTAL PROTECTION

The Bureau of Environmental Protection is comprised of six programs which are responsible for regulating and protecting water resources; protecting and improving air resources; regulating the transportation and disposal of solid, medical and hazardous waste, and investigating and remediating unpermitted release of those materials; responding to emergency spills of oil and chemicals that present an immediate danger to public health and environment; and assisting the public by coordinating the review of projects requiring multiple applications and permits, and tracking the status of permitting activities throughout the Bureau.

Bureau of Environmental Protection	General Revenue
FY2026 Enacted	\$16,607,743
Target and Other Adjustments	349,327
Partial Reversal of Personnel Cost Shift to Restricted Receipts	333,749
FY2027 Governor	\$17,290,819

Partial Reversal of Personnel Cost Shift to Restricted Receipts \$333,749

The FY2025 Revised Budget included a one-time shift of costs to certain restricted receipt funds; however, according to the Department, the shift was carried into FY2026 and the base for FY2027; consequently, DEM requested an additional \$1.1 million in general revenue funded salaries and benefits in FY2027 to correct errors in the calculation of the base budget target. The Governor's recommendation includes an additional \$333,749. Of the four accounts accessed for the one-time shifts, two were raised as a concern moving forward due to the potential depletion of funds.

- **Oil Spill Prevention, Administration and Response Fund (OSPAR):** The OSPAR Fund was established in 1996 in response to the environmental damage caused by the North Cape Oil Spill along the Rhode Island coast. Pursuant to RIGL 46-12.7-5.1, the funds may be used to cover the costs of response, containment, and cleanup of oil spills into marine or estuarine waters. The OSPAR Fund may also be

used for structural improvements to reduce the risk of oil tanker spills, restoration of natural resources, response training and equipment, and monitoring activities. The fund is capitalized primarily with a fee of \$0.05 for each barrel of petroleum products received at a marine terminal in the State. The North Cape spill cost the State approximately \$3.0 million (\$6.2 million in today's dollars). Based on the estimates provided in the table below, which do not account for the possibility of an oil spill, this fund is projected to be depleted by FY2029.

	Current Balance				
OSPAR	(09.2025) ¹	FY2026	FY2027	FY2028	FY2029
	\$3.0		\$2.3	\$1.5	\$0.7
Receipts ¹		1.6	1.6	1.6	1.6
Expenditures ²		(2.3)	(2.3)	(2.4)	(2.5)
Net Income (loss)		(0.7)	(0.7)	(0.8)	(0.9)
Ending Balance					
Carry Forward		\$2.3	\$1.5	\$0.7	(\$0.1)

¹ Estimated annual receipts and current balance based on DEM FY2027 Budget Request detail.

² Estimated Expenditures based on Governor's FY2027 budget recommendation inflated by 2.5 percent annually.
\$ in millions

- **Bays, Rivers and Watersheds Fund:** The Bays, Rivers and Watersheds Fund (BRWF) is a restricted receipt account within DEM created pursuant to Article 16 of the FY2016 Budget as Enacted. Funding decisions are made by the Director of DEM within the limited purposes of The Comprehensive Watershed and Marine Monitoring Act (RIGL 46-23.2-1); Water Pollution (RIGL 46-12); the Resilient Rhode Island Act of 2014 – Climate Change Coordination Council (RIGL 46-6.2); and, through Article 3 of the Governor's FY2027 Budget recommendation, the Freshwater Lake Management Program (RIGL 46-33). The BRWF is supported with receipts from septage disposal fees, totaling over \$700,000 annually in recent years, collected pursuant to RIGL 46-12.11. A disposal fee of \$1.00 per every 100 gallons of septage delivered to a disposal facility is paid by septage transporters and collected by disposal facility operators.

According to DEM, the BRWF is used primarily to leverage federal funds in support of ambient water monitoring programs essential to water quality management. For example, the BRWF supports the ongoing fixed-site monitoring in Narragansett Bay, in partnership with the University of Rhode Island Graduate School of Oceanography; monthly water quality monitoring of the State's largest rivers; and continuous operation of 21 streamflow gages, in cooperation with the federal United States Geological Survey. The fund has also been used to address high-priority, short-term projects, consistent with the purposes authorized by legislation, such as an initial survey of invasive hydrilla in Worden Pond in South Kingstown to characterize the infestation and plan future treatment, the replacement of the DEM vessel used for shellfish area monitoring, and for investments in other monitoring equipment. In FY2027, DEM plans to use the funds to support projects related to stormwater management, including an update of the state stormwater manual. A portion of the funds has been utilized to support select staffing in the DEM Office of Water Resources. In the Governor's FY2027 budget recommendation, the BRWF supports \$696,775 in salaries and benefits in FY2026 and \$717,364 in FY2027, an increase of \$272,183 and \$292,772 respectively over the FY2026 Budget as Enacted. Based on the estimates provided in the table below, this fund is projected to be depleted in FY2027 with a shortfall of \$136,659; however, since expenditures cannot exceed the available balance, DEM as indicated that expenses will be adjusted to actual revenues.

Bays, Rivers, and Watersheds Fund					
Bays, Rivers, and Watersheds Fund	FY2023	FY2024	FY2025	FY2026 Estimate ¹	FY2027 Estimate ¹
Beginning Balance	\$948,923	\$1,109,463	\$1,405,125	\$865,798	\$405,725
Revenue	869,651	652,755	824,500	782,302	782,302
Expenditures	(709,111)	(357,094)	(1,363,827)	(1,242,375)	(1,324,686)
Net Income (loss)	160,540	295,661	(539,327)	(460,073)	(542,384)
Ending Balance Carry Forward	\$1,109,463	\$1,405,125	\$865,798	\$405,725	(\$136,659)

¹ Estimated revenue based on FY2023 through FY2025 average, as provided by DEM.

Expenditures based on Governor's recommended budget.

CAPITAL PROJECTS

The Budget includes a total of \$28.8 million in RICAP funding in FY2026 and \$24.9 million in FY2027, a decrease of \$5.9 million in FY2026 and \$9.8 million in FY2027 relative to the FY2026 Budget as Enacted. Major RICAP funded projects include:

- **Dam Repairs:** The Budget provides \$392,411 in FY2026 and \$5.6 million in FY2027, a decrease of \$6.4 million and \$1.2 million respectively relative to the FY2026 Budget as Enacted. This project allows DEM to complete engineering studies, designs and repairs to “high-hazard” State-owned dams which, if they were to fail, would cause significant property damage and potential for loss of life. The State owns 10 high hazard and four significant hazard dams. During the past 12 years, the Department completed repairs to the Stillwater Dam in Smithfield, the Olney Pond Dam in Lincoln Woods, the Bowdish Lake Dam at the George Washington Management Area, and the upper JL Curran Dam in Cranston. The Wyoming Pond Upper Dam was completed in FY2024, and planning and design work for the Lower Curran Dam is underway with construction expected to commence in FY2026. Upon closer inspection, the Upper Burlingame Dam project now includes the upper and lower dams. The decrease in the current budget is from project delays due to the need for approval from the U.S. Army Corps of Engineers (USACOE).
- **Galilee Piers:** The Budget provides \$14.7 million in RICAP funding in FY2026 and \$10.7 million in FY2027 for repairs to the Galilee Piers, a decrease of \$5.8 million in FY2026 and \$9.8 million in FY2027 relative to the FY2026 Budget as Enacted. While RICAP funding for the project decreases, the new Federal Emergency Management Agency (FEMA) grant increases total project funding across the two fiscal years by \$2.5 million. The Port of Galilee is home to 170 commercial fishing vessels and provides affordable berthing spaces close to wholesale and retail seafood processing businesses. Since 2009, the Department has rebuilt numerous piers, as well as the southwest and northwest bulkhead. In FY2024, work was completed on the North Bulkhead and Docks AA-QQ. The North Bulkhead was more than 50 years old with 16 piers along its 1,500-foot length. The piers include berthing for vessels and businesses such as RI Engine, which provides regional vessel services, and Sea Freeze, a fish processing house with worldwide shipping. Work began on the design phase of the Coastal Headquarters project and implementation of automated parking for Parking Lot G in FY2025 and continues into FY2026. In FY2026 and FY2027, the new \$15.5 million FEMA Hazard Mitigation grant and \$25.4 million in RICAP funding will be used to demolish and replace eight piers, including utility upgrades and resiliency measures. Six of the piers are at the Port of Galilee, one pier at the Commercial Fisheries Lab in Kingston, and one pier at the Wickford Marina.
- **Recreational Facilities Improvements:** The Budget provides \$7.6 million in FY2026, an increase of \$4.7 million due to the reappropriation of unexpended funds from FY2025, and \$4.6 million in FY2027, an increase of \$1.7 million relative to the enacted level, for this ongoing project. The Department

manages over 50 buildings and 25 miles of roads, in addition to water supply systems and other infrastructure elements, in State Parks and Management Areas. In FY2024, DEM finished exterior preservation work at Colt State park's historic stone dairy barn; the Fort Adams Maintenance Garage, safety improvements at Brenton Point; and demolition of outdated facilities at Haines, Pulaski, and Burlingame State Parks. Current tasks in this ongoing project include interior preservation work at Colt State park's historic stone dairy barn; safety improvements at Brenton Point; demolition of outdated and unsafe facilities at state management areas; bathroom renovations at Burlingame State Campgrounds; bulkhead repair at several state beaches; entry way repairs at Misquamicut State Beach; and asset protection projects such as roof replacement, waterline connections, and roadway repair.

- **Newport Pier Upgrades:** The Budget includes \$1.0 million in FY2026, an increase of \$502,328 in reappropriated funds over the FY2026 Budget as Enacted, and \$500,000 in FY2027, level with the enacted budget, for the Newport Pier project. The funds will support ongoing repairs and renovations of the pier. This project supports the commercial fishing industry by making infrastructure improvements for commercial fishing facilities at the State Pier in Newport. State Pier #9 in Newport houses approximately 50 commercial fishing vessels, providing the only affordable, berthing space for the local commercial fleet. Over the past several years, DEM has replaced the bulkhead and pilings, renovated the parking facilities, and made landscape and drainage improvements. The electrical project to improve the utility services at the pier, including electrical work to install 100-amp service in strategic locations and replacement of the 30-amp and 50-amp services along the bulkhead and docks, was finished in March 2024.
- **Natural Resources Offices/Visitor's Center:** The Budget provides \$1.9 million in FY2026 and \$1.6 million in FY2027, an increase of \$97,368 in FY2026 due to reappropriated funds and a decrease of \$250,000 in FY2027 relative to the enacted budget. This project has changed scope over the years. While previously considering the construction of new offices and visitor centers in the Arcadia Management area and the Great Swamp Management Area, the unavailability of federal funding and suitable land has refocused the project on securing and renovating space on the Alton Jones Campus at the University of Rhode Island.
- **Marine Infrastructure and Pier Development:** The Budget provides \$1.4 million in FY2026 and \$500,000 in FY2027, an increase of \$752,413 in FY2026, due to the reappropriation of unspent funds, and a decrease of \$200,000 in FY2027 relative to the enacted budget. Also included in the budget is \$779,383 in federal funds over the two years. This project is aimed at developing recreational and transient boating piers and related marine facilities in Narragansett Bay. Marine infrastructure projects can include recreational or commercial sites. Eligible projects can include, but are not limited to, docks, piers, bulkheads, and associated land-side infrastructure. The project is currently focused on the redevelopment of Chase Marina in Tiverton to improve access for local fishermen and smaller business owners as the number of larger vessels at Galilee continues to increase. The redevelopment project at Chase Marina in Tiverton to improve access for commercial fishing is ongoing. Currently, the design phase is completed and the project is moving into the bidding process of the construction phase.
- **Big River Management Area:** Pursuant to Governor's Budget Amendment (GBA) 2, dated February 10, 2028, the Budget transfers the project and corresponding \$746,000 in RICAP funding from the DOA budget to DEM. The funds are used to finance a comprehensive land management and asset projection plan for the 8,400-acre property, including road repairs, demolition of vacant structures, and maintenance of rental structures.

Coastal Resources Management Council

Expenditures By Program	FY2025 Actuals	FY2026 Enacted	FY2026 Governor	Change from Enacted		FY2027 Governor	Change from Enacted	
Coastal Resources Management Council	\$5.7	\$14.9	\$14.7	(\$0.2)	-1.3%	\$19.2	\$4.3	29.1%

Expenditures By Source

General Revenue	\$3.9	\$3.9	\$4.2	\$0.3	6.9%	\$4.3	\$0.4	10.8%
Federal Funds	1.7	3.3	3.1	(0.2)	-6.7%	3.2	(0.2)	-5.4%
Restricted Receipts	0.1	0.6	0.3	(0.3)	-46.3%	0.3	(0.3)	-46.3%
Other Funds	(0.0)	7.0	7.1	0.0	0.7%	11.4	4.4	62.6%
Total	\$5.7	\$14.9	\$14.7	(\$0.2)	-1.3%	\$19.2	\$4.3	29.1%

Authorized FTE Levels	32.0	32.0	32.0	-	-	32.0	-	-

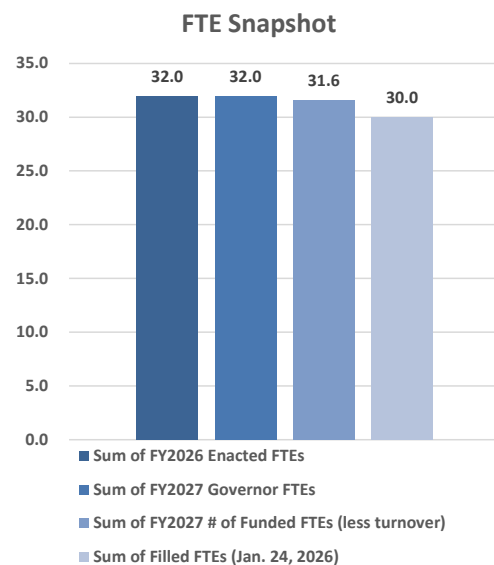
\$ in millions. Totals may vary due to rounding.

The Coastal Resources Management Council (CRMC) is mandated to preserve, protect, develop and, where possible, restore the coastal resources of the State. The CRMC oversees the Coastal Habitat Restoration Program and is charged with developing an Ocean Special Area Management Plan (SAMP) and a Marine Resources Development Plan.

MAJOR ISSUES AND TRENDS

The FY2027 Budget includes an all funds increase of \$4.3 million (29.1 percent) from the FY2026 Budget as Enacted, including a general revenue increase of \$419,959, a federal funds decrease of \$179,852, a restricted receipt decrease of \$288,957, and an other funds increase of \$4.4 million. The increase in general revenue is primarily due to the reversal of the increase in indirect cost recovery on federal funds that was included in the FY2026 Budget as Enacted. The decrease in federal funds is primarily due to the cancellation of a \$344,000 federal grant to develop a comprehensive public access strategy for marginalized communities, of the total grant amount \$144,000 was appropriated in the enacted budget. The increase in other funds in FY2027 is due to new funding for the Confined Aquatic Dredge Material Disposal (CAD) cell partially offset by the completion of the maintenance dredging of the Ninigret breachway through the South Coast Restoration Project.

As part of the FY2027 Budget Request, CRMC requested funding for a permit and enforcement database that is required by the federal government, but the Governor did not fund the proposal. The initial build and implementation of the database is estimated at \$2.0 million, with annual maintenance and licensing fees of \$20,000. In both the 2020 and 2025 federal evaluations, the National Oceanic and Atmospheric Administration (NOAA) required CRMC to develop a database and web interface that can process permit applications and online payments, serve as a platform for interagency review, and track enforcement issues. The initial deadline for implementation was March 31, 2024. In the subsequent evaluation the deadline was moved to September 30, 2026. The current database was built on the FoxPro platform in 1996. The proposal is to add CRMC to the database modernization happening at DEM to create economies of scale and collaborative staff access. If CRMC fails to comply with the federal requirement or is unable to perform regulatory work due to the failure of the current system, federal funding



could be at risk. In addition, 2025-S-1087 was signed into law on July 1, 2025, amending the State Building Code to require the “establishment and maintenance of electronic permitting platforms and regulations relating to ... applications and permits for the ... coastal resources management council.”

The Budget authorizes 32.0 FTE positions in FY2026 and FY2027, consistent with the FY2026 Budget as Enacted. While not recommended by the Governor, the CRMC requested 5.0 new FTE positions to increase capacity to review renewable energy projects, focus on consistency with federal and state Coastal Zone Management requirements, support the agency hearing officer, conduct routine monitoring and compliance inspections of permitted projects, and support the implementation of the agency’s programs.

Central Management	General Revenue
FY2026 Enacted	\$3,904,812
<i>Target and Other Adjustments</i>	<i>45,191</i>
Reverse Indirect Cost Recovery on Federal Funds	374,768
FY2027 Governor	\$4,324,771

Indirect Cost Recovery on Federal Funds

\$374,768

The Budget adds \$374,768 in general revenue to reverse an increase in indirect cost recovery on federal funds included in the enacted budget. On October 1, 2024, the federally permitted minimum rate for indirect cost recovery (ICR) on federal funds increased from 10.0 percent to 15.0 percent. The FY2026 Budget as Enacted took the value of the 5.0 percentage point increase, put it into a restricted receipt account, and deducted the equivalent value of general revenue. According to the Office of Management and Budget, the restricted receipt account is used to record the receipt and the expenditure of the recovered funds, allowing the funds to be directed to specific administrative expenses. However, the CRMC was only approved for \$85,811 in indirect cost recovery in the annual federal agreement with the National Oceanic and Atmospheric Administration (NOAA).

According to CRMC, the FY2026 Budget process was the first time the issue of an ICR from federal grants was raised; and, moving forward, CRMC will work to realize the 15.0 percent ICR on allowable costs in federal grants. Of note, however, is of the \$3.3 million in federal funds included in the FY2026 Budget as Enacted \$2.0 million is an administrative grant from NOAA that funds one-third of CRMC’s personnel costs and all the operating costs, except legal and stenographic services. Applying the ICR allowed by NOAA to this grant will not increase the amount of the grant but simply move funds around.

CAPITAL PROJECTS

The Governor recommends a total of \$7.1 million in capital expenditures from Rhode Island Capital Plan (RICAP) fund in FY2026 and \$11.4 million in FY2027. The projects include:

- **Confined Aquatic Dredge Material Disposal (CAD) Cell:** The Budget includes \$11.4 million in RICAP funds as part of the state share of a \$102.3 million project to dredge the Providence River and Harbor Shipping Channel. Article 4 of the FY2026 Budget as Enacted authorized the issuance of \$23.0 million in new certificates of participation (COPs), including \$200,000 for the costs of issuance, toward the design and construction of an additional Confined Aquatic Disposal (CAD) cell for dredge material disposal. In addition to the COPs, the project funding included \$11.4 million in RICAP funds and \$620,000 in dredge fund revenue for a total, maximum, state share of \$35.0 million. The project consists of the first phase of Providence River and Harbor Federal Navigation Project (FNP) Dredge Materials Management Plan (DMMP) from the U.S. Army Corps of Engineers (USACOE) which is charged with maintaining the Providence River and Harbor Shipping Channel. While the original deadline for paying the total state share was August 2026, the updated project schedule reflects an April 2027 deadline. CRMC has indicated that the USACOE is scheduled to start construction of the first phase of the project in the Fall of 2027. The design phase for the second phase is scheduled for 2046.

CAD cells are depressions created in the bottom of a body of water for storing contaminated sediments to reduce the risk of the sediment contaminating the entire system. Currently, there are six CAD cells below the Providence River Federal Navigation Channel in the vicinity of the Port of Providence and Simms Metals that were created in the mid 1990's; however, these cells are reaching capacity.

- **South Coast Restoration Project:** The Budget includes \$7.0 million in FY2026 to complete maintenance dredging of the Ninigret breachway. The pond projects were completed and now the South Coast Restoration project is focused on dredging each breachway every three to five years. Maintenance dredging is needed to maintain adequate water depths, healthy marsh systems, and wider breaches. Federal funds are not currently available for this purpose. More frequent dredging may be necessary if a storm forces sediment into the basins and breachways.
- **Pawcatuck Resiliency:** As the next phase of study to reduce damage from storm surge along the southern shore area from the Pawcatuck River to Point Judith, the Budget includes \$50,000 from the RI Capital Plan Fund shifted from FY2025 into FY2026 as a place holder for a state match to elevate residences in a project led by the U.S. Army Corps of Engineers (ACOE).

Department of Transportation

Expenditures By Program	FY2025 Actual	FY2026 Enacted	FY2026 Governor	Change from Enacted		FY2027 Governor	Change from Enacted	
Central Management	\$14.8	\$22.8	\$21.6	(\$1.2)	-5.2%	\$22.5	(\$0.3)	-1.3%
Management and Budget	6.4	3.8	5.5	1.6	42.6%	5.8	1.9	50.3%
Infrastructure-Engineering	708.1	695.9	810.8	114.9	16.5%	926.7	230.8	33.2%
Infrastructure-Maintenance	131.2	160.3	364.4	204.2	127.4%	179.8	19.5	12.2%
Total	\$860.5	\$882.8	\$1,202.3	\$319.5	36.2%	\$1,134.8	\$252.0	28.5%

Expenditures By Source

General Revenue	-	-	-	-	-	-	-	-
Federal Funds	507.8	474.6	610.2	135.6	28.6%	779.2	304.6	64.2%
Restricted Receipts	2.3	6.1	1.9	(4.2)	-68.7%	4.5	(1.6)	-26.5%
Other Funds	350.3	402.1	590.2	188.0	46.8%	351.1	(51.0)	-12.7%
Total	\$860.5	\$882.8	\$1,202.3	\$319.5	36.2%	\$1,134.8	\$252.0	28.5%

Authorized FTE Levels 755.0 755.0 755.0 - - 757.0 2.0 0.3%

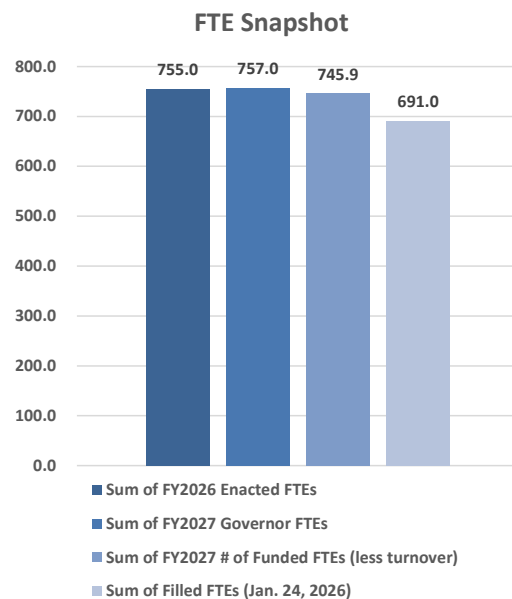
\$ in millions. Totals may vary due to rounding.

The Rhode Island Department of Transportation (RIDOT) is responsible for over 3,300 “lane miles” (1,100 miles) of highway and 420 bridges recognized by the National Bridge Inventory in the State. RIDOT provides services ranging from snow removal to pothole repair, and from installation and maintenance of traffic signalization to design of highway and bridge construction. The Department also develops projects in the areas of rail, water, bicycle, and pedestrian transportation; coordinates with RIPTA on transit projects; and engages in air quality planning and coordination.

Established in FY1994, the Intermodal Surface Transportation Fund (ISTF) accounts for the collection of the gasoline tax, federal grants, and bond proceeds that are used for the maintenance, upgrading, and construction of the State’s highway system. It is also funded from proceeds of the Grant Anticipation Revenue Vehicle (GARVEE) and the RI Motor Fuel Tax (RIMFT) revenue bonds, and related expenditures. The Transportation Investment and Debt Reduction Act of 2011 created the Rhode Island Highway Maintenance Account within the ISTF. Funds are used to finance all RIDOT personnel and operating, and ongoing repair and renovation expenditures for RIDOT facilities throughout the state, as well as highway debt service, and motor fuel tax proceeds allocated to the Rhode Island Public Transit Authority (RIPTA), the Rhode Island Turnpike and Bridge Authority, and the Department of Human Services.

MAJOR ISSUES AND TRENDS

FY2026: The FY2026 Governor’s Revised Budget includes \$1.2 billion in all funds to support the Department of Transportation, representing an increase of \$319.5 million or 36.2 percent compared to the FY2026 Budget as Enacted. The Governor recommends \$590.2 million in other funds, of which \$151.7 million represents gas tax receipts, reflecting an overall increase of \$188.0 million from the FY2026 Budget as Enacted. The recommendation includes \$199.3 million of reappropriated funds, primarily within the Infrastructure Maintenance program. The



Governor removes \$10.0 million of toll revenue due to a delay in the program's implementation. The Department does not receive any general revenue and funding provided by the State is primarily sourced from taxes assessed on the sale of motor fuel, receipts from the proceeds of license and vehicle registration fees collected in the Rhode Island Highway Maintenance Account (RIHMA), and Rhode Island Capital Plan (RICAP) funds, all of which, are classified in budgetary materials as other funds. The Budget includes \$610.2 million in federal funds, which comprise 50.8 percent of the Department's total appropriation and represent a \$135.6 million increase from the FY2026 enacted amount. The increase in federal funds is primarily due to the inclusion of federal grants awarded for significant transportation projects such as the Washington Bridge, as well as \$11.4 million of American Rescue Plan Act State Fiscal Recovery Funds (ARPA SFRF) for the Rhode Restore program (previously titled Municipal Roads Grant Program).

FY2027: The FY2027 Governor's Recommended Budget includes \$1.1 billion in all funds to support the Department, representing a \$252.0 million or 28.5 percent increase from the FY2026 Budget as Enacted. The Budget includes \$779.2 million of federal funds, which comprise 68.7 percent of the Department's total recommendation and reflect a \$304.6 million increase from the enacted level. The Budget includes \$351.1 million in other funds, representing a decrease of \$51.0 million or 12.7 percent from the FY2026 Budget as Enacted. Of the \$351.1 million in other funds, \$136.0 million (38.7 percent) represent motor fuel tax receipts, \$128.2 million (36.5 percent) represent RIHMA receipts, and \$60.0 million (17.1 percent) represent RICAP funds. Major initiatives include:

- **Rhode Restore:** The Governor recommends \$17.9 million in all funds for FY2026 and \$10.0 million of motor fuel tax receipts in FY2027 for the Rhode Restore program. The Rhode Restore program provides matching funds to municipalities for repairs and maintenance of locally owned roads and bridges. The program awards a 33.0 percent match of funds for infrastructure projects in which municipalities contribute 67.0 percent. The Governor's FY2026 recommendation includes \$11.4 million of ARPA SFRF and \$6.5 million in motor fuel tax receipts. In FY2027, the Governor increases gas tax receipts by \$3.5 million for a total recommendation of \$10.0 million.
- **Truck Tolls:** The Governor's Budget assumes the reinstatement of the RhodeWorks truck tolling program in Q3 of FY2027 and includes \$20.0 million in collections. The FY2026 Budget as Enacted assumed the reinstatement would occur in the final quarter of FY2026 and included \$10.0 million in receipts. The Department indicates that the delay is due to required maintenance on the toll gantries and a necessary contract for back-office billing. The RFP for the back-office billing contract was issued in January 2026 with responses due by the end of March 2026. The estimate for gantry maintenance and testing is \$19.0 million.
- **Bridge Inspection Oversight:** The Governor recommends 2.0 new FTE Chief Civil Engineer positions in the Infrastructure-Engineering program and \$356,492 in federal funds to support their salary and benefits. The new positions will oversee the Department's contracted bridge inspectors, providing additional accountability and transparency.
- **Rhode Island Highway Maintenance Account Revision:** The Governor includes legislation in Article 2 that increases RIPTA's fixed annual share of Rhode Island Highway Maintenance Account (RIHMA) receipts by \$9.3 million, from the current amount of \$5.0 million to \$13.4 million. The additional funding for RIPTA creates an equivalent reduction for the Department of Transportation.
- **Blizzard of 2026:** On February 23, 2026, Rhode Island received 35.5 inches of snow, setting the record for the highest single-day snowfall in the State. The Governor recommends \$21.9 million in gas tax for winter maintenance in the FY2026 Revised Budget, reflecting an increase of \$3.9 million from the enacted amount of \$16.5 million. A query on the State's new accounting platform indicates that current FY2026 winter maintenance expenditures and obligations are \$35.8 million.

The Governor recommends an FTE authorization of 755.0 for FY2026, consistent with the enacted level, and 757.0 for FY2027, reflecting an increase of 2.0 from the enacted level for bridge inspection oversight.

REVENUE

Motor Fuel Tax

Article 11 Change: Article 11 of the FY2027 Governor's Recommended Budget reduces the amount of state tax imposed on gasoline by \$0.02 per gallon. Consumers currently pay a motor fuel tax of \$0.405 /gallon, of which \$0.02 services debt incurred from motor fuel tax bonds. The Office of Management and Budget indicates in a memo dated January 8, 2026, that "The original aggregate principal amount of the Motor Fuel Tax Revenue Refunding Bonds, Series 2017A, was \$35,020,000. Of this amount, the entire remaining outstanding principal balance of \$6,110,000 was defeased as part of the December 1, 2025, transactions." The article reduces the assessment rate by \$0.02/gallon, from the enacted level of \$0.405 to \$0.385 /gallon (includes RIPTA's \$0.005 share of the \$0.01/gallon Environmental Protection Fee). The table below illustrates the motor fuel tax disposition in the FY2026 Budget as Enacted, the disposition recommended by the Governor in FY2027, and the Office of Revenue Analysis' projected disposition through FY2031.

Motor Fuel Tax Disposition	FY2026 Enacted	FY2027 Governor	FY2028 Projected*	FY2029 Projected	FY2030 Projected*	FY2031 Projected
RIPTA's Share	11.25¢	11.25¢	11.25¢	11.25¢	11.25¢	11.25¢
RIPTA's Environmental Protection Fee Share	0.50	0.50	0.50	0.50	0.50	0.50
Office of Healthy Aging's Share	1.00	1.00	1.00	1.00	1.00	1.00
RIDOT's Share	22.25	22.25	24.25	24.25	26.25	26.25
GARVEE Motor Fuel Tax Bonds	2.00	0.00	0.00	0.00	0.00	0.00
RITBA's Share	3.50	3.50	3.50	3.50	3.50	3.50
Total	40.5¢	38.5¢	40.5¢	40.5¢	42.5¢	42.5¢

*Indicates a projected increase to the motor fuel tax rate.

Current Revenue: The Governor's FY2026 Revised Budget assumes collections of \$175.7 million in motor fuel tax receipts, reflecting a \$888,854 reduction from the enacted level. The tax is assessed at a rate of \$0.405 /gallon, with each cent projected to yield \$4.34 million, \$21,947 below the \$4.36 million assumed in the Budget as Enacted.

The Governor's FY2027 Recommended Budget assumes \$165.9 million in motor fuel tax collections, reflecting a decrease of \$10.6 million from the current enacted level. Pursuant to changes made in Article 11, the Budget includes a motor fuel tax rate of \$0.385 /gallon, with each cent projected to yield \$4.31 million. The rate and subsequent revenue reduction reflect the completion of debt service on the Series 2017A Motor Fuel Tax Revenue Refunding Bonds. The following table compares the distribution of motor fuel tax included in the FY2026 Budget as Enacted with the Governor's recommendations in FY2026 and FY2027.

Motor Fuel Tax Revenue	FY2026 Enacted	FY2026 Governor	Change to Enacted	FY2027 Governor	Change to Enacted
Department of Transportation	\$96,992,489	\$96,504,169	(\$488,321)	\$95,884,729	(\$1,107,761)
Rhode Island Public Transit Authority*	51,220,753	50,962,876	(257,877)	50,635,756	(584,997)
Rhode Island Turnpike and Bridge Authority	15,257,246	15,180,431	(76,815)	15,082,991	(174,255)
GARVEE Motor Fuel Bond Debt Service	8,718,426	8,674,532	(43,894)	-	(8,718,426)
Office of Healthy Aging	4,359,213	4,337,266	(21,947)	4,309,426	(49,787)
Total	\$176,548,127	\$175,659,273	(\$888,854)	\$165,912,901	(\$10,635,226)

* RIPTA figures include the \$0.005/gallon share of the Environmental Protection Fee

Source: Office of Revenue Analysis, November 2025

Of the \$165.9 million in motor fuel tax receipts collected in FY2027, the Budget provides the Department of Transportation with \$95.9 million, reflecting a \$1.1 million reduction from the previous year. The Budget includes \$50.6 million in receipts for RIPTA, reflecting a \$584,997 decline from the enacted amount.

RIPTA's allocation includes the Authority's \$0.005 share of the Environmental Protection Fee. The State assesses a \$0.01 per gallon Environmental Protection Fee and divides the revenue evenly between the Underground Storage Tank Fund (UST) and RIPTA. The ORA classifies RIPTA's \$0.005 per gallon share as gas tax revenue, but not the funds transferred to the UST. The following table illustrates the motor fuel tax collections included in the FY2026 Budget as Enacted, the Governor's FY2026 and FY2027 Budgets, as well as the out-year projections through FY2031.

Motor Fuel Tax Revenue	FY2026 Enacted	FY2026 Governor	FY2027 Projected	FY2028 Projected*	FY2029 Projected	FY2030 Projected*	FY2031 Projected
Department of Transportation	\$97.0	\$96.5	\$95.9	\$103.6	\$102.7	\$110.3	\$109.5
Rhode Island Public Transit Authority [†]	51.22	50.96	50.64	50.22	49.77	49.37	49.01
Rhode Island Turnpike and Bridge Authority	15.26	15.18	15.08	14.96	14.82	14.71	14.60
GARVEE Motor Fuel Bond Debt Service	8.72	8.67	0.00	0.00	0.00	0.00	0.00
Office of Healthy Aging	4.36	4.34	4.31	4.27	4.24	4.20	4.17
Total	\$176.5	\$175.7	\$165.9	\$173.1	\$171.5	\$178.6	\$177.3

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

* Indicates year with a projected rate increase

[†] RIPTA figures include the \$0.005/gallon share of the Environmental Protection Fee

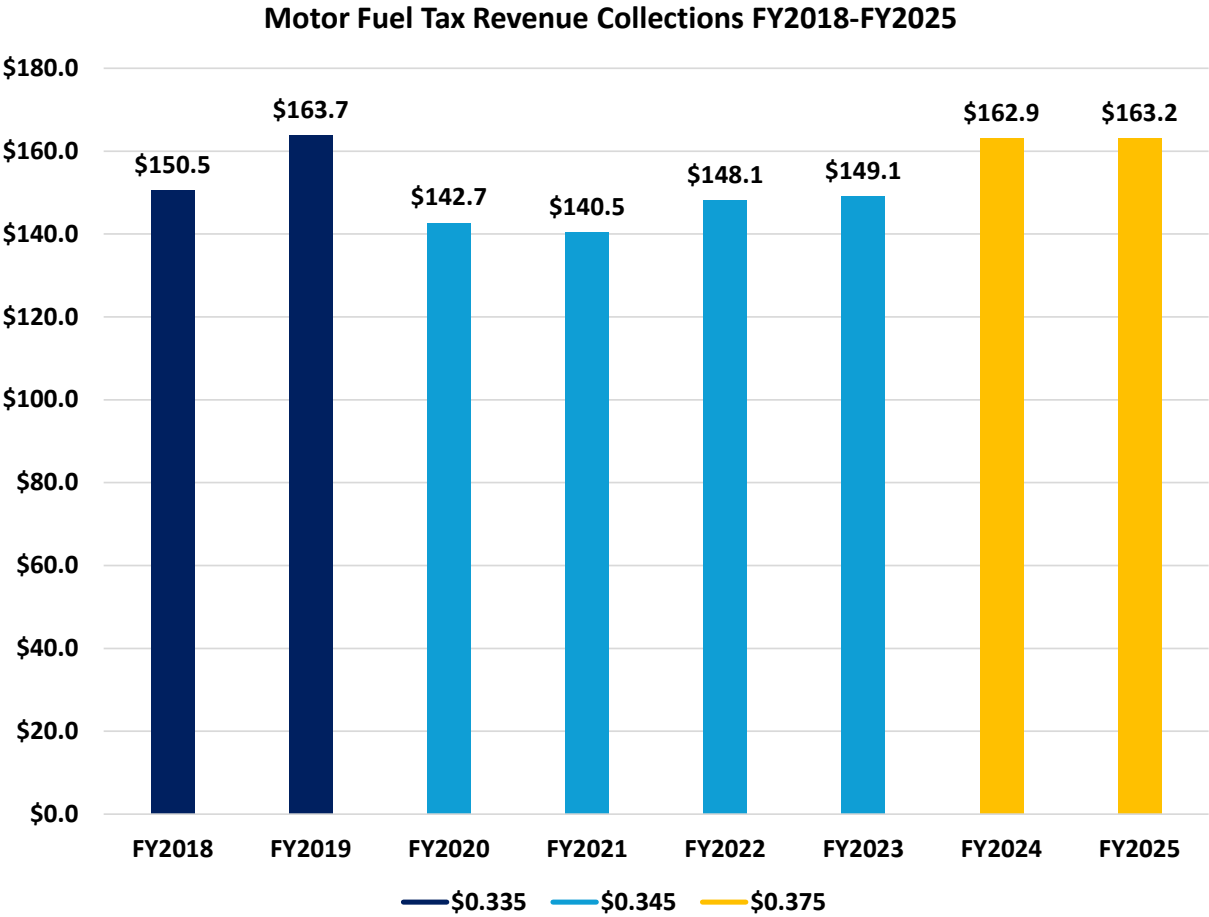
Source: Office of Revenue Analysis, November 2025

Background on Motor Fuel Tax: In FY2014, RIDOT received \$0.2175 per gallon of gasoline sold in the State, with the Rhode Island Public Transit Authority (RIPTA) and the Department of Human Services (DHS) receiving \$0.1075, for a total amount of \$0.325 per gallon. RIPTA uses gas tax revenues to fund multiple expenses, including maintenance, operations, and their underground storage tank fee, while DHS uses gas tax revenues to partially fund their transit programs. In FY2015, the State amended the gas tax distribution to provide the Rhode Island Turnpike and Bridge Authority (RITBA) with \$0.035 per gallon, which is used for maintenance operations, capital expenditures, and debt service on any of its projects, in place of a toll on the Sakonnet River Bridge. This reduced RIDOT's share of the gasoline tax to \$0.1825 per gallon but kept the total amount at \$0.325 /gallon.

In FY2016, the State began adjusting the gas tax for inflation and increased the rate to \$0.335 per gallon. The biennial adjustment was based on a single year's increase to the Consumer Price Index for all Urban Consumers (CPI-U), rounded to the nearest \$0.01 increment, with increases provided to the Department of Transportation. The ORA is responsible for both estimating the gas tax yield and calculating the impact of the CPI-U. The State subsequently increased the rate by \$0.01 to \$0.345 /gallon in FY2020 and by \$0.03 to \$0.375 /gallon in FY2024.

The FY2026 Budget as Enacted revised the inflation formula to better account for inflation and increased the rate by \$0.03, from \$0.375 to \$0.405/gallon. The revised formula applies the change in the CPI-U across the entire two-year period to the base rate and rounds the product to the nearest cent. Of the \$0.03/gallon increase, the Budget provided \$0.02 to RIPTA and the remaining \$0.01 to the Department of Transportation. The revision also requires the next adjustment to occur on July 1, 2027, which will utilize the CPI-U delta from September 2024 to September 2026. The ORA projects inflationary rate increases of \$0.02 in both FY2028 and FY2030. All funds collected through the increase are appropriated to the Department of Transportation, pursuant to RIGL 31-36-20.

Recent Collections: The ORA reported that the State collected \$163.2 million of revenue from the motor fuel tax in FY2025, which was assessed at a rate of \$0.375 per gallon. The revenue reflects a \$224,571 increase from the previous year and a \$431,583 reduction from the pre-pandemic high of \$163.7 million. The following graph illustrates the motor fuel tax rate and actual collection totals for FY2018 through FY2025.



Source: Office of Revenue Analysis
\$ in millions, totals may vary due to rounding.

Rhode Island Highway Maintenance Account (RIHMA)

Article 2 Change: Article 2 of the FY2027 Governor’s Recommended Budget increases the annual fixed share of Highway Maintenance Account (HMA) funds transferred to the Rhode Island Public Transit Authority (RIPTA) by \$9.3 million, from the current amount of \$5.0 million to \$14.3 million. The proposal does not impact net HMA collections but does reduce the Department of Transportation’s allocation by an equivalent amount.

Current Revenue: The Governor’s FY2026 Revised Budget assumes \$119.2 million of RIHMA receipts, reflecting a net increase of \$1.5 million from the FY2026 Budget as Enacted. The increase reflects updated projections from the Office of Revenue Analysis (ORA) utilizing current electric vehicle registration and license data. Of the \$119.2 million in FY2026 RIHMA collections, the Budget provides \$6.0 million to the general fund, \$16.3 million to RIPTA, and the remaining \$96.9 million to the Department of Transportation.

The Governor’s FY2027 Recommended Budget assumes \$121.8 million of RIHMA revenue, reflecting a net increase of \$10.5 million from the FY2026 Budget as Enacted. The increase is largely related to the implementation of electric vehicle fees, which were partially in effect throughout FY2026 and will be in effect for the entirety of FY2027. Of the \$121.8 million in collections, the Budget provides \$6.4 million to the general fund, \$26.5 million to RIPTA, and the remaining \$95.3 million to the Department of Transportation. The following table compares the receipts included in the FY2026 Budget as Enacted with the receipts recommended by the Governor in FY2026 and FY2027.

Fees and Surcharges	FY2026 Enacted	FY2026 Revised	Change to Enacted	FY2027 Governor	Change to Enacted
Licenses Base	\$6.7	\$7.3	\$0.6	\$7.2	\$0.5
Registrations Base	50.2	50.5	0.3	50.6	0.4
Licenses Surcharge	6.1	5.8	(0.3)	7.1	1.0
Registrations Surcharge	16.3	16.9	0.6	18.6	2.4
Rental Vehicle Surcharge	10.7	10.3	(0.4)	10.1	(0.5)
Emission Inspection Fees	12.9	13.9	0.9	13.8	0.9
Motor Vehicle Title Fees	10.7	10.1	(0.6)	10.3	(0.4)
Good Driving Fees	0.4	0.4	0.0	0.4	(0.0)
EV Fees	3.6	4.0	0.3	10.0	6.3
RIHMA Total	\$117.7	\$119.2	\$1.5	\$128.2	\$10.5
5% Share to General Revenue	\$5.9	\$6.0	\$0.1	\$6.4	\$0.5
Remaining RIHMA Funds	\$111.8	\$113.2	\$1.4	\$121.8	\$10.0
10.0% Share to RIPTA	\$11.2	\$11.3	\$0.1	\$12.2	\$1.0
Annual Fixed Transfer to RIPTA	5.0	5.0	0.0	14.3	9.3
DOT Share	\$95.6	\$96.9	\$1.2	\$95.3	(\$0.3)

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

Source: Office of Revenue Analysis, November 2025 Estimate.

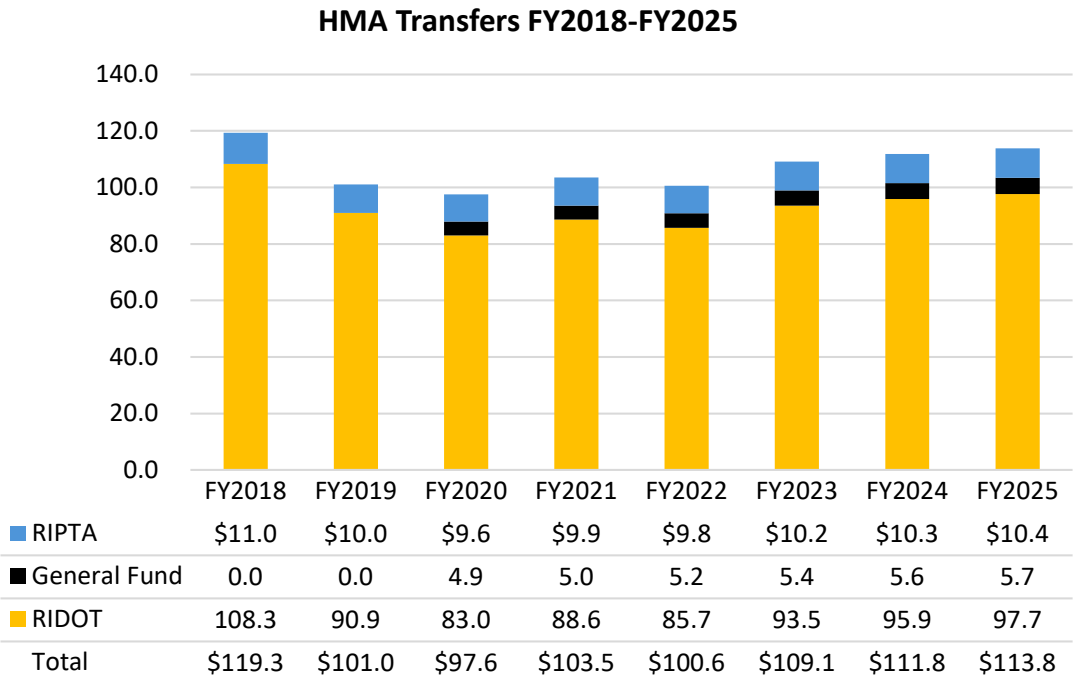
Background on RIHMA: The Transportation Investment and Debt Reduction Act of 2011 created the Rhode Island Highway Maintenance Account within the Intermodal Surface Transportation Fund (ISTF). The FY2015 Budget as Enacted provided additional funding for transportation projects through increased deposits into the HMA including a surcharge of \$25.00 on all dismissals based upon a good driving record, in addition to the \$5.00 administration fee; an increase in the vehicle inspection fee from \$39.00 to \$55.00; transfer of existing revenue from inspection stickers (\$16.00 per inspection), motor vehicle title (\$50.00 per title), and car rental surcharges (8.0 percent of gross receipts per rental vehicle for the first thirty days) from the general fund to the HMA; and, the phased-in transfer of all vehicle license and registration fees into the HMA beginning in FY2016.

Article 8 of the FY2020 Budget as Enacted altered the percentage of fees going into the HMA such that 5.0 percent of the total fees collected each year are retained by the Division of Motor Vehicles (DMV) and the remaining 95.0 percent are deposited into the Account. The funds retained by the DMV are intended to help partially offset personnel costs associated with collecting the fees associated with the HMA. The remaining 95.0 percent of fees deposited into the HMA are shared between DOT and RIPTA, with RIPTA receiving 5.0 percent of the funds deposited and DOT receiving the remaining amount. Article 8 also extended RIPTA's \$5.0 million annual appropriation to support the Free-Fare program indefinitely.

Article 2 of the FY2024 Enacted Budget shifted the Division of Motor Vehicles (DMV) duplicate license/updated information fee revenue from general revenue to the State's Highway Maintenance Account.

Article 11 of the FY2026 Enacted Budget revised the existing statutes pertaining to the Rhode Island Highway Maintenance Account (RIHMA), specifically, the article increased various fees and surcharges assessed at the Department of Motor Vehicles, implemented special registration fees for electric vehicles, and increased RIPTA's percentage allocation from 5.0 to 10.0 percent.

The following table illustrates the audited collection totals of the HMA for FY2018-FY2025 as well as their distribution.



\$ in millions, totals may vary due to rounding.
Source: Office of Revenue Analysis, November 2025 Estimate
FY2025 collections are nonaudited.

RHODEWORKS

The General Assembly enacted “The Rhode Island Bridge Replacement, Reconstruction and Maintenance Fund Act of 2016” in February 2016. The legislation, also known as “RhodeWorks” authorized the State to issue new GARVEE bonds and collect tolls from trucks. In September of 2022, the U.S. District Court determined the truck tolling program was unconstitutional, as certain provisions favored local trucks, and ordered the State to halt the collection of tolls. The State appealed the decision, and in December of 2024, the federal First Circuit Court of Appeals ruled in favor of the State and authorized the resumption of the toll program if the provisions favoring local trucks were removed. As a result, the tolling program is expected to be reinstated in Q3 of FY2027, and the Governor’s Budget assumes \$20.0 million in collections.

Truck Tolling Background

- **Gantries and Revenue:** The truck-only tolling plan received formal federal approval in September 2016, at which time, the RIDOT executed a series of Memoranda of Understanding with the Federal Highway Administration regarding which bridge locations toll revenue could be used to maintain. The program included three statutory caps that benefitted local trucks: a truck cannot pay a toll more than once in each direction, a truck cannot pay more than \$40 per day, and a truck cannot pay more than \$20 for making a single through trip from Connecticut to Massachusetts. In December 2016, RIDOT issued the RFP for the Design-Build-Operate-Maintain (DBOM) contract for the tolling program, including gantry design and construction; all operational elements, testing, and acceptance; and long-term maintenance of the tolling equipment and facilities. In 2017, the Department awarded a contract to Kapsch TrafficCom to design, build, operate, and maintain the gantries for 10 years. The Department

originally anticipated building 14 gantries but only completed 13. From FY2018 to FY2023, the State collected \$103.8 million in tolling receipts as a result.

- **Federal Court Decision:** On September 21, 2022, U.S. District Court Judge William E. Smith ordered Rhode Island officials to stop collecting truck tolls, which resulted in a pause to the State's tolling program. Judge Smith ruled the policy in its current form is unconstitutional. The FY2024 Budget as Enacted required \$70.0 million in surplus general revenue be deposited into the Rhode Island Capital Plan Fund to hold the Department harmless for expected toll revenue losses through FY2024. The Department's plan had allocated \$130.0 million of toll revenue to highway projects from FY2023 through FY2025, including \$95.0 million to finance the Route 6/10 Interchange Reconstruction project.
- **Appeal and Resumption:** The State appealed the September 2022 decision and hired the Providence law firm Adler, Pollack, and Sheehan for representation. The federal First Circuit Court of Appeals ruled in favor of the State in December of 2024, and authorized the program to resume, so long as the statutory caps were removed. The FY2026 Budget as Enacted directed the Department to resume collections and included \$10.0 million of receipts in FY2026 and assumed \$40.0 million would be collected in FY2027, at a rate of \$10.0 million per quarter. Due to delays in the procurement of gantry maintenance and back-office billing contracts, resumption in FY2026 was not achievable. The Governor includes \$20.0 million of toll revenue in FY2027, reflecting a revenue loss of \$30.0 million over the two-year period due to the delayed implementation. The current estimate for the gantry maintenance contract is \$19.0 million. The Department has not finalized the back-office billing contract as of March 27th, 2026.

Bonding

- RhodeWorks also allowed for the refinancing and restructuring of previously existing GARVEE bonds to realize approximately \$120.0 million in additional resources during the first three years post-refinancing.
- The Rhode Island Commerce Corporation is authorized to issue new GARVEE bonds, not to exceed \$300.0 million, for bridge replacement, reconstruction, maintenance, and operations. These bonds have an expected term of fifteen years, with interest-only payments in the first nine years, and will be repaid from future toll revenues and reimbursements.

Analyst Note: GARVEE funding authorized for the Washington Bridge Project in the FY2025 Budget as Enacted is in addition to the above authorization.

- Article 6 of the FY2020 Budget as Enacted provided for the issuance of \$200.0 million in GARVEE bonds issued through the Rhode Island Commerce Corporation to fund the bridge replacement, reconstruction, and maintenance of the RhodeWorks program. Total debt service is not expected to exceed \$275.0 million over 15 years. Debt service is financed through future Federal Highway Administration appropriations.
- In March 2021, voters approved a bond referendum for \$71.7 million in General Obligation (GO) bonds for the Department. The GO bonds are used as a 20.0 percent state match needed for federal highway road and bridge projects. Debt service for the Department's GO bonds is included in the Department of Administration's Budget but is paid for by DOT through gas tax receipts. The Budget exhausts \$67.0 million of this funding in FY2025 and the remaining \$4.7 million in FY2026.
- Article 4 of the FY2025 Budget as Enacted authorized the issuance of \$334.6 million in Grant Anticipation Revenue Vehicle (GARVEE) bonds with a total debt service amount of \$538.6 million to be used for the Washington Bridge Project. Assuming a standard 5.0 percent coupon rate and the issuance of the entire authorized amount, the total interest amount would be \$204.1 million.

State Transportation Improvement Program

The Department publishes major projects that the State intends to perform in its State Transportation Improvement Program (STIP). The STIP identifies projects that are expected to be performed over a 10-year period; however, only the first four years are fiscally constrained, meaning the costs of the projects may not exceed the funding that is expected to be available in the four-year time period. The current STIP runs from FFY2026-FFY2035 and was last revised in July 2025. The Rhode Island Public Transit Authority (RIPTA) and the Rhode Island Turnpike and Bridge Authority (RITBA) each have programs within the STIP, in addition to Community Led Projects and those undertaken by the Department of Transportation. RIDOT is currently provided 82.3 percent of the STIP's total funding through FFY2029, with RIPTA receiving 14.0 percent, RITBA projected to receive 2.4 percent, and the remaining 1.4 percent will fund the Community Led Projects. The following table illustrates the funding totals for the STIP programs through FFY2029, representative of the fiscally constrained period.

Community Led STIP Programs	FY2026	FY2027	FY2028	FY2029	Subtotal	%
Community Led STIP Projects	\$70.0	\$0.0	\$0.0	\$0.0	\$70.0	1.4%
Community Led Subtotal	\$70.0	\$0.0	\$0.0	\$0.0	\$70.0	1.4%
RIDOT STIP Programs	FY2026	FY2027	FY2028	FY2029	Subtotal	%
Major Capital Projects Program	\$523.4	\$430.0	\$223.0	\$146.5	\$1,322.9	26.2%
Bridge Program	182.8	182.8	199.4	205.2	\$770.1	15.3%
Debt Service Program	111.5	108.7	107.5	107.5	\$435.2	8.6%
Maintenance Operations Program	90.5	89.9	91.0	86.2	\$357.6	7.1%
Pavement Program	75.1	71.4	44.6	54.8	\$245.9	4.9%
Headquarters Operations Program	47.0	47.3	47.6	47.9	\$189.9	3.8%
Active Transportation Program	39.1	52.3	56.4	43.7	\$191.6	3.8%
Traffic Safety Program	38.1	32.9	35.0	33.9	\$139.9	2.8%
Corridor Projects Programs	34.2	55.5	53.2	62.9	\$205.7	4.1%
Transit Program	23.2	23.7	24.2	24.8	\$95.9	1.9%
Study and Development Program	12.3	18.5	17.3	9.8	\$57.8	1.1%
Stormwater Program	18.5	18.5	31.8	33.3	\$102.0	2.0%
NHTSA Program	9.1	9.1	9.1	9.1	\$36.3	0.7%
RIDOT Subtotal	\$1,204.7	\$1,140.4	\$940.0	\$865.3	\$4,150.5	82.3%
RIPTA STIP Programs	FY2026	FY2027	FY2028	FY2029	Total	%
Transit Capital	\$75.3	\$41.6	\$29.2	\$27.3	\$173.4	3.4%
Transit Service	26.0	17.1	17.1	17.1	77.4	1.5%
Transit Support Operations	124.7	108.3	110.9	109.1	453.0	9.0%
RIPTA Subtotal	\$225.9	\$167.0	\$157.3	\$153.5	\$703.7	14.0%
RITBA STIP Programs	FY2026	FY2027	FY2028	FY2029	Total	%
Capital Projects Program	\$68.3	\$45.4	\$6.4	\$0.0	\$120.1	2.4%
RITBA Subtotal	\$68.3	\$45.4	\$6.4	\$0.0	\$120.1	2.4%
Total	\$1,569.0	\$1,352.8	\$1,103.7	\$1,018.9	\$5,044.3	100.0%

\$ in millions, totals may vary due to rounding. Years reflect federal fiscal year.

Source: RIDOT STIP Revision 17- July 22,2025

Major Capital Projects Program: The Major Capital Projects Program is supported by \$1.6 billion in all funds through FFY2035 and represents 26.2 percent of STIP funding through FFY2029. The program is funded with \$523.4 million in FFY2026 and \$430.0 million in FFY2027. Projects within the program include the demolition and replacement of the Washington Bridge, the I-95 15 project, and the I-95/RI-4 project. The following table displays the program's planned expenditures from FFY2026-FFY2029 by project.

Major Capital Projects	FY2026	FY2027	FY2028	FY2029	Subtotal	%
Bridge Group 04 R-I-95	\$179.0	\$124.0	\$100.0	\$100.0	\$503.0	38.0%
Washington Bridge: Replacement	175.2	158.8	71.9	20.0	425.9	32.2%
Bridge Group 95 - I-95/RI-4	50.0	50.0	18.5	7.0	125.5	9.5%
Bridge Group 97 - Warwick Quarter	27.0	27.0	13.1	0.5	67.6	5.1%
Bridge Group 18C_R Frenchtown	30.0	30.0	1.5	1.5	63.0	4.8%
Bridge Group 16D - Route 6 JON	3.0	15.0	15.0	15.0	48.0	3.6%
Bridge Group 96 -- Route 146	15.1	15.5	2.5	-	33.1	2.5%
Washington Bridge: Demolition	25.0	-	-	-	25.0	1.9%
Bridge Group 51B - RT 37 C-3	10.0	3.0	0.5	-	13.5	1.0%
Bridge Group 49- Henderson Bridge	2.5	2.5	-	-	5.0	0.4%
Bridge Group 20A - Dean Street	-	-	-	2.5	2.5	0.2%
Bridge Group 57TB- Washington Bridge North	1.3	1.3	-	-	2.5	0.2%
Bridge Group 51A - Rt-37 C-2	1.3	1.0	-	-	2.3	0.2%
Bridge Group 75T 5B Providence Viaduct North	1.0	1.0	-	-	2.0	0.2%
6/10 Project	1.0	1.0	-	-	2.0	0.2%
Pell Bridge Ramps, Phase 2	2.0	-	-	-	2.0	0.2%
Total	\$523.4	\$430.0	\$223.0	\$146.5	\$1,322.9	100.0%

- **Bridge Group 04, The I-95 15:** The STIP includes \$503.0 million in all funds for the I-95 15 project through FFY2029, including \$179.0 million in FFY2026 and \$158.8 million in FFY2027. The I-95 15 is the largest project undertaken by the Department and addresses 15 bridges that are classified as poor or fair condition alongside I-95 and Route 10. The Department was awarded a \$251.0 million federal Bridge Investment Program grant, which offsets the cost to the State. The Department's website indicates that completion of the project will reduce the number of bridges rated poor by 7.6 percent, the total deck area of bridges rated poor by 17.5 percent and eliminate three of the five structurally deficient but utilized bridges in the State. The Department is expected to complete construction in CY2031.
- **Washington Bridge Project:** The STIP includes \$450.9 million in all funds for the demolition and reconstruction of the Washington Bridge, including \$200.2 million in FFY2026 and \$158.8 million in FFY2027. The STIP includes \$340.7 million in overall federal funding, \$220.5 million of which, are federal discretionary grants, and \$85.2 million in state funding, of which \$74.4 million is RICAP funds.
 - **Background:** On December 11, 2023, RIDOT closed the Washington Bridge due to the discovery of a critical failure. Three months later, on March 14, 2024, the Governor announced the bridge would need to be demolished and rebuilt. Starting in May 2024, the Department began publishing a monthly snapshot report, providing critical information including the project's schedule, costs, and traffic data. The Washington Bridge project is divided into three sub-projects titled: Emergency Repairs, the Demolition Project, and the Replacement Project. The STIP no longer includes the Emergency Repairs project.
 - **Demolition Project:** The STIP includes \$25.0 million in FFY2026 for the demolition of the Washington Bridge, \$20.0 million of which, are federal GARVEE bonds, and the remaining \$5.0 million is State Fiscal Recovery Funds (SFRF). The project removed the bridge's superstructure as

well as the substructure, which was not included in the initial estimate and resulted in the Department issuing a change order that was approved on October 16, 2024. The Department reached substantial completion on the demolition of the superstructure on February 21, 2025, and on December 3, 2025, for the substructure. The following table illustrates the funding included in the STIP.

Funding Source	FY2026	FY2027	FY2028	FY2029	Total
Federal: 2024 GARVEE	\$20.0	\$0.0	\$0.0	\$0.0	\$20.0
State: SFRF	5.0	-	-	-	5.0
Total	\$25.0	\$0.0	\$0.0	\$0.0	\$25.0

\$ in millions, totals may vary due to rounding. Years reflect federal fiscal year.

Source: RIDOT FY2026-FY2035 STIP, Approved by the FHWA/FTA on September 18, 2025

- **Replacement Project:** The STIP includes \$425.9 million for the replacement of the Washington Bridge, including \$175.2 million in FFY2026 and \$158.8 million in FFY2027. The project is 80.0 percent federally funded, and 20.0 percent state funded. On June 6, 2025, the Governor announced that Walsh Construction Company and design partner WSP were selected to complete the project, with initial work to begin in July of 2025. The Department's March 1, 2026, Washington Bridge Snapshot report indicates an interim completion date of November 2028 and a substantial completion date of June 2029. The following table illustrates the project's timeline and funding sources.

Funding Source	FY2026	FY2027	FY2028	FY2029	Total
Federal: 2019 BUILD	\$13.2	\$0.0	\$0.0	\$0.0	\$13.2
Federal: 2024 GARVEE	30.0	30.0	14.1	16.0	90.1
Federal: 2024 INFRA	47.0	47.0	1.5	-	95.5
Federal: 2025 MEGA	50.0	50.0	25.0	-	125.0
Federal: NHPP	-	-	16.9	-	16.9
State: RICAP	24.3	31.8	14.4	4.0	74.4
State: SFRF	10.8	-	-	-	10.8
Total	\$175.2	\$158.8	\$71.9	\$20.0	\$425.9

\$ in millions, totals may vary due to rounding. Years reflect federal fiscal year.

Source: RIDOT FY2026-FY2035 STIP, Approved by the FHWA/FTA on September 18, 2025

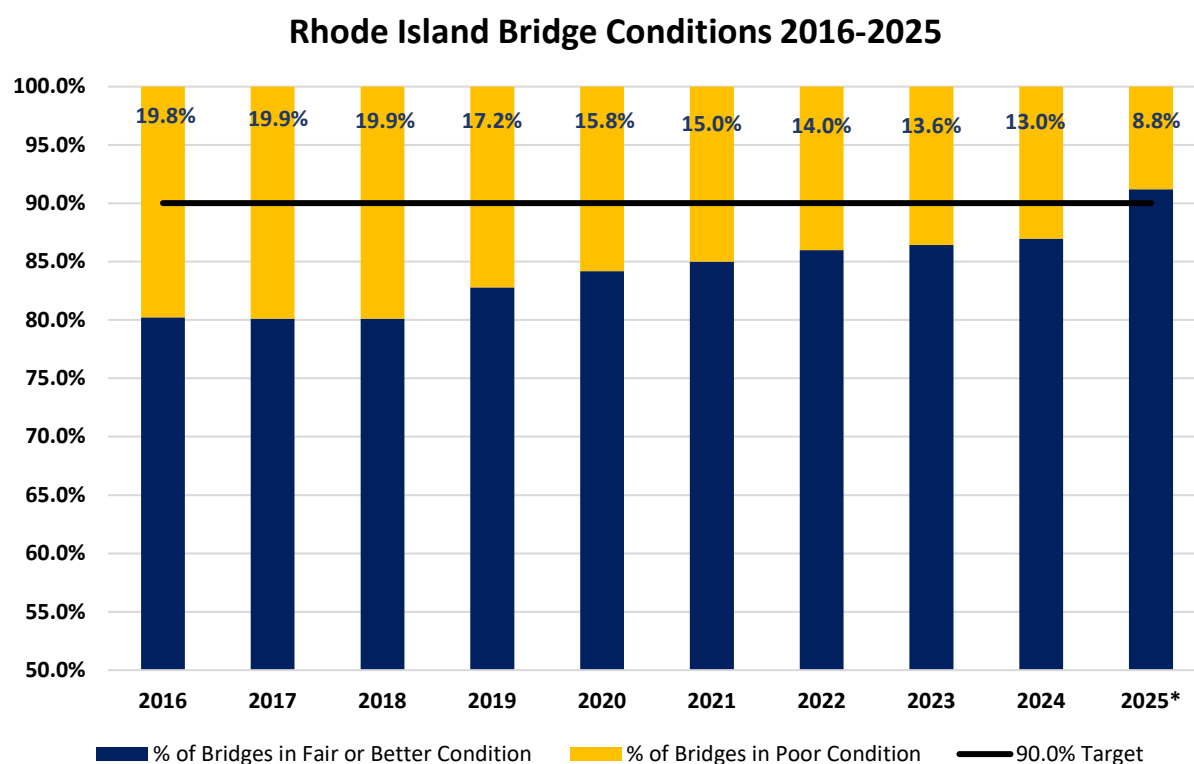
- **Bridge Group 95, I-95/RI-4:** The STIP includes \$126.5 million in all funds through FFY2035 for the Bridge Group 95 I-95 RI-4 project, including \$50.0 million in both FFY2026 and FFY2027. The project involves creating two roadways in order to connect Route 95 North to Route 4 South and Route 4 North to Route 95 South, known as "the missing move". Additionally, the project will build 3 limited-access ramps on Route 403 in North Kingstown, connecting Quonset Business Park to its west Davisville district. The project also includes the construction of a roundabout south of Route 403 at Compass Circle. The Department expects to finish construction by Fall CY2027.

Bridge Capital Program: The Bridge Capital Program is supported by \$2.7 billion through FFY2035 and \$770.1 million in the fiscally constrained period of FFY2026-FFY2029, representing 23.3 percent of total STIP funding and 15.3 percent of constrained STIP funding. The STIP includes \$182.8 million in both FFY2026 and FFY2027 for the program.

- In 2015, Rhode Island was ranked last in the nation for overall bridge condition, with about 24.0 percent of bridges ranked as structurally deficient. The Bridge Capital Program identifies and develops a structured sequence of preservation, repair, rehabilitation, and replacement actions in order to sustain a

state of good repair for the State's 1,200 bridges at a minimum cost. The program is primarily focused on reducing the percentage of structurally deficient bridges to 10.0 percent by 2025.

- The Department revised the bridge conditions data included in the Quarterly Report to better align with the federal standards. The Quarterly Report from FY2026 Q1 states, "This chart assesses bridge condition using deck area of the National Bridge Inventory (NBI) on the National Highway System (NHS). It is intended to mirror this Bridge Performance Measure as specified by the FHWA. This performance measure will allow direct comparison with all other states." Subsequently, the Department reduced the number of bridges by 785, from 1,205 bridges to 420.
- As of January 30, 2026, 37 bridges, or 8.8 percent, of the State's 420 bridges are in poor condition. The Department exceeded the goal of 90.0 percent structurally sound bridges throughout the State. The following graph displays the State's bridge conditions and progress toward achieving the 90.0 percent goal.



Source: RIDOT Q1 Quarterly Reports, Bridge Conditions in December.

*In the Q1 report for FY2026, the Department aligned the data with the Federal Highway Administration Bridge Performance Measures, which reduced the total number of bridges by 785, from 1,205 bridges to 420.

Debt Service Program: The Debt Service program is supported with \$1.1 billion in all funds through FFY2035 and \$435.1 million in the fiscally constrained period of FFY2026-FFY2029, including \$111.5 million in FY2026 and \$108.7 million in FY2027. The program services General Obligation Transportation Bonds, Motor Fuel Bonds, Grant Anticipation Revenue Vehicle Bonds (GARVEE), and pass-through funding for RIPTA's General Obligation Transportation Bonds. The State issues General Obligation Transportation Bonds (GO Bonds) to finance transportation-related construction projects. GARVEE bonds enable the State to pay debt service and other bond-related expenses with future federal-aid highway funds. GARVEE bonds generate up front capital for major highway projects at generally tax-exempt rates, allowing the State to construct a project earlier than if using traditional pay-as-you-go grant resources.

Maintenance Operations Program: The Maintenance Operations program is supported with \$900.8 million in all funds through FFY2035 and \$357.6 million in the fiscally constrained period of FFY2026-FFY2029, including \$90.5 million in FFY2026 and \$89.9 million in FFY2027. The Maintenance Operations program is responsible for the maintenance and upkeep of state-owned facilities, roadways, and small bridges, as well as maintaining RIDOT's vehicle fleet. The program also includes winter maintenance, such as plowing and sanding, in addition to the Department's Transportation Management Center, which monitors traffic conditions.

Pavement Program: The Pavement program is supported with \$930.7 million in all funds through FFY2035 and \$245.9 million in the fiscally constrained period of FFY2026-FFY2029, including \$75.1 million in FFY2026 and \$71.4 million in FFY2027. The Pavement Program funds the design and construction projects that maintain the State's roadways. The Department utilizes an asset management approach described as applying the "right treatment, to the right pavement, at the right time" to prevent roadway failure. Pavement sufficiency targets were approved and phased in throughout May 2018. Rhode Island has 6,528 miles of roadways, of which the Department maintains approximately 1,100 miles. The Pavement Program aims to improve the State's Pavement Structural Health Index (PSHI), which is a rating system that evaluates roads with weighted distresses, and determines a rating between 0 and 100, with 100 representing distress-free roads. RIDOT's goal is to maintain an average PSHI of 80.0 percent for more than 10 years.

CENTRAL MANAGEMENT

The Central Management Program includes Legal Counsel, Human Resources, the Real Estate Section, External Affairs, the Safety Section, the Office on Highway Safety, the Office of Civil Rights, and the Director's Office.

	FY2025	FY2026	FY2026	Change from		FY2027	Change from	
Central Management	Actual	Enacted	Governor	Enacted		Governor	Enacted	
Federal Funds	\$6.2	\$13.8	\$13.9	\$0.1	0.7%	\$13.9	\$0.1	0.8%
Other Funds	8.6	9.0	7.7	(1.3)	-14.2%	8.6	(0.4)	-4.6%
Total	\$14.8	\$22.8	\$21.6	(\$1.2)	-5.2%	\$22.5	(\$0.3)	-1.3%

\$ in millions. Totals may vary due to rounding

- The Legal Counsel office works closely with the Office of the Attorney General in legal proceedings involving RIDOT and also provides support within RIDOT for program development, property management and acquisition, contracts, litigation, arbitration, and contracted outside legal services.
- Human Resources administers labor relations, human resource development and training, all equal opportunity programs, and payroll and fringe benefit programs.
- The Real Estate section deals with acquisition, appraisal, negotiation, and relocation for property purchases (including easements and larger parcels) and property sales.
- The External Affairs office handles all media inquiries, speaking engagements, legislative correspondence, and special events for the Departments, as well as managing the Department's website.
- The Safety Section is responsible for promoting public safety.
- The Office on Highway Safety develops and coordinates programs with local, state and federal agencies to reduce highway deaths and injuries, and to promote public awareness of the correlation between highway safety and alcohol and substance abuse through the development and distribution of educational information.
- The Civil Rights office supports contractors, consultants, and sub-recipients to ensure full compliance with federal and state civil rights laws and equal employment requirements.

- The Director's Office provides leadership and policy development for the Department to ensure the State's public transportation services are safe, effective, and environmentally prudent.

Central Management	All Fund Changes
FY2026 Enacted	\$22,782,190
<i>Target and Other Adjustments</i>	9,626
Personnel: Salary and Benefit Adjustment (other funds)	(908,060)
Contracted Professional Services Adjustment (other funds)	485,468
NHTSA Grants (federal funds)	113,903
FY2027 Governor	\$22,483,127

Personnel: Salary and Benefit Adjustment (other funds) ***(\$908,060)***

The Governor recommends \$2.5 million of gas tax receipts to support the salary and benefits of personnel within the Central Management program, reflecting a decrease of \$908,060 from the FY2026 Budget as Enacted. The adjustment reduces personnel expenditures by \$1.0 million within the Property Management/Real Estate Division, offset by a \$378,254 increase for the Department's Legal Division. The Department indicates they

Contracted Professional Services Adjustment (other funds) ***\$485,468***

The Governor recommends \$2.2 million of gas tax receipts to support contracted services within the Central Management program, reflecting an increase of \$485,468 for the enacted level. The adjustment increases accounting services by \$342,216 and special counsel legal services by \$146,539. The Department indicates that the increases are based on the FY2025 actuals and that the increase for legal does not relate to any specific litigation.

NHTSA Grants (federal funds) ***\$113,903***

The Governor recommends \$13.9 million in federal funds from various National Highway Transportation Safety Administration (NHTSA) grants for the Central Management program, reflecting a net increase of \$113,903 from the FY2026 Budget as Enacted. The most significant adjustments include a \$617,809 increase from the Map-21 405 funds offset by a \$472,709 decrease in funds from the State and Community Highway Safety Program. The following table compares the NHTSA grants included in the FY2026 Budget as Enacted with the Governor's recommendation for FY2026 and FY2027.

	FY2026 Enacted	FY2026 Governor	Change	FY2027 Governor	Change
NHTSA Federal Grants					
Map-21 405 Funds	\$5,996,993	\$6,594,425	\$597,432	\$6,614,802	\$617,809
State and Community Highway Safety Program	5,379,278	4,906,569	(472,709)	4,906,569	(472,709)
Min. Penalties for Repeat Offenders DWI or DUI	2,369,473	2,318,778	(50,695)	2,318,778	(50,695)
Fatality Analysis Reporting System	31,616	49,428	17,812	51,114	19,498
Total	\$13,777,360	\$13,869,200	\$91,840	\$13,891,263	\$113,903

MANAGEMENT AND BUDGET

Management and Budget houses the Department's Financial Management Division responsible for the oversight and management of the Department's operations and capital budget expenditures. Management and Budget also oversee the Education Advancement section, the Office of Contracts and Specifications, and the Information Technology section.

Management and Budget	FY2025 Actual	FY2026 Enacted	FY2026 Governor	Change from Enacted		FY2027 Governor	Change from Enacted	
Other Funds	\$6.4	\$3.8	\$5.5	\$1.6	42.6%	\$5.8	\$1.9	50.3%
Total	\$6.4	\$3.8	\$5.5	\$1.6	42.6%	\$5.8	\$1.9	50.3%

\$ in millions. Totals may vary due to rounding

- The Education Advancement section is responsible for internal education and advancement initiatives and facilitates administrative and programming coordination.
- The Office of Contracts and Specifications establishes business arrangements between the Department and the suppliers of goods and services in the private sector.
- The Information Technology section maintains and operates all computer software and hardware as well as purchasing and upgrading all information technology platforms for the Department.

Management and Budget	All Fund Changes
FY2026 Enacted	\$3,839,065

<i>Target and Other Adjustments</i>	-
Personnel: Salary and Benefit Adjustments (other funds)	1,929,787
FY2027 Governor	\$5,768,852

Personnel: Salary and Benefit Adjustments (other funds) \$1.9 million

The Governor recommends \$1.8 million in gas tax receipts to support the salary and benefits of personnel within the Management and Budget program, reflecting an increase of \$1.9 million from the enacted level. The FY2026 Budget provided the program with negative \$151,762 in gas tax receipts to support personnel expenditures. The negative balance in FY026 reflects a technical correction and the Department's utilization of a cost allocation mechanism through offsetting gas tax credits.

INFRASTRUCTURE-ENGINEERING

The Infrastructure-Engineering program works to develop the State's roads and bridges into an advanced ground transportation system. The program consists of multiple divisions and sections encompassing the design, planning, and construction of the Project Management Division.

Infrastructure-Engineering	FY2025 Actual	FY2026 Enacted	FY2026 Governor	Change from Enacted		FY2027 Governor	Change from Enacted	
Federal Funds	\$501.7	\$460.8	\$596.4	\$135.6	29.4%	\$765.3	\$304.5	66.1%
Other Funds	204.2	229.0	212.5	(16.5)	-7.2%	157.0	(72.1)	-31.5%
Restricted Receipts	2.3	6.1	1.9	(4.2)	-68.7%	4.5	(1.6)	-26.5%
Total	\$708.1	\$695.9	\$810.8	\$114.9	16.5%	\$926.7	\$230.8	33.2%

\$ in millions. Totals may vary due to rounding

- The Project Management division oversees all phases of a project from start to finish, including design, construction, and materials testing.
- The Construction Management section is responsible for the administration and inspection of highway, bridge, traffic signal, and destination signing and freight/commuter rail construction activities throughout the State.
- The Materials Unit conducts sampling and quality assurance testing. The Research and Technology section evaluates new technologies, provides research for national, regional, and local programs, and provides training in new technology.
- The Office of Stormwater Management is responsible for the scope, plan, design, and maintenance of stormwater systems.

- The Occupational Safety, Health, and Work Zone Safety section administers the Department's safety and health programs.
- The Planning Division develops and monitors the Department's Ten-Year Plan to ensure successful implementation.
- The Office of Transit, New Starts, and Operations section develops and implements planning projects by working to develop an integrated transportation system that provides convenient transitions between different modes of transportation.

Infrastructure-Engineering	All Fund Changes
FY2026 Enacted	\$695,896,118
<i>Target and Other Adjustments</i>	<i>(16,798,733)</i>
Federal Highway Projects (federal funds)	241,785,206
INFRA Grants (federal funds)	86,750,000
RICAP Adjustment (other funds)	(71,870,188)
Federal Discretionary Grants For Capital Projects (federal funds)	(63,430,151)
MEGA Grant (federal funds)	50,000,000
Toll Revenue (other funds)	10,000,000
Motor Fuel Tax Adjustment (other funds)	(9,477,678)
Rhode Restore (other funds)	3,500,000
Bridge Inspection Oversight 2.0 FTE Positions (federal funds)	356,492
FY2027 Governor	\$926,711,066

Federal Highway Projects (federal funds) ***\$241.8 million***

The Governor recommends \$505.2 million of Federal Highway Administration (FHWA) funds in FY2027 to support the Department's capital projects, representing an increase of \$241.8 million from the enacted level. The FY2026 Governor's Revised Budget includes \$265.6 million in FHWA funds, reflecting an increase of \$2.1 million from the enacted level.

According to the Department's STIP, the FHWA is anticipated to provide Rhode Island with \$1.4 billion through various federal funding programs through FFY2029. Funding programs managed by the FHWA include: National Highway Performance Program (NHPP), National Highway Freight Program (NHFP), Surface Transportation Block Grants (STBG), Congestion Mitigation Air Quality (CMAQ), amongst others.

INFRA Grants (federal funds) ***\$86.8 million***

The Governor recommends \$86.8 million of Nationally Significant Multimodal Freight and Highway Projects (INFRA) funds in FY2027 to support the Department's capital projects and \$92.1 million in FY2026. Projects supported by INFRA grants include the design builds for the Washington Bridge, I-95 RI-4 / Missing Move project, and reconstruction of Route 146.

Federal Discretionary Grants for Capital Projects (federal funds) ***(\$63.4 million)***

The Governor recommends \$9.6 million in Federal Discretionary Grants for Capital Projects in FY2027 reflecting a \$63.4 million decrease from the enacted level. Projects that utilize federal discretionary grants include planning of the "Missing Move" and Quonset Connector Ramps, Right-Sizing Route 37, rehabilitation and redevelopment of the Washington Bridge, and the Pell Bridge Ramps. The Governor recommends \$39.8 million in FY2026, representing a \$33.3 million decrease from the enacted level.

MEGA Grant (federal funds) \$50.0 million

The Governor recommends \$50.0 million in federal funds awarded through the National Infrastructure Project Assistance program (MEGA) in both FY2026 and FY2027 to support the Washington Bridge replacement project. The State was awarded a \$125.4 million in MEGA grants in 2024 to assist in the rebuilding of the Washington Bridge. MEGA grants are awarded on a competitive basis for surface transportation infrastructure investments that have a significant national or regional impact.

The MEGA program represents one of three grant programs contained in the Multimodal Project Discretionary Grant opportunity (MPDG), alongside the Nationally Significant Multimodal Freight and Highway Projects grants program (INFRA), and the Rural Surface Transportation Grant program (Rural).

Toll Revenue (other funds) \$10.0 million

The Governor includes \$20.0 million of toll revenue in FY2027 reflecting a \$10.0 million increase from the enacted level. The FY2026 Budget as Enacted reinstated the State’s tolling program and included \$10.0 million in receipts with the expectation of full implementation by Quarter 4 of FY2026. Due to delays in maintenance and back-office billing contracts, implementation has been delayed to FY2027. The current estimate for the gantry maintenance contract is \$19.0 million and as of March 27, 2026, the Department has not finalized the back-office billing contract.

Motor Fuel Tax Adjustment (other funds) (\$10.6 million)

The Governor assumes motor fuel tax collections of \$165.9 million in FY2027, reflecting a decrease of \$10.6 million from the enacted level. The reduction is primarily due to the Governor’s proposal in Article 11, which reduces the motor fuel tax rate by \$0.02 and collections by \$8.7 million. The reduction is partially due to the decline in gas tax yield. The adjustment reduces gas tax to the Department of Transportation by \$1.1 million, RIPTA by \$584,997, RITBA by \$174,255, and the OHA by \$49,787.

The Governor assumes motor fuel tax collections of \$175.7 million in FY2026, reflecting a decrease of \$888,854 from the enacted level. The reduction is primarily due to the decline in gas tax yield. The adjustment reduces gas tax to the Department of Transportation by \$488,321, RIPTA by \$257,877, RITBA by \$76,815, the OHA by \$21,947, and debt service payments by \$43,894. The following table compares the gas tax collections assumed by the Governor in FY2026 and FY2027 with the current enacted level.

	FY2026 Enacted	FY2026 Governor	Change to Enacted	FY2027 Governor	Change to Enacted
Motor Fuel Tax Revenue					
Department of Transportation	\$96,992,489	\$96,504,169	(\$488,321)	\$95,884,729	(\$1,107,761)
Rhode Island Public Transit Authority*	51,220,753	50,962,876	(257,877)	50,635,756	(584,997)
Rhode Island Turnpike and Bridge Authority	15,257,246	15,180,431	(76,815)	15,082,991	(174,255)
GARVEE Motor Fuel Bond Debt Service	8,718,426	8,674,532	(43,894)	-	(8,718,426)
Office of Healthy Aging	4,359,213	4,337,266	(21,947)	4,309,426	(49,787)
Total	\$176,548,127	\$175,659,273	(\$888,854)	\$165,912,901	(\$10,635,226)

* RIPTA figures include the \$0.005/gallon share of the Environmental Protection Fee

Source: Office of Revenue Analysis, November 2025

Rhode Restore (other funds) \$3.5 million

The Governor recommends \$10.0 million in gas tax receipts for the Rhode Restore program in FY2027, reflecting a \$3.5 million increase from the enacted level. The FY2026 Governor’s Revised Budget includes the enacted appropriation of \$6.5 million in gas tax receipts as well as \$11.4 million in American Rescue Plan Act State Fiscal Recovery Funds (ARPA SFRF) that were reappropriated from the FY2025 Final Budget for the Municipal Roads Grant Program. The Department indicates that the FY2024 and FY2025 tranches of SFRF have been obligated by municipalities and of the \$6.5 million in gas tax provided in FY2026, municipalities have obligated \$5.8 million.

Originally funded with \$20.0 million of ARPA SFRF in the FY2024 Budget as Enacted, The Municipal Roads Grant Program provides municipalities with funding to serve as a 33.0 percent match to support road, bridge, and sidewalk projects on locally maintained, municipal roads, while the cities and towns provide the remaining 67.0 percent. The Department divided \$5.0 million of ARPA SFRF equally amongst all municipalities and appropriated the remaining \$15.0 million to municipalities based on the non-federal land miles of roads they contain. The FY2025 Budget as Enacted provided a subsequent smaller funding tranche of \$7.0 million in ARPA SFRF which was distributed evenly across municipalities, for a total state investment of \$27.0 million. The program requires all projects to be completed by the end of 2026. Additionally, the program includes accountability and transparency measures, such as a quarterly reporting requirement. Cities and towns utilizing the program will report on the progress of each project and its anticipated completion date, as well as the values of any contracts and the dates they were awarded. In a separate but related initiative, the Department is to establish a Municipal Roadway Database. The Municipal Roadway Database will be funded through gas tax revenue and updated annually by municipalities with information concerning the name, condition, length, roadway infrastructure, and pedestrian features of each municipal roadway.

The FY2026 Budget as Enacted provided \$6.5 million in gas tax revenue to fund the RhodeRestore initiative, which will provide financial support for municipal infrastructure projects. Similar in function to the Municipal Roads Grant Program, RhodeRestore requires municipalities to contribute 67.0 percent of the overall cost for a road, bridge, and sidewalk maintenance project, and the State will match the remaining 33.0 percent. While the funding provided in the Municipal Roads and Grant Program is SFRF, RhodeRestore is funded entirely with State revenue collected through the gas tax. Furthermore, the Budget requires 25.0 percent (\$1.6 million) of state provided funding to be distributed equally amongst cities and towns, while the remaining 75.0 percent (\$4.9 million) is allocated proportionally based on each municipality's share of municipally maintained road miles.

Bridge Inspection Oversight 2.0 FTE Positions (federal funds)

\$356,492

The Governor recommends a 2.0 increase to the Department's FTE authorization and \$356,492 in federal funds to support the salary and benefits of 2.0 new Chief Civil Engineer positions in the Infrastructure-Engineering program. The FTE positions are recommended in FY2027 and are fully supported with federal funds.

INFRASTRUCTURE-MAINTENANCE

The Infrastructure Maintenance program is comprised of multiple divisions that are responsible for keeping all state roads and bridges well-maintained and functional. In recent years, the Department has worked to bring tasks performed by the Infrastructure Maintenance program in-house rather than contracting services from outside vendors.

	FY2025	FY2026	FY2026	Change from		FY2027	Change from	
Infrastructure-Maintenance	Actual	Enacted	Governor	Enacted		Governor	Enacted	
Federal Funds	\$0.0	\$0.0	\$0.0	\$0.0	0.0%	\$0.0	\$0.0	0.0%
Other Funds	131.2	160.3	364.4	204.2	127.4%	\$180	19.5	12.2%
Total	\$131.2	\$160.3	\$364.4	\$204.2	127.4%	\$179.8	\$19.5	12.2%

\$ in millions. Totals may vary due to rounding

- The Highway and Bridge Maintenance Section includes Administration, Transportation Management Center, Automotive and Fleet Operations, Final Review, Engineering and Support and Field Operations.
- The Automotive section is responsible for the upkeep and repair of the program's fleet of heavy trucks and equipment.

- The Engineering and Support office is a multi-faceted section responsible for the resolution of drainage problems, inspection of work permits, coordination of requests for pavement projects, maintenance of guardrails, fences, and highway-related equipment along the state highway, highway illumination, and state-wide beautification projects.
- The Field Operations section, which is comprised of staff who operate from multiple field offices across the State, is responsible for sweeping, litter collection, and snow plowing, as well as bridge, pothole, and guardrail repairs.

Infrastructure-Maintenance	All Fund Changes
FY2026 Enacted	\$160,278,218
<i>Target and Other Adjustments</i>	930,262
RIHMA Adjustment (other funds)	14,202,152
Maintenance (other funds)	4,441,140
Vehicle Maintenance (other funds)	(4,243,943)
RICAP Adjustment (other funds)	2,890,244
Winter Maintenance (other funds)	1,293,229
RIPTA: Ride Anywhere Program Update	Informational
FY2027 Governor	\$179,791,302

RIHMA Adjustment (other funds)

\$14.2 million

The Governor's Budget includes \$128.2 million of Rhode Island Highway Maintenance Account (RIHMA) receipts in FY2027, representing a \$14.2 million increase from the FY2026 enacted level. Pursuant to RIGL 39-18.1-5 and Article 2, the Governor recommends transferring \$26.5 million of RIHMA receipts to RIPTA, including the Authority's 10.0 percent share and a fixed appropriation of \$14.3 million. The following table compares the currently enacted RIHMA funds with the Governor's Recommendation for FY2026 and FY2027.

RIHMA Expenditures	FY2026 Enacted	FY2026 Governor	Change	FY2027 Governor	Change
Highway Drainage	\$5,521,606	\$10,000,000	\$4,478,394	\$10,000,000	\$4,478,394
RIPTA Transfer	10,270,623	16,319,435	6,048,812	26,482,754	16,212,131
Road And Bridge	78,704,687	262,061,656	183,356,969	78,464,302	(240,385)
State Match	12,800,000	12,800,000	-	12,800,000	-
EV	829,484	492,462	(337,022)	492,462	(337,022)
EV RIPTA Transfer	5,910,966	-	(5,910,966)	-	(5,910,966)
Total	\$114,037,366	\$301,673,553	\$187,636,187	\$128,239,518	\$14,202,152

Maintenance (other funds)

\$4.4 million

The Governor recommends \$10.9 million in gas tax to support the Maintenance section in the Infrastructure-Maintenance program, reflecting a \$4.4 million increase from the enacted level. The adjustment primarily reflects a \$4.8 million increase for paving supplies offset by reductions of \$346,275 for electricity and \$192,965 in seasonal wages. The Governor recommends \$7.7 million for the Maintenance section in FY2026, reflecting a \$1.3 million increase from the enacted level. The FY2026 recommendation increases paving supplies by \$4.0 million, offset by a \$1.1 million increase in turnover savings.

Vehicle Maintenance (other funds)

(\$4.2 million)

The Governor recommends \$11.3 million in gas tax, to fund vehicle maintenance in FY2027, representing a \$4.2 million decrease from the enacted level. The adjustment reduces motor vehicle expenditures by \$2.5 million and State Fleet charges by \$2.0 million, offset by a personnel increase of \$256,057. The Governor recommends \$19.6 million in gas tax to fund vehicle maintenance in FY2026, representing a \$3.9 million

increase from the enacted level. The FY2026 adjustment includes a \$5.5 million increase for motor vehicle capital purchases offset by a \$1.8 million reduction in state fleet overhead charges.

Winter Maintenance (other funds)

\$1.3 million

The Governor recommends \$17.8 million of gas tax receipts to fund winter maintenance in FY2027, representing a \$1.3 million increase from the enacted level. The Governor increases snowplowing and sanding expenses by \$619,197, state fleet overhead charges by \$346,275, and personnel overtime by \$500,000, which is offset by a \$172,243 reduction in paving supplies. The Governor recommends \$21.9 million in gas tax for FY2026, reflecting a \$5.4 million increase from the enacted level. The FY2026 recommendation increases state fleet overhead charges by \$2.2 million and snowplowing and sanding expenses by \$1.8 million.

The historic “Blizzard of 2026” set the record for the highest single-day snow total in Rhode Island history with 35.5 inches of snow on February 23, 2026. The previous record for was set by the “Blizzard of 1978”, which dropped 28.6 inches of snow. The FY2026 Budget as Enacted provided \$16.5 million to the Department for winter maintenance, which is \$925,914 below the \$17.5 million average actual expenditures from FY2021 - FY2025. The Governor’s Revised Budget increases gas tax by \$5.4 million for a \$21.9 million FY2026 recommendation. A query on the State’s new accounting platform indicates that current FY2026 winter maintenance expenditures and obligations are \$35.8 million. The following table illustrates significant figures related to winter maintenance.

Winter Maintenance Figures

Average of FY2021-FY2025 Actuals	\$17,460,442
FY2026 Enacted	16,534,528
FY2026 Governor	21,921,525
FY2026 Expenditures *	35,800,814

* Includes funds labeled as expenditures, encumbered, and pre-encumbered.

RIPTA RId e Anywhere Program Update

Informational

The FY2026 Budget as Enacted included language to preserve the RId e Anywhere paratransit program and ensure that services continue. The Authority increased paratransit operators in the FY2026 Board Revised and FY2027 Board Approved Budgets to accommodate the program’s elevated demand.

- **Background:** To further expand upon the conclusions of the Paratransit Study, which was completed in January of 2023, the FY2024 Budget as Enacted directed RIPTA to operate a voucher pilot program. The pilot program, titled RId e Anywhere, soft launched on January 1, 2024, to study the feasibility and implementation of expanding the Authority’s paratransit service to underserved communities throughout the State. Individuals enrolled in the RId e program can request trips that go beyond the current service area and pay the same fare as a standard paratransit trip. The Authority will prioritize rides within the federally required $\frac{3}{4}$ of a mile service area. Individuals must request rides 24 hours in advance and the Authority will confirm their ability to accommodate. Following the pilot’s conclusion, the Budget required the Authority to deliver an evaluation report to the Speaker of the House and the President of the Senate by June 1, 2025, which was completed and submitted on time.
- **RId e Anywhere Paratransit Pilot:** To further expand upon the paratransit study’s conclusions, the FY2024 Budget as Enacted directed RIPTA to operate a voucher pilot program. The pilot program, titled RId e Anywhere, soft launched on January 1, 2024, and studied the feasibility and implementation of expanding the Authority’s paratransit service to underserved communities throughout the State. The pilot was limited by RIPTA’s resources as the Authority was not provided additional funds. Individuals enrolled in the RId e program were able to request trips that go beyond the current service area and for the same \$4 fare as a standard paratransit trip. The Authority prioritized rides within the federally

required $\frac{3}{4}$ of a mile service area and required a 24-hour notice for ride requests. Following the pilot's conclusion, the Budget required the Authority to deliver an evaluation report to the General Assembly, which was submitted in May 2025.

CAPITAL FUNDS

RICAP Funds

The Governor recommends \$122.9 million of Rhode Island Capital Plan (RICAP) funds for the Department of Transportation's capital budget in FY2026, reflecting a \$2.5 million increase from the enacted level. The recommendation includes a \$2.0 million decrease to the Highway Improvement Program offset by increases of \$1.9 million to replace maintenance vehicles such as heavy trucks, sweepers, and tractors and \$1.9 million for asset management of the three train stations maintained by the Department.

The Governor recommends \$54.0 million of RICAP funds for the Department's capital budget in FY2027, reflecting a \$66.5 million decrease from the enacted level. The recommendation includes a \$69.4 million decrease in the Highway Improvement Program offset by a \$3.3 million increase for train station maintenance. The Highway Improvement Program is the Department's largest RICAP expenditure and serves as the implementation of the STIP. The Infrastructure-Maintenance and Infrastructure-Engineering programs receive the Department's RICAP fund appropriation and serve as a pass-through entity for RIPTA's. The following table compares the RICAP funds in the FY2026 Budget as Enacted with the Governor's FY2026 and FY2027 RICAP recommendations.

	FY2026 Enacted	FY2026 Governor	Change	FY2027 Governor	Change
RIDOT: RICAP Funded Projects					
Highway Improvement Program	\$115,617,814	\$113,570,000	(\$2,047,814)	\$46,250,000	(\$69,367,814)
Train Station Maintenance and Repairs	500,000	2,424,237	1,924,237	3,750,000	3,250,000
Maintenance Facility Improvements	859,756	1,222,163	362,407	500,000	(359,756)
Salt Storage Facilities	1,150,000	1,113,662	(36,338)	1,150,000	-
Maintenance Capital Equipment Replacement	1,800,000	3,658,569	1,858,569	1,800,000	-
Welcome Center Improvements	150,000	547,183	397,183	150,000	-
Bike Path Maintenance	400,000	400,000	-	400,000	-
Total	\$120,477,570	\$122,935,814	\$2,458,244	\$54,000,000	(\$66,477,570)

Capital Plan FY2026-FY2031

The Governor recommends \$5.1 billion in all funds for the Department of Transportation's capital budget through FY2031, including \$905.3 million from all fund sources in FY2026 and \$1.1 billion in FY2027. The Department's capital budget is supported by federal and state funds. State funds, such as revenue collected through vehicle registration fees, gas tax, bond proceeds, and Rhode Island Capital Plan (RICAP) funds, are pledged to projects in order to receive matched federal funds. Federal funds include GARVEE bonds, discretionary grants, and funding provided by the Federal Highway Administration. The following table illustrates the sources and amounts recommended by the Governor for the Department's capital plan through FY2031.

Funding Source Names	FY2026 Governor	FY2027 Governor	Outyear FY2028	Outyear FY2029	Outyear FY2030	Outyear FY2031	Total Capital
State Fiscal Recovery Funds (SFRF)	\$26.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$26.0
Federal Highway Administration	451.0	655.1	580.3	548.6	536.1	632.1	3,403.1
FHA Debt Service	68.8	68.8	68.8	68.8	68.8	68.8	412.6
Federal Transit Authority	12.2	12.4	27.8	12.8	13.8	17.9	96.9
GARVEE Bonds	50.8	90.8	14.1	16.0	-	-	171.7
Gas Tax	26.1	20.6	10.4	10.7	10.8	11.2	89.7
Motor Fuel Residuals	7.1	-	-	-	-	-	7.1
Other Funds	-	2.6	-	-	-	-	2.6
P.L. 2014, Ch. 145 - Issued	15.0	-	-	-	-	-	15.0
P.L. 2020, Ch. 80 - Issued	56.6	4.2	-	-	-	-	60.8
P.L. 2020, Ch. 80 - Unissued	-	4.7	-	-	-	-	4.7
RICAP Funds	122.9	54.0	30.0	27.6	26.6	26.7	287.8
Transportation Soft Match	0.7	0.6	0.7	0.3	-	-	2.2
Vehicles Registration Fees	68.2	176.7	125.8	57.8	59.3	61.1	548.8
Total	\$905.3	\$1,090.3	\$857.9	\$742.4	\$715.3	\$817.7	\$5,129.0

\$ in millions. Totals may vary due to rounding

Rhode Island Public Transit Authority

Revenue	FY2024 Actual	FY2025 Actual	FY2026 Revised	Change from FY2025		FY2027 Proposed	Change from FY2025	
Passenger Revenue	\$22.5	\$21.2	\$22.3	\$1.1	5.4%	\$23.6	\$2.4	11.3%
Special Revenue ¹	-	-	1.9	1.9	0.0%	1.1	1.1	0.0%
Special Project - Local/Fed	0.9	-	1.4	1.4	0.0%	1.4	1.4	0.0%
Other Revenue	9.7	10.4	9.0	(1.4)	-13.6%	9.1	(1.3)	-12.8%
Federal Funds	29.2	34.9	55.4	20.4	58.5%	46.2	11.3	32.4%
Federal Emergency Relief (CARES)	24.1	13.4	-	(13.4)	-100.0%	-	(13.4)	-100.0%
RI Gasoline Tax ²	43.9	36.3	51.0	14.6	40.3%	50.6	14.3	39.4%
RI Department of Human Services ³	0.8	0.8	0.9	0.1	13.9%	0.9	0.1	11.2%
State Fiscal Recovery Funds ⁴	-	15.0	-	(15.0)	-100.0%	-	(15.0)	-100.0%
RI Highway Maintenance Account	5.4	4.9	11.3	6.5	133.3%	12.2	7.3	151.1%
Contributed Capital ⁵	43.8	27.7	-	(27.7)	-100.0%	-	(27.7)	-100.0%
Total Revenue	\$180.2	\$164.6	\$153.3	(\$11.3)	-6.9%	\$145.1	(\$19.4)	-11.8%
Expenses								
Salaries & Benefits ⁶	\$107.7	\$108.9	\$108.9	\$0.0	0.0%	\$115.7	\$6.8	6.3%
Contract Services	6.8	9.5	18.3	8.8	92.3%	14.1	4.6	48.0%
Operating Expenses	21.3	18.5	19.9	1.4	7.4%	22.8	4.3	22.9%
Utilities	2.0	2.4	2.5	0.0	1.7%	2.6	0.2	6.8%
Special Project - Local/Fed	0.0	0.1	1.4	1.3	1000.9%	1.4	1.3	1000.9%
Capital Match	0.0	0.0	1.1	1.1	35114.3%	1.1	1.1	35994.7%
Debt Service ⁷	0.3	0.3	1.1	0.8	286.5%	1.1	0.9	314.5%
Depreciation ⁸	16.5	17.7	-	(17.7)	-100.0%	-	(17.7)	-100.0%
Total Expenses⁹	\$154.6	\$157.5	\$153.3	(\$4.2)	-2.7%	\$158.9	\$1.5	0.9%
Net Income(Loss)	\$25.5	\$7.1	-			(\$13.8)		

¹RICAP used for Planning projects.

²Gas Tax amount estimated by Department of Revenue.

³Gas Tax funding provided through the Department of Human Services for the RIDE Program.

⁴One-time State budget relief funding

⁵Contributed Capital (state and federal funds received for capital expenditures) are not budgeted, but are reflected in FY 2024 and FY 2025 results

⁶The Authority only has the resources to pay retiree health claims as they arise and as a result there is no fund for unfunded liability of other post-employment benefits (OPEB). Retiree health costs in FY25 were \$1,257,389. The total unfunded OPEB liability as of June 30, 2025 is \$69,686,208.

⁷In addition to interest expense, RIPTA budgets the repayment of bond principal. Actual results only reflect the interest expense.

⁸Depreciation expense is not budgeted, only operating funds to be used for capital expenditures. Capital Expenditures were \$14,710,493 in FY 2024 and \$32,240,512 in FY 2025 and are not reflected in the table above.

⁹Actual results reflect changes in liabilities that are not budgeted and do not reflect cash outflows (legal, pension, and OPEB).

The Rhode Island Public Transit Authority (RIPTA) was established in 1964 and is currently governed by a nine (9) member Board of Directors. As defined under RIGL 39-18-3, RIPTA is responsible for:

- Providing public transit services to meet the mobility needs of the people of the State
- Increasing access to employment opportunities
- Connecting different modes of public transportation, including rail, air, and water services

- Promoting community design that features public transit services
- Facilitating energy conservation and efficient energy use through public transit services
- Mitigating traffic congestion and enhancing air quality

RIPTA operates and maintains two facilities in Providence and one in Newport.

MAJOR ISSUES AND TRENDS

FY2026: The FY2026 Board Revised Budget for the Rhode Island Public Transit Authority (RIPTA) includes \$153.3 million in both revenues and expenditures, representing a balanced budget for the fiscal year. The previous year's FY2026 Board Proposed and FY2026 Governor's Recommended Budgets provided the Authority with a \$32.6 million deficit, the resolution of which is detailed below.

FY2027: The FY2027 Board Proposed Budget includes all fund expenditures of \$158.9 million, which are supported by \$145.1 million of revenue, representing a deficit of \$13.8 million. The FY2027 Governor's Recommended Budget resolves the deficit with provisions included in Articles 1, 2 and, 5. Article 1 increases RIPTA's Rhode Island Capital Plan (RICAP) funds by \$3.5 million, which will partially fund the state match for the Authority's bus fleet replacement plan. Article 2 increases the Authority's fixed share of Rhode Island Highway Maintenance Account (RIHMA) receipts by \$9.3 million, from the current amount of \$5.0 million to \$14.3 million. Article 5 increases the landing and boarding fees imposed on cruise vessels landing in Newport by \$5 and directs the annual revenue to the Authority, which is estimated to be \$1.0 million in FY2027. The following table illustrates the Authority's FY2027 shortfall, and the resolution plan proposed by the Governor.

Anticipated FY2027 Budget Deficit	(\$13,833,078)
Article 1 RICAP Increase for Bus Purchases	3,500,000
Article 2 HMA Fixed Share Increase	9,300,000
Article 5 Newport Cruise Fees	1,000,000
Balance	(\$33,078)

Newport Cruise Fees

Article 5 of the FY2027 Governor's Recommended Budget increases the landing and embarking fees that the City of Newport imposes on cruise vessels by \$5.00 and provides the additional revenue collected to RIPTA. The proposal is projected to provide RIPTA with an additional \$1.0 million, which shall be utilized to support transit operations in Newport and on Aquidneck Island.

Newport currently imposes a \$10.00 per-passenger fee on cruise vessels that land in the city, as well as an equivalent passenger fee for each vessel that embarks. The proposal increases both the landing and embarking fees by \$5.00, or \$10.00 per passenger. The ORA assumed 100,000 passengers would be subject to the \$10.00 increase, providing RIPTA with an additional \$1.0 million of revenue in FY2027.

September 2025 Service Cuts

On September 27, 2025, RIPTA implemented one of the largest service reductions in the Authority's history, which affected 45 of the Authority's routes. The routes impacted by the service change include Routes 3, 4, 6, 9x, 12x, 13, 14, 16, 17, 18, 19, 20, 21, 22, 23, 28, 29, 30, 31, 32, 33, 34, 35, 51, 54, 55, 56, 57, 58, 59x, 60, 61x, 63, 65x, 66, 68, 69, 72, 75, 76, 78, 87, 92, 95x, and the R-Line. The Authority indicates that the revision did not eliminate any routes entirely but focused on targeted demand-driven reductions.

The Authority originally proposed a series of drastic cuts that eliminated underperforming routes. These cuts were scaled back following the August Board of Directors' Meeting and adoption of the framework recommended by the Governor and the Authority's administration. Prior to implementation, RIPTA held a series of meetings throughout the State to receive public input on the proposed service reductions.

In January 2026, a local transit advocacy group, Save RIPTA, published a report detailing the impact of the service reduction in January 2026. The report indicates that throughout the 12 public meetings, 645 riders and community members attended, and an additional 589 oral and written comments were submitted to RIPTA in opposition of the cuts. The report suggests that prior to implementation, “81% of RIPTA routes were gaining ridership; after the cuts 75% were losing ridership. Not a single route with weekday service cuts saw an increase in ridership.”

Fare Changes

At the March 2025 Board of Directors’ Meeting, the Board received a memorandum from RIPTA CEO Chris Durand, concerning strategic updates and fare changes. The memorandum notes that Authority is working on a deeper analysis of fare revenues and plan to reduce cash collections, which reflect 25.0% of fare revenue. The base fare is currently \$2.00 and implementing small fare adjustments would create a substantial increase in coins collected, which may delay service. The Authority is considering implementing smaller incremental increases over time, in contrast to a large, sudden increase.

The Authority plans to eliminate the \$5.00 fee charged for Wave bus pass cards to encourage riders to reduce cash payments. The memorandum states, “RIPTA is prioritizing a reduction in cash payments, continuing to focus on developing new fare partnerships, and revising existing partnership agreements to align with the revenue targets for FY2026.” The results of the fare study will be presented to Board of Directors following completion.

Background: In 2015, RIPTA conducted a comprehensive study of the fare products offered to customers, as well as the rates charged. The goals of the fare study were to simplify fare products; improve the reliability of fare media; introduce needed products; make boarding a bus fast, convenient, and reliable; implement new fare technologies; and, maximize revenue and ridership. RIPTA’s Board adopted a new fare structure in December 2016 that eliminated the 15-ride pass and RIPTIKs (packages of 10 one-way tickets including free transfers that did not expire), created a 10-ride pass, increased the price of a 7-day pass and bus transfers, and recommended charging seniors and people with disabilities \$0.50 per trip.

While other changes were implemented, the charge to seniors and people with disabilities caused concern among advocacy groups and was never executed. Since FY2017, the General Assembly has included additional funds to continue the reduced fare program.

In September 2020, RIPTA launched the WAVE program, a smart fare collection system. The WAVE program operates on an earn-as-you-go model. The system tracks rider's trips allowing them to pay for individual rides or days while never exceeding the price of a day pass or month pass. Once a user spends the equivalent to a day or month pass they are not charged for any additional rides that day or month.

The WAVE program is fully implemented allowing RIPTA to move away from paper products. As of January 2022, RIPTA is no longer accepting paper fare products and bus drivers will not make change for cash payments. Passengers must pay via the WAVE smart card or app, exact change, photo ID pass, or a U-Pass ID. The Authority stopped accepting the paper monthly passes as of June 2022. The following table illustrates current fares.

RIPTA Fares	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026
Cash Fare	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00
Wave Full Fare	2.00	2.00	2.00	2.00	2.00	2.00
Wave Day Pass	6.00	6.00	6.00	6.00	6.00	6.00
Wave Monthly Pass	70.00	70.00	70.00	70.00	70.00	70.00
Senior/Disabled Off-Peak*	1.00	1.00	1.00	1.00	1.00	1.00
Ride/Paratransit Trip	4.00	4.00	4.00	4.00	4.00	4.00

* \$10 is the cost to renew pass, must be done biennially.

FTE Reduction

RIPTA's budget provides funding for 845.0 FTE positions in both FY2026 and FY2027, reflecting a net reduction of 51.0 FTE positions from the FY2026 Board Approved Budget. The Authority funds 359.0 FTE fixed-route bus operators within the Transportation Department, 65.0 positions below the FY2026 Approved level, and reflective of the recent reductions to fixed-route service. The Authority increases FTE positions in the Paratransit Department by 28.0 FTE positions, including 29.0 paratransit van operator positions. The Authority is expecting increased paratransit service demand, partially due to the RIDE Anywhere program, which was made permanent in the FY2026 Budget as Enacted. The Authority notes that the increase in paratransit positions allow fixed-route operators impacted by the service reductions to transfer.

Background on the FY2026 Deficit Resolution

The FY2025 Budget as Enacted directed RIPTA to conduct an efficiency review of its transit operations due to the Authority's dependency on federal pandemic assistance and imminent fiscal concerns. Extenuating circumstances related to the search for a permanent CEO delayed the efficiency review and the Authority adopted a FY2026 Budget that included a \$32.6 million deficit. The FY2026 Governor's Recommended Budget did not provide any relief for the Authority as the efficiency study was still incomplete and included an equivalent shortfall. Article 11 of the FY2026 Budget as Enacted increased RIPTA's share of motor fuel tax receipts and percentage share of the Rhode Island Highway Maintenance Account (RIHMA) receipts, resulting in \$14.8 million of additional revenue directed to the Authority.

At the August 2025 Board of Directors Meeting, the Board received a budget framework that was signed by the Governor and RIPTA CEO, Chris Durand. The framework included initiatives that were recommended by the efficiency study to preserve funding and reduce costs without eliminating routes. The Authority's administration indicated that with additional state funding and the adoption of the framework, the FY2026 deficit would be resolved. The Board voted to adopt the framework at the meeting.

Budget Framework

The Board approved the budget framework recommended by the Governor and RIPTA CEO at the August 2025, Board Meeting. The framework resolved the Authority's FY2026 deficit through the following:

- **Additional State Revenue:** The framework's largest category was state revenue, which was estimated to reduce the deficit by \$14.8 million, primarily with funding provided by Article 11 of the FY2026 Budget as Enacted. The Budget increased RIPTA's percentage share of RIHMA receipts from 5.0% to 10.0% and increased their share of gas tax revenue, from \$0.0975 /gallon to \$0.1175 (Including the Authority's share of the \$0.01 Environmental Protection Fee).
- **New Savings:** The framework's second largest category was new savings, which reduced the deficit by \$9.4 million. Included in the savings was \$4.4 million in targeted adjustments to fixed routes, which the framework notes, "The scaled-back service reductions generally focus on the highest-cost, lowest-performing routes and frequencies to achieve necessary savings while minimizing rider impact and avoiding layoffs." The framework also included a \$3.0 million advance of federal Congestion Mitigation and Air Quality Improvement (CMAQ) program funds. The CMAQ funds are historically used to support projects in the State Transportation Improvement Plan (STIP). The framework also realized savings by eliminating administrative and management positions and streamlining operations. Additionally, the RIDE Anywhere program will not be impacted, and the framework specifically included a \$2.3 million increase to support the paratransit program. Furthermore, the framework eliminated all private taxi services, which had been utilized for the paratransit program.
- **New Revenue:** The framework included \$4.8 million categorized as "New Revenue" which had been identified in the efficiency study. New revenue includes \$2.4 million of recurring federal funding reimbursements as well as a one-time federal reimbursement of \$2.0 million. Furthermore, the

framework includes additional advertising revenue. The following table illustrates the funds categorized as “New Revenue” in the budget framework.

- **Efficiency Actions:** The framework reduced expenditures by \$3.6 million through efficiency actions including \$2.0 million of legal and claim reductions.
- **Future Plans:** In addition to resolving the FY2026 deficit, the framework detailed future plans and initiatives for the Authority, which include adjusting fares, expanding partnerships, streamlining licensing and training, and building a new multimodal transit center. The framework indicates that there will be a comprehensive, multi-year fare adjustment plan as fares have not kept pace with inflation, nor have they been increased in nine years. RIPTA plans to expand partnerships with businesses, universities, and organizations, as well as build on the recently established relationships with Omni Hotel, Miriam Hospital, Amazon, Electric Boat, and the Rhode Island Football Club. Furthermore, RIPTA has partnered with the Rhode Island Institute for Labor Studies and Research to offer a compensated test training program for individuals pursuing a commercial driver’s license (CDL).

STATE FUNDING

The Governor recommends \$70.7 million for FY2026 and \$80.5 million for FY2027 from RIPTA’s two primary state funding sources, receipts collected by the Rhode Island Highway Maintenance Account (RIHMA) and receipts collected through taxes on the sale of motor fuel (gas tax). The \$70.7 million recommended by the Governor in FY2026 is \$137,386 below the enacted level, primarily due to declining gas tax revenue. The Governor’s FY2027 recommendation of \$80.5 million is \$9.7 million above the enacted level and includes a net increase of \$10.3 in RIHMA receipts offset by a \$624,329 reduction in gas tax receipts. The following table compares the RIHMA and gas tax receipts provided by the FY2026 Budget as Enacted with the Governor’s FY2026 and FY2027 recommendations.

RIHMA Transfers to RIPTA	FY2026 Enacted	FY2026 Governor	Change	FY2027 Governor	Change
Percentage Share (10.0%)	\$11,181,588	\$11,319,436	\$137,847	\$12,182,754	\$1,001,166
\$14.3 Million Fixed Transfer	5,000,000	5,000,000	-	14,300,000	9,300,000
Subtotal	\$16,181,588	\$16,319,436	\$137,847	\$26,482,754	\$10,301,166
Motor Fuel Tax Revenue Transfers to RIPTA	FY2026 Enacted	FY2026 Governor	Change	FY2027 Governor	Change
Statutory Share (0.1125 /gallon)	\$49,041,146	\$48,794,243	(\$246,904)	\$48,481,043	(\$560,104)
Share of Office of Healthy Aging (\$0.0079/gallon)	3,443,778	3,426,440	(17,338)	3,404,447	(39,332)
Environmental Protection Fee Share (\$0.005)	2,179,607	2,168,633	(10,974)	2,154,713	(24,894)
Subtotal (\$0.1254 /gallon)	\$54,664,531	\$54,389,316	(\$275,215)	\$54,040,202	(\$624,329)
Total	\$70,846,119	\$70,708,751	(\$137,368)	\$80,522,956	\$9,676,837

Source: Office of Revenue Analysis and Office of Management and Budget

Rhode Island Highway Maintenance Account

Projected Revenue: The Governor recommends \$16.3 million of RIHMA receipts to the Authority in FY2026 and \$26.5 million in FY2027, representing respective increases of \$137,847 and \$10.3 million from the enacted level. Pursuant to RIGL 39-18.1-5, the Authority receives two appropriations of RIHMA receipts annually, a fixed transfer of \$5.0 million and 10.0 percent of the account’s available proceeds. Article 2 of the FY2027 Governor’s Recommended Budget increases the fixed appropriation to \$14.3 million, which provides RIPTA with \$9.3 million of additional funds.

In budgetary materials, the Authority classifies the 10.0 percent transfer as state subsidies and the fixed transfer as a mixture of third-party revenue and other funds, as the funding supports the reduced fare program and debt service. The following table illustrates the RIHMA’s preliminary collection totals for FY2025, the ORA’s revenue projections through FY2031 and the account’s disposition, as proposed by the Governor.

	FY2025 Preliminary	FY2026 Projected	FY2027 Projected	FY2028 Projected	FY2029 Projected	FY2030 Projected	FY2031 Projected
Fees and Surcharges							
Licenses Base	\$7.3	\$7.3	\$7.2	\$7.2	\$7.1	\$7.1	\$7.0
Registrations Base	50.6	50.5	50.6	50.6	50.6	50.6	50.6
Licenses Surcharge	5.1	5.8	7.1	6.7	6.5	6.4	6.4
Registrations Surcharge	14.8	16.9	18.6	18.8	18.7	18.7	18.7
Rental Vehicle Surcharge	10.4	10.3	10.1	10.1	10.2	10.4	10.7
Emission Inspection Fees	13.9	13.9	13.8	13.9	13.9	13.9	13.9
Motor Vehicle Title Fees	11.1	10.1	10.3	10.5	10.5	10.6	10.7
Good Driving Fees	0.5	0.4	0.4	0.4	0.4	0.4	0.4
EV Fees	0.0	4.0	10.0	11.4	12.9	14.5	16.4
RIHMA Total	\$113.8	\$119.2	\$128.2	\$129.6	\$130.9	\$132.7	\$134.8
5% Share to General Revenue	\$5.7	\$6.0	\$6.4	\$6.5	\$6.5	\$6.6	\$6.7
Remaining RIHMA Funds	\$108.1	\$113.2	\$121.8	\$123.1	\$124.3	\$126.0	\$128.1
10.0% Share to RIPTA*	\$5.4	\$11.3	\$12.2	\$12.3	\$12.4	\$12.6	\$12.8
Fixed Transfer to RIPTA	5.0	5.0	14.3	14.3	14.3	14.3	14.3
DOT Share	\$97.7	\$96.9	\$95.3	\$96.5	\$97.6	\$99.1	\$101.0

Source: Office of Revenue Analysis, November 2025 Estimate.

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

*In FY2025, RIPTA's percentage allocation was 5.0%

Background: The FY2015 Budget as Enacted included a provision that RIPTA would receive 5.0 percent of available proceeds from revenue deposited into the Rhode Island Highway Maintenance Account (RIHMA) beginning in FY2016. Article 4 of the FY2018 Enacted Budget provided RIPTA with \$5.0 million in both FY2018 and FY2019, to fund the free-fare program for low-income senior and disabled persons. The legislation required the creation of a Coordinating Council to develop recommendations for the sustainable funding of the program while maximizing the use of federal funds available to support the transportation needs of this population. Within a submitted report, the main recommendation for sustainable funding was to divert an additional penny of the gas tax to RIPTA for this program, which was not provided. Article 8 of the FY2020 Budget as Enacted extended the \$5.0 million in HMA funding to RIPTA indefinitely to fund the Reduced-Fare Program and debt service. Article 11 of the FY2026 Budget as Enacted increased RIPTA's percentage share from 5.0 percent to 10.0 percent, which went into effect at the start of FY2026.

Motor Fuel Tax Revenue

Projected Revenue: The Governor recommends \$54.4 million in gas tax receipts to the Authority in FY2026 and \$54.0 million in FY2027, reflecting respective decreases of \$275,215 and \$624,329 from the enacted level.

Consumers in Rhode Island pay a state motor fuel tax of \$0.405 /gallon, of which RIPTA receives \$0.1254 /gallon. RIPTA's share is comprised of a direct appropriation of \$0.1125 /gallon, 79.0 percent of the Office of Healthy Aging's appropriation, and 50.0 percent of the Environmental Protection Fee. The Office of Healthy Aging (OHA) receives \$0.01 /gallon of gas tax and transfers 79.0 percent to RIPTA, \$2.5 million of which, supports RIPTA's Reduced Fare program and is budgeted as Third-Party Fares by the Authority. The following tables illustrate the currently enacted disposition and transfers of gas tax as well as the ORA's projections through FY2031, as proposed by the Governor.

	FY2026	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031
Motor Fuel Tax Disposition	Enacted	Governor	Governor	Projected*	Projected	Projected*	Projected
Department of Transportation	22.25¢	22.25¢	22.25¢	24.25¢	24.25¢	26.25¢	26.25¢
RIPTA's Direct Share	11.25	11.25	11.25	11.25	11.25	11.25	11.25
Rhode Island Turnpike and Bridge Authority	3.50	3.50	3.50	3.50	3.50	3.50	3.50
Debt Service	2.00	2.00	0.00	0.00	0.00	0.00	0.00
Office of Healthy Aging	1.00	1.00	1.00	1.00	1.00	1.00	1.00
RIPTA's Environmental Protection Fee	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Total	40.5¢	40.5¢	38.5¢	40.5¢	40.5¢	42.5¢	42.5¢

Motor Fuel Tax Revenue

Department of Transportation	\$97.0	\$96.5	\$95.9	\$103.6	\$102.7	\$110.3	\$109.5
Rhode Island Public Transit Authority†	51.22	50.96	50.64	50.22	49.77	49.37	49.01
Rhode Island Turnpike and Bridge Authority	15.26	15.18	15.08	14.96	14.82	14.71	14.60
Debt Service	8.72	8.67	0.00	0.00	0.00	0.00	0.00
Office of Healthy Aging	4.36	4.34	4.31	4.27	4.24	4.20	4.17
Total	\$176.5	\$175.7	\$165.9	\$173.1	\$171.5	\$178.6	\$177.3

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

Source: Office of Revenue Analysis, November 2025

* Indicates a projected increase to the motor fuel tax rate.

† RIPTA figures include the \$0.005/gallon share of the Environmental Protection Fee

Background: The Office of Revenue Analysis (ORA) is responsible for both estimating the gas tax yield and determining the impact of the CPI-U. Beginning in FY2016, the motor fuel tax rate is adjusted biennially on the percentage increase in the Consumer Price Index for all Urban Consumers (CPI-U), rounded to the nearest 1.0 cent increment. In FY2020, ORA assumed inflation would change significantly enough to warrant a 1.0 cent increase, raising the gas tax rate from 33.5 cents to 34.5 cents per gallon. Furthermore, ORA determined a 3.0 cent increase to the gas tax was warranted at the start of FY2024, based upon inflation and the increasing CPI-U. The gas tax was therefore raised from 34.5 cents to 37.5 cents. Pursuant to RIGL 31-36-20, the additional gas tax revenue was directed to the Department of Transportation (RIDOT).

The FY2026 Budget as Enacted revised the inflation formula to better account for inflation and increased the assessment rate by \$0.03, from \$0.375 to \$0.405 /gallon. The revised formula applies the change in the CPI-U across the entire two-year period to the base rate and rounds the product to the nearest cent. Of the \$0.03 /gallon increase, the Budget provided \$0.02 to RIPTA and \$0.01 to the Department of Transportation. The revision also requires the next adjustment to occur on July 1, 2027, which will utilize the CPI-U delta from September 2024 to September 2026. The ORA projects inflationary rate increases of \$0.02 in both FY2028 and FY2030. All funds collected through the increase are appropriated to the Department of Transportation, pursuant to RIGL 31-36-20.

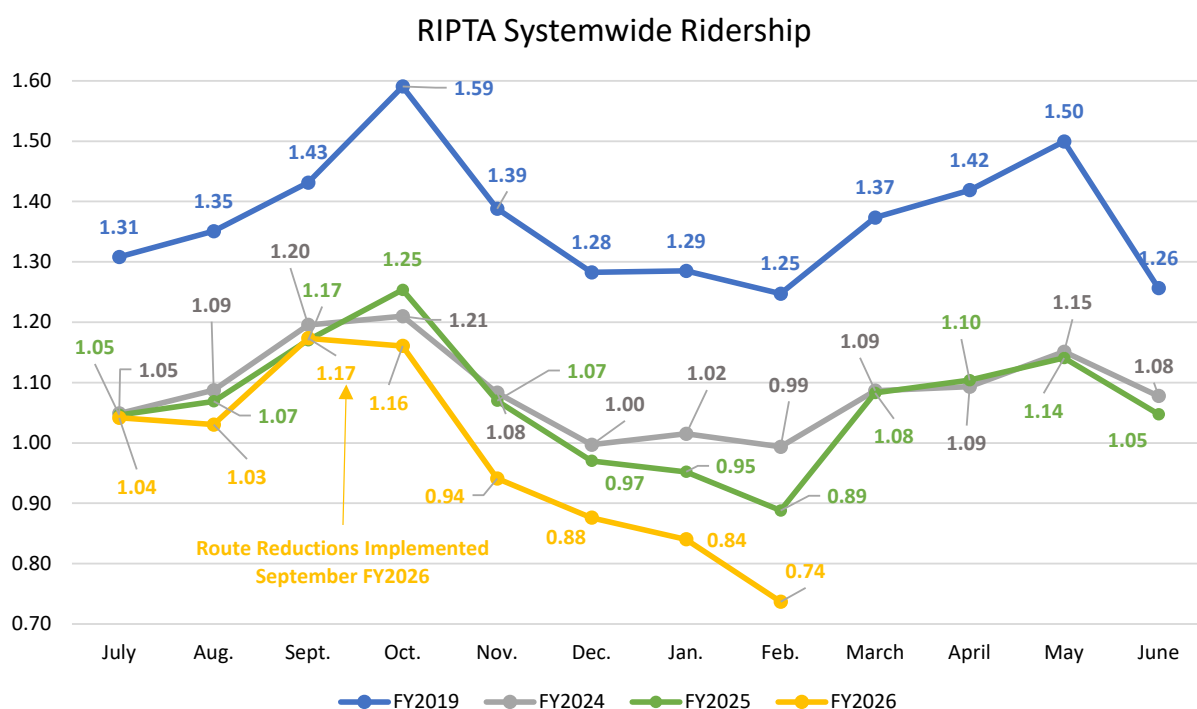
OPERATIONS

Ridership

RIPTA's ridership has steadily increased in the years following the pandemic and the 8.0 million passenger trips provided in FY2021. RIPTA provided 9.7 million passenger trips in FY2022, 11.1 million trips in FY2023 and 13.0 million in FY2024. Preliminary data indicates that the Authority provided 12.8 million rides in FY2025, reflecting a 32.3 percent increase from FY2022 and a 1.9 percent decrease from the previous year. Ridership has yet to return to pre-pandemic levels as annual ridership in FY2025 is 22.1 percent below the 16.4 million trips provided in FY2019.

RIPTA offers four types of transit services: fixed route, flex service, the RId e Program, and vanpool services. Fixed route service consists primarily of regular bus service on established routes. Flex service provides van transportation within a limited geographic area. The RId e program provides transportation to eligible senior citizens and individuals with disabilities. Vanpool services, which started in FY2018, allow a group of commuters to lease a shared vehicle through Enterprise and use the vehicle daily while commuting to work. The vanpool program is mainly used by Electric Boat in Quonset Business Park; however, RIPTA hopes to expand this program into other areas of the State. The following graph compares ridership data from FY2019, the fiscal year before the pandemic identified in blue, to FY2022, FY2025, and partially FY2026, which are represented as orange, green, and gold respectively.

Analyst Note: Preliminary data reported at the Board of Directors' Meetings indicate that ridership has decreased in recent months following the route reduction. In FY2025, the Authority averaged 1.1 million monthly trips between fixed route, flex, and paratransit service. The monthly average for December 2025 - February 2026 is 817,600 trips, which is 70,530 trips below the FY2025 monthly low.



Source: RIPTA Board Meeting Packets.

Figures represent nonaudited riders in millions.

Statewide Paratransit

RId e Anywhere: The FY2026 Budget as Enacted included language to preserve the RId e Anywhere paratransit program and ensure that services continue. The Authority increased paratransit operators in the FY2026 Board Revised and FY2027 Board Approved Budgets to accommodate the program's elevated demand.

Paratransit Study: The Authority expended \$75,000 of gas tax revenue to conduct a study of their current operations and paratransit bus services, which resulted in the design of a statewide program that addresses the transportation needs of seniors and individuals with disabilities. The Authority currently offers the RId e program, which is a paratransit service for individuals whose disabilities prevent either the independent use of the fixed route system or travel to and from bus stops. The study specifically focused on the needs of

elderly and disabled individuals who use the fixed route system but do not live within three-quarters of a mile from a fixed route, as required by ADA paratransit services.

The study began in June 2022 and the completed analysis was delivered to the General Assembly in January 2023. The analysis detailed two options for statewide paratransit service, both a base and extended service, and concluded that operating costs would range from \$5.4 million for the base service to \$6.4 million for the extended service. Additionally, the study estimated that startup and capital costs range from \$3.9 million for the base service to \$4.2 million for the extended service.

Ride Anywhere Paratransit Pilot: To further expand upon the paratransit study’s conclusions, the FY2024 Budget as Enacted directed RIPTA to operate a voucher pilot program. The pilot program, titled Ride Anywhere, soft launched on January 1, 2024, and studied the feasibility and implementation of expanding the Authority’s paratransit service to underserved communities throughout the State. The pilot was limited by RIPTA’s resources as the Authority was not provided additional funds. Individuals enrolled in the Ride program were able to request trips that go beyond the current service area and for the same \$4 fare as a standard paratransit trip. The Authority prioritized rides within the federally required ¾ of a mile service area and required a 24-hour notice for ride requests. Following the pilot’s conclusion, the Budget required the Authority to deliver an evaluation report to the General Assembly, which was submitted in May 2025. The pilot program resulted in the establishment of a permanent Ride Anywhere program.

Efficiency Study

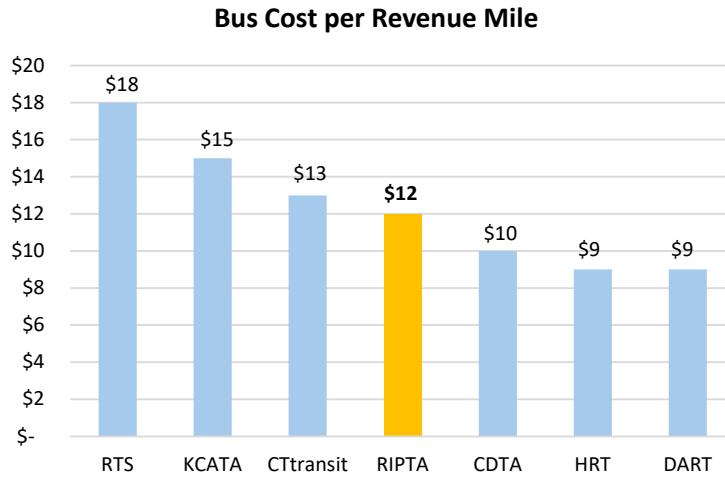
The FY2025 Budget as Enacted directed RIPTA to conduct an efficiency review of its transit operations and submit a report to the Governor, Speaker of the House of Representatives, and the President of the Senate. The FY2025 Governor’s Recommended Budget proposed the report to be delivered by January 1, 2025, but the Authority requested an extension due to turnover of the CEO position and the General Assembly postponed the delivery date to March 1, 2025. The study commenced on April 1, 2025, and was delivered on August 1, 2025.

The study selected six transit agencies of similar size, area covered, and service offered, to compare with RIPTA and concluded that “Across multiple measures RIPTA’s operating costs are in line with or just above the average of peer agencies.” The following table illustrates the agencies selected and the area of service.

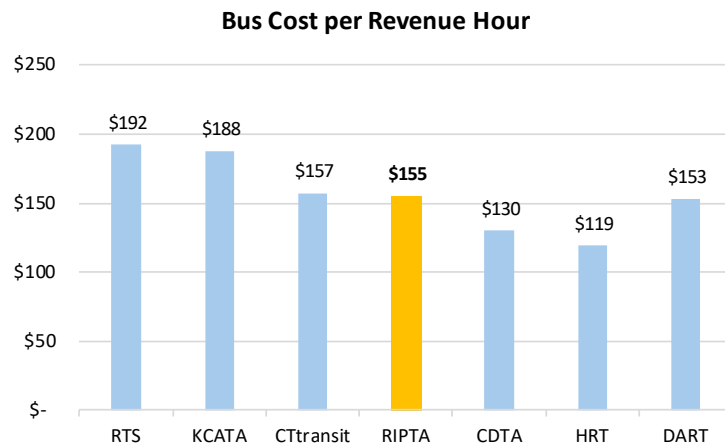
Agency	City/Metro Area	Abbreviation
Hampton Roads Transit	Norfolk, VA	HRT
Capital District Transportation Authority	Albany, NY	CDTA
Delaware Transit Corporation	Delaware	DART
Kansas City Area Transportation Authority	Kansas City, MO/KS	KCATA
Regional Transit Service	Rochester, NY	RTS
Connecticut Transit*	Hartford, CT	CTtransit

*CTtransit reflects Hartford division

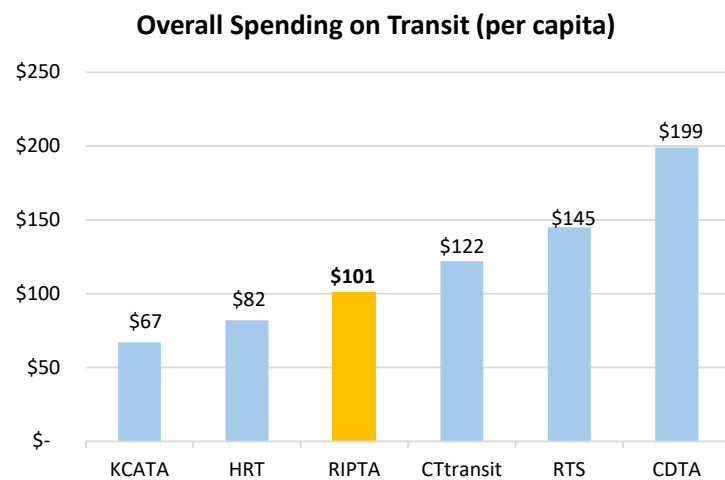
- The study compared the “Bus Cost per Revenue Hour”, “Bus Cost per Revenue Mile”, and “Overall per Capita Spending on Transit” amongst the 6 transit agencies. The study found that:
- RIPTA’s “Operating Cost per Revenue Hour” aligns with the average of its peer agencies.
 - RIPTA’s “Operating Cost per Revenue Mile” is below the average of its peer agencies.
 - RIPTA’s “Overall per Capita Spending on Transit” is 17.9 percent below the average of its peer agencies (excluding Delaware). The following tables illustrates the rankings of each agency within the



Source: RIPTA Efficiency Study 2025



Source: RIPTA Efficiency Study 2025



Source: RIPTA Efficiency Study 2025

Analyst Note: Delaware is not included in the Overall Spending on Transit due to its proximity to Philadelphia. The study indicates that the presence of a large metropolitan area skewed the data.

The study also addressed the current shortfall and recommends RIPTA take the following steps: (i) federalize positions linked to capital assets; (ii) increase use of federal funds to reimburse rural, low-income, and reverse commute services; (iii) evaluate the current flex service structure; and (iv) reduce service. Additionally, the study indicates RIPTA should prioritize investing in high-performing routes, expanding commuter resources, and continuing to implement the transit master plan.

Reduced Fare Bus Pass Program

RIPTA provides free and reduced fare bus rides to qualifying low-income seniors and people with disabilities through the Reduced Fare Bus Pass Program. Passes issued through the program are good for two years and require a \$10 processing fee to renew. To qualify as a low-income senior, applicants must be over age 65 and provide proof of income through either an SSI award letter, a Medicaid eligibility notice letter, or a Supplemental Income Verification Notice. The applicant's total household income may not be more than 200.0 percent of the Federal Poverty Level, or \$42,300 for a family of two, as of 2025. To qualify as a disabled person, the applicant must provide either a Medicare card with a disability code, a Supplemental Security Income award letter, or a Certification of Disability completed by the Providence Center. The program does not currently provide rides for individuals who meet the income threshold but are neither seniors nor disabled, however, those individuals may qualify for the Low-Income program.

RIPTA also offers half-fare (currently \$1) boarding to seniors and people with disabilities, regardless of income, during off-peak hours. Participants must enroll in the program and will be issued a valid identification card. Participants are required to pay full fare during peak service hours (7 am-9 am and 3 pm-6 pm on weekdays). As of March 2026, the program is active and RIPTA's website indicates that individuals who meet the qualifications can apply in-person or by mail.

Reduced Fare Bus Pass Program Background: The Reduced Fare program, also titled the Free Fare program, was originally scheduled to begin in July 2016. Previously, eligible low-income seniors and disabled individuals had their rides fully subsidized under RIPTA's Reduced Fare program; however, the program contributed significantly to RIPTA's operating deficits. The Reduced Fare model was expected to help alleviate the deficit. Due to outcry from local advocacy groups, transitioning from the Free Fare program to the Reduced Fare model was effectively delayed for seven months when the General Assembly appropriated \$900,000 to RIPTA for the program in the FY2017 Budget as Enacted. Article 4 of the FY2018 Budget as Enacted, provided the Rhode Island Public Transit Authority (RIPTA) with \$5.0 million in Rhode Island Highway Maintenance Funds in both FY2018 and FY2019: \$3.4 million to fund the free-fare program for low-income senior and disabled persons, and the remaining \$1.6 million for debt service payments that were shifted back to the Authority. Article 8 of the FY2020 Budget extended the \$5.0 million in HMA funding to RIPTA indefinitely.

Low-Income Pilot Program

Program Update: At the RIPTA Board of Directors Meeting on December 19, 2024, the Board received a memorandum from the CEO, Christopher Durand, indicating that the low-income pilot program will be extended indefinitely. The memorandum notes, "In its current iteration, partner organizations are granted 50.0 percent discounts on fare products purchased on behalf of low-income individuals experiencing housing insecurity; this model has proven to be both sustainable and effective, based on RIPTA's direct experience as well as that of peer agencies. Furthermore, it has been determined that a Title VI SAFE analysis is not required as a precursor to permanent implementation of this fare benefit program." As of March 2026, the program is active and RIPTA's website provides contact information and an application for interested organizations.

Program Background: At the October 2022 RIPTA Board of Directors Meeting, the Board authorized a pilot program that distributed 600 bus passes to organizations who assist unhoused and low-income communities, as well as to individuals directly. The pilot's population were individuals whose income qualifies for the current free-fare program but are not elderly or disabled. Distribution of the bus passes granted RIPTA the ability to study the total number of trips taken and the routes most frequently ridden.

The bus passes were distributed to over 12 community agencies and were to be valid for a six-month period. Upon the pilot's conclusion, RIPTA is to deliver a report to the Board of Directors. As of August 2023, the pilot program has expanded and RIPTA has issued 775 bus passes, 175 more than originally allotted. The preliminary data from March 2023 through July indicate RIPTA has provided 91,012 total trips and forgone \$182,024 in fare revenue (calculated at \$2.00 per trip). Additionally, RIPTA noted that the number of individuals who regularly use their use their passes have declined, but, of the individuals using their passes, average use per pass increased.

At the October 2023 RIPTA Board of Directors Meeting, the Board received a report from RIPTA concerning the results of the low-income pilot program and a recommendation to create a Phase 2 Pilot program. As of September 30, 2023, the pilot had provided 128,347 rides and forgone approximately \$257,000 in total revenue, or \$40,000 per month. Additionally, RIPTA recommended extending the pilot program for an additional six months while also providing clear guidance to partner organizations and individuals enrolled.

During the first half of Phase Two, November 2023 – January 2024, partner organizations were trained to manage accounts on the Authority's Wave portal. During the second half of Phase 2, February 2024 – April 2024, RIPTA continued to cover the cost of fare products but the partner organizations will manage the participant passes directly. The Board approved the recommendation and authorized the Pilot's extension.

At the May 23, 2024, RIPTA Board of Directors Meeting, the Board received a report from the RIPTA Administration concerning the results of the Phase Two Low Income Pilot program and authorized a third low income pilot program, per the Authority's recommendation. Phase Two concluded on April 30, 2024, and provided free transportation to 174 individuals throughout seven different partner organizations. Mathewson Street Church partnered with 82 riders, representing the largest population, consisting of 85.0 percent of all pilot trips during the month of April. The third low income pilot program built on RIPTA's prior research and provided a population highly-dependent on public transportation with access to basic necessities. Supported with \$150,000 of previously allocated funds, the pilot provided select partner organizations with a 50.0 percent subsidy on fare products for individuals experiencing housing insecurity and/or homelessness. The third pilot commenced on July 1, 2024, and was scheduled to conclude on December 31, 2024, until it was extended indefinitely.

Transportation Coordinating Council

Pursuant to Article 4 of the FY2018 Enacted Budget, RIPTA established a coordinating council to develop recommendations for the sustainable funding of the Free Fare Bus Pass Program while maximizing the use of federal funds available to support the transportation needs of the State's elderly and disabled populations. The Council was due to report its recommendations to the Governor, Speaker of the House, and Senate President by November 1, 2018; however, RIPTA did not present its findings until December 31, 2018.

The Council consisted of members from multiple State agencies including RIPTA; the Department of Human Services; the Executive Office of Human Services; the Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals; the Office of Veteran's Affairs; and, the Division of Elderly Affairs. The Council broke into two "working groups", the Communications Working Group and the Bus Pass Program Funding Working Group. Although the legislation was passed in June 2017 the Council did not begin meeting until January 2018. The entire Council met a total of six times from January through December of 2018.

RIPTA estimated that the total funding gap within the Free-Fare Program was about \$4.4 million in FY2020. Within the submitted report the main recommendation for sustainable funding was to divert an additional penny of the gas tax, or an equal amount of funding from another source, to RIPTA.

The No-Fare Bus Pass Coalition, an advocacy group that was also a member of the Council, made the following recommendations:

- A dedicated stream of state lottery or gambling revenues, such as a scratch ticket to promote public transit or earmarking a percentage of anticipated gaming revenues for RIPTA.
- Establishing a tax on ride-sharing companies, such as Uber and Lyft, with funds collected allocated to RIPTA.
- Establishing a tax on parking lots, or increasing the cost of parking, and allocating additional funds collected to RIPTA.

Although the Council was aware of these recommendations, there was no follow-up with relative Departments such as the Lottery or the Department of Revenue. The Reduced Fare Program continues to be funded through the \$5.0 million appropriation to RIPTA from the HMA.

Article 11 of the FY2026 Budget as Enacted eliminated the requirement for the coordinating council due to the submittal of the report. As of March 2025, the council continues to meet.

COVID Funding

Since the start of the COVID-19 pandemic, the Authority received a total of \$143.7 million in federal emergency relief funds, including \$92.2 million from the Coronavirus Aid, Relief, and Economic Security (CARES) Act; \$769,136 from the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act; and, \$50.7 million from the American Rescue Plan (ARPA) Act, which includes the \$15.0 million provided by the General Assembly in FY2025. The Authority depleted the federal relief funding in April of 2025.

TRANSIT MASTER PLAN

RIPTA released a Transit Master Plan (TMP) titled Transit Forward, that was adopted by the State Planning Council on December 10, 2020. The Transit Master Plan identifies five key initiatives to transform transit in RI:

- Improve Existing Services
- Expand Service to New Areas
- Develop High Capacity Transit
- Improve Access to Transit
- Make Service Easier to Use

Each initiative includes several projects designed to accomplish the goal, some of which are already included in the Authority's capital plan. The Authority indicates that full implementation of the Transit Master Plan will increase the Authority's operating cost to an annual average of \$217.0 million in addition to increased annual capital costs of \$104.0 million - \$160.0 million. The Transit Master Plan includes the following transportation services: light rail, bus rapid transit (BRT), rapid bus, regional rapid bus, commuter rail, local routes, flex services, and paratransit.

CAPITAL PROJECTS

The Governor recommends \$7.1 million of Rhode Island Capital Plan (RICAP) funds for the Authority in FY2026, reflecting a net decrease of \$1.4 million from the enacted level. The adjustment reduces the Land and Buildings line by \$3.8 million, offset by increases of \$1.4 million for the Kingston Station Mobility Hub and \$690,534 for the Pawtucket Bus Hub Passenger Facility.

The Governor recommends \$6.0 million of RICAP funds for the Authority in FY2027, reflecting a \$2.5 million includes \$8.5 million of RICAP funds, representing a net decrease of \$2.5 million decrease from the enacted level. The adjustment includes decreases of \$5.3 million for the Land and Buildings line and \$1.5 million for the Pawtucket Bus Hub Passenger Facility, offset by a \$3.5 million increase for bus fleet

replacement. The following table compares the Authority's RICAP funding included in the FY2026 Budget with the Governor's FY2026 and FY2027 recommendations.

RIPTA: RICAP Funded Projects	FY2026 Enacted	FY2026 Governor	Change	FY2027 Governor	Change
Land and Buildings	\$6,905,927	\$3,132,383	(\$3,773,544)	\$1,590,125	(\$5,315,802)
Bus Purchases	-	-	-	3,500,000	3,500,000
Pawtucket Bus Hub Passenger Facility	1,500,000	2,190,534	690,534	-	(1,500,000)
Kingston Station Mobility Hub	-	1,431,933	1,431,933	840,000	840,000
Providence High-Capacity Transit Corridor Study	90,000	193,368	103,368	-	(90,000)
Pawtucket Bus Hub	-	126,000	126,000	63,428	63,428
Total	\$8,495,927	\$7,074,218	(\$1,421,709)	\$5,993,553	(\$2,502,374)

The Governor recommends \$328.1 million in total funds for the RIPTA's capital budget through FY2031, including \$58.7 million in FY2026 and \$53.8 million in FY2027. The Authority's capital funding is primarily sourced from the Federal Transit Administration (FTA), which provides \$266.4 million or 81.2 percent of the Authority's capital funding through FY2031. The following tables illustrate the Authority's capital funding sources and significant projects. The balance on the 2014 Transit Bond (P.L. 2014, Ch. 145-Issued) also appears in the Department of Transportation's budget, resulting in the inclusion of the "Offset to Avoid Double Counting Line" below.

Funding Source Name	FY2026 Governor	FY2027 Governor	Outyear FY2028	Outyear FY2029	Outyear FY2030	Outyear FY2031	Total Capital
Federal Transit Administration	\$44.6	\$42.9	\$52.3	\$54.1	\$38.3	\$34.3	\$266.4
Offset to Avoid Double Counting	(13.9)	(1.0)	-	-	-	-	(15.0)
Paratransit Revolving Fund	2.2	1.3	1.1	1.1	1.2	1.2	8.1
P.L. 2014, Ch. 145 - Issued	13.9	1.0	-	-	-	-	15.0
RI Capital Plan Fund	7.1	6.0	4.8	4.1	4.0	4.0	29.9
RIPTA Operating Funds	4.8	3.7	4.3	3.8	3.2	3.8	23.6
Total	\$58.7	\$53.8	\$62.4	\$63.0	\$46.7	\$43.4	\$328.1

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

Capital Projects	FY2026 Governor	FY2027 Governor	Outyear FY2028	Outyear FY2029	Outyear FY2030	Outyear FY2031	Total Capital
Bus Purchases	\$30.4	\$34.0	\$37.0	\$34.3	\$31.5	\$34.7	\$201.8
Kingston Station Mobility Hub	2.6	4.2	-	-	-	-	6.8
Land and Buildings	9.8	8.0	6.6	2.8	2.5	2.5	32.1
Paratransit Vehicles	11.1	6.4	5.4	5.6	5.9	6.2	40.5
Pawtucket Bus Hub Passenger Facility	2.2	-	-	-	-	-	2.2
Metro Connector Study	1.0	-	-	-	-	-	1.0
Pawtucket Bus Hub and Transit Corridor	0.6	0.3	-	-	-	-	0.9
Providence Transit Center	1.0	1.0	13.6	20.3	6.8	-	42.7
Total	\$58.7	\$53.8	\$62.4	\$63.0	\$46.7	\$43.4	\$328.1

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

Bus Purchases: The Governor recommends \$201.8 million in all funds through FY2031, including \$30.4 million in FY2026 and \$34.0 million in FY2027, for the financing and purchasing of fixed-route buses. The FY2026 Revised Budget includes \$4.8 million of RIPTA operating funds as a match for \$25.5 million of funding from the Federal Transit Administration (FTA). The FY2027 recommendation includes \$3.7 million of RIPTA operating funds and \$3.5 million of RICAP funds as a match for \$26.8 million in FTA funds. In the outyears FY2028-FY2031, the Governor's capital plan consistently provides \$3.5 million of RICAP funds for the Authority to continue acquiring buses.

RIPTA has a fixed route fleet size of 238 vehicles and 15 Flex vehicles. FTA guidelines recommend that fixed route vehicles are replaced at the end of their 12-year or 500,000-mile useful life. The Authority often uses buses past the recommended lifespan due to funding constraints.

Kingston Station Mobility Hub: The Governor recommends \$6.8 million in all funds through FY2027, including \$2.6 million in FY2026 and \$4.2 million in FY2027, for the Kingston Station Mobility Hub project. The funding includes \$2.3 million in RICAP funds matched to \$4.6 million in federal FTA funds to construct a comprehensive transit hub at the Kingston Station, located on Railroad Avenue in the West Kingston Village of the Town of South Kingstown. The transit hub will have improved bus facilities and passenger amenities while providing connections to RIPTA and Amtrak as well as the William C. O'Neill Bike Path. Originally, the plan involved constructing the transit hub at the University of Rhode Island Kingston Campus, but the current plan shifts the hub's location to the Kingston Station.

Land and Buildings: The Governor recommends \$32.1 million in all funds through FY2031, including \$9.8 million in FY2026 and \$8.0 million in FY2027 for the Land and Buildings Enhancement project. The Land and Buildings Enhancement project allows the Authority to maintain and improve their assets as well as secure federal discretionary grants to support the Transit Master Plan. The project is supported by federal funds, awarded through the FTA, as well as State funds such as RICAP funds and the Authority's capital and operating funds. Planned expenditures include security upgrades to comply with federal standards and repairs to RIPTA's administrative and maintenance facilities. The FY2026 Revised Budget includes \$3.1 million of RICAP funds matched to \$6.7 million in FTA funds for the project. The FY2027 Recommended Budget includes \$1.6 million of RICAP funds matched to \$6.4 million in FTA funds for the project.

RIPTA was awarded a \$5.0 million discretionary grant to develop a comprehensive safety action plan with each of the thirty-nine cities and towns within the state, titled Safe Streets for All. This discretionary award directly assists the Authority and the participating municipalities in creating safer roadways for car passengers, bus passengers, bikers and pedestrians in Rhode Island by identifying specific safety needs catered to each community. The recommendation includes sufficient matching RICAP funds to support the Safe Streets for All program.

Paratransit Vehicles: The Governor recommends \$40.5 million in all funds through FY2031, including \$11.1 million in FY2026 and \$6.4 million in FY2027, for the financing and purchasing of paratransit vehicles. The Authority maintains a fleet of about 100 vehicles for the paratransit program, also known as RIde. Federal Transit Administration (FTA) guidelines recommend that Paratransit vehicles be retired at the end of their 5-year useful life. Despite uncertainties within the paratransit program, the age of the Paratransit fleet requires the continued replacement of vehicles. The Authority indicates that they plan to purchase 50 new paratransit vans in FY2026 with a cost estimate of \$11.1 million.

Paratransit vehicles are funded via a fee charged for all trips provided through the paratransit program. The proceeds from this fee are put into the Paratransit Revolving Loan Fund, an internal RIPTA mechanism that funds the match for paratransit vehicles. Proceeds from this fee have fallen as the trip volume under the program has reduced. RIPTA continues to review this funding mechanism to determine the long-term impact on paratransit fleet replacement. The FTA pays 80.0 percent of each vehicle replacement cost and RIPTA pays a 20.0 percent local match from its revolving loan fund. For FY2026, the \$11.1 million total encompasses \$8.9 million from the FTA and \$2.2 million from the revolving fund. In FY2027, the \$6.3 million recommendation includes \$5.1 million from the FTA and \$1.3 million from the revolving fund.

Pawtucket Bus Hub Passenger Facility: The Governor recommends \$2.2 million in RICAP funds in FY2026 for the construction of the RIPTA Bus Hub Passenger Facility located at the MBTA Pawtucket/Central Falls Train Station. The recommendation is entirely RICAP funds and does not include funding outside of FY2026. In January of 2026, the Authority completed construction of the project and celebrated its opening. The passenger facility provides restrooms, a ticket kiosk, and a covered waiting area for the 1,200 approximate daily passengers.

Metro Connector Study: The Governor recommends \$1.0 million in all funds in FY2026, of which, \$193,368, are RICAP funds, to conduct the Providence High-Capacity Transit Corridor Study, also titled the Metro Connector Study. In the Spring of 2024, the Authority launched the Metro Connector Study, which explores the options for light-rail and bus rapid transit to connect downtown Providence and other areas with high activity to low-income neighborhoods in the state. The Authority indicates that “The purpose of the study is to consider options for providing fast, frequent, and reliable transit that connects regional activity centers, residential neighborhoods, business districts, and major transportation hubs across metropolitan Providence.” RIPTA is directing the study and working closely with the Department of Transportation and the Department of Administration’s Division of Statewide Planning, with leadership and input from the municipalities of Cumberland, Central Falls, Pawtucket, Providence, and Cranston.

The Authority noted in the Summer 2025 that the project is currently in the evaluation phase and has identified a short list of four alternatives to further explore. The alternatives chosen focus on two general corridors and include options for both light rail transit and bus rapid transit. The Authority is expecting to present their work to the public in the Spring of 2026 and request feedback concerning public opinion.

Pawtucket Bus Hub and Transit Corridor: The Governor recommends \$947,139 in all funds through FY2027 including \$189,428 in RICAP funds and \$757,711 FTA funds for the Pawtucket Bus Hub and Transit Corridor project. The project maintains the Pawtucket/Central Falls Bus Hub and improves and replaces aging assets that are no longer viable due to the construction of the new Passenger Facility.

Providence Transit Center: The Governor recommends \$42.7 million in all funds through FY2030 including \$15.0 million in general obligation bond proceeds authorized in 2014 and \$42.7 million in federal funds for the creation of an intermodal facility in Providence that will allow all passengers to transfer routes in a safe and streamlined location. The Authority was provided the \$22.0 million balance of the 2014 Transit Bond, of which, \$7.0 million has been spent on the project prior to FY2026. The Dorrance Street Transit Center, the project’s original title, was initially planned to be located on the blocks bounded by Dorrance Street, Friendship Street, Clifford Street, and Dyer Street, to provide a single location for bus service. RIPTA has since abandoned this site and a new location has yet to be finalized. Additionally, the Transit Center is expected to be a mixed-use development area with the expansion of nearby retail and housing locations. An RFP was issued on January 17, 2023, for the Public Private Partnership (P3).

At the August 23, 2023, Board of Directors Meeting, RIPTA reported receiving one response from the RFP and the Authority’s Evaluation Team scored the proposal from Next Wave Partners, a 95 out of 100. Next Wave Partners is a consortium comprised of Gilbane Development Company, Plenary Americas, Marsella Development, Gilbane Building Company, CUBE 3, and Jacobs. The Board accepted the bid at the August 2023 Board of Directors Meeting.

At the Special Board of Directors Meeting on January 30, 2024, RIPTA approved the Preliminary Services Agreement for the Joint Business Development Project, funded by the \$21.4 million balance of the 2014 Transit Bond. The preliminary services include: site assessment and acquisition, public engagement, progressive design, construction, financing, operation, and maintenance of the Transit Center Joint Development. The contract identifies six tasks that Next Wave Partners will complete in 651 days, or approximately one year and nine months, for a projected cost of \$16.9 million. The contract also includes fees for additional services, if necessary. The Authority entered into the contract on February 16, 2024, with the expectation that the preliminary services would be completed on November 28, 2025. The following table illustrates the projected costs and completion dates for each task as well as the project overall.

Task	Duration of Task (days)	Projected Cost	Projected Completion Date
Task 1: Kick-Off/ Visioning	72	\$1,415,433	4/28/2024
Task 2: Due Dilligence & Conceptual Options Package	105	2,028,476	8/11/2024
Task 3: Basis of Design Report (BODR) Submittal	104	2,155,837	11/23/2024
Task 4: 30% Design Package Submittal	126	3,418,748	3/29/2025
Task 5: 60% Design Package Submittal	116	4,276,291	7/23/2025
Task 6: Definitive Submittal	128	3,579,589	11/28/2025
Total	651	\$16,874,374	11/28/2025

At the July 25, 2024, Board of Directors Meeting, RIPTA indicated that the project is on schedule and is currently completing Task 2. Workshop meetings for Communications, Site Analysis, Design/Build, Commercial & Financial, and Operations & Management working groups are continuing as are biweekly project meetings with Next Wave managers. Additionally, RIPTA is conducting a second round of stakeholder meetings to address concerns that were raised at the initial meetings.

As of March 6, 2025, the Authority indicates that they are currently working on Task 2, which was expected to be complete on August 11, 2024. The Authority notes that they are performing additional diligence on proposed locations, which have involved discussions with the Board during Executive Sessions.

At the March 27, 2025, Board of Directors Meeting, the Board received Task 2, Part 1, of the project, which includes site evaluations and commercial feasibility. The report indicates that sites with the nearest proximity to the Providence Train Station received the most favorable public responses and therefore recommends two parcels of land for the location. Additionally, the report indicates that the project is “Highly subject to political factors that may be outside of the Project’s control, namely the successful negotiation of a property tax deal with the City of Providence; obtaining committed financing under the USDOT’s RRIF program, which up to this point has not yet been authorized to finance a residential project.”

The Authority’s website posted a project update on December 17, 2025, indicating they will begin site investigations on parcels adjacent to the Providence Train Station on Francis Street, which was the preferred location identified by planning and public feedback. The Authority also notes they have identified federal funding for the project, allowing for responsible advance planning without additional state appropriations. The Governor recommends \$14.9 million in FY2026, including \$13.9 million in bond proceeds and \$1.0 million in FTA funds. The FY2027 recommendation is \$2.0 million, reflecting \$1.0 million in bond proceeds and \$1.0 million in FTA funds.

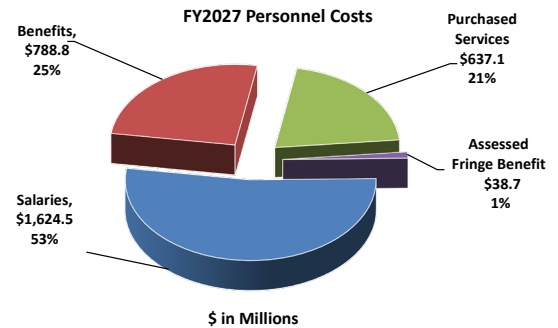


SPECIAL REPORTS

Personnel

The FY2027 Budget includes an adjusted total of \$3,089.2 million for personnel expenditures, an increase of \$199.8 million compared to the FY2026 Budget as Enacted, and \$161.7 million more as compared to the Governor's FY2026 Revised Budget recommendation. Salaries and benefits total \$2,413.3 million and comprise 78.1 percent of FY2027 personnel expenditures (56.7 percent of the salaries and benefits costs are supported by general revenue).

The Governor's FY2026 Revised Budget includes an adjusted total of \$2,927.4 million for personnel expenditures, an increase of \$38.0 million compared to the FY2026 Budget as Enacted. Salaries and benefits total \$2,322.8 million and comprise 79.3 percent of FY2026 revised personnel expenditures (56.4 percent of the salaries and benefits costs are supported by general revenue).



The Office of Management and Budget discontinued the presentational change on how Medicaid revenue is reorganized for better tracking Medicaid personnel expenses in the Eleanor Slater Hospital (ESH) and Rhode Island Community Living and Supports (RICLAS) programs at the Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals.

The following narrative and tables illustrate the adjusted personnel expenses in both FY2026 Revised and FY2027 Budgets.

PERSONNEL EXPENDITURE TRENDS

Expenditures for salaries in FY2027 total \$1,624.5 million, comprising 52.6 percent of total personnel costs, an increase of \$72.3 million (4.7 percent) from the FY2026 Budget as Enacted. Total adjusted benefit costs, excluding assessed fringe benefits costs, amount to \$788.8 million and comprise 25.5 percent of total personnel costs. Benefits increase \$17.2 million, 2.2 percent, from the FY2026 Budget as Enacted. Purchased services costs are \$637.1 million, 20.6 percent, of the total personnel costs. Purchased services increase by \$107.9 million, 20.4 percent, from the FY2026 Budget as Enacted.

Expenses by Description	FY2024 Actual	% of Total	FY2025 Actual	% of Total	FY2026 Enacted	% of Total	FY2026 Governor	% of Total	FY2027 Governor	% of Total
Salaries	\$1,344.7	52.3%	\$1,466.5	52.6%	\$1,552.2	53.7%	\$1,564.0	53.4%	\$1,624.5	52.6%
Benefits	633.9	24.6%	706.8	25.4%	771.7	26.7%	758.8	25.9%	788.8	25.5%
Purchased Services	559.5	21.8%	580.0	20.8%	529.2	18.3%	568.5	19.4%	637.1	20.6%
Assessed Fringe Benefits	34.3	1.3%	32.9	1.2%	36.4	1.3%	36.2	1.2%	38.7	1.3%
Total	\$2,572.4	100.0%	\$2,786.2	100.0%	\$2,889.4	100.0%	\$2,927.4	100.0%	\$3,089.2	100.0%

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

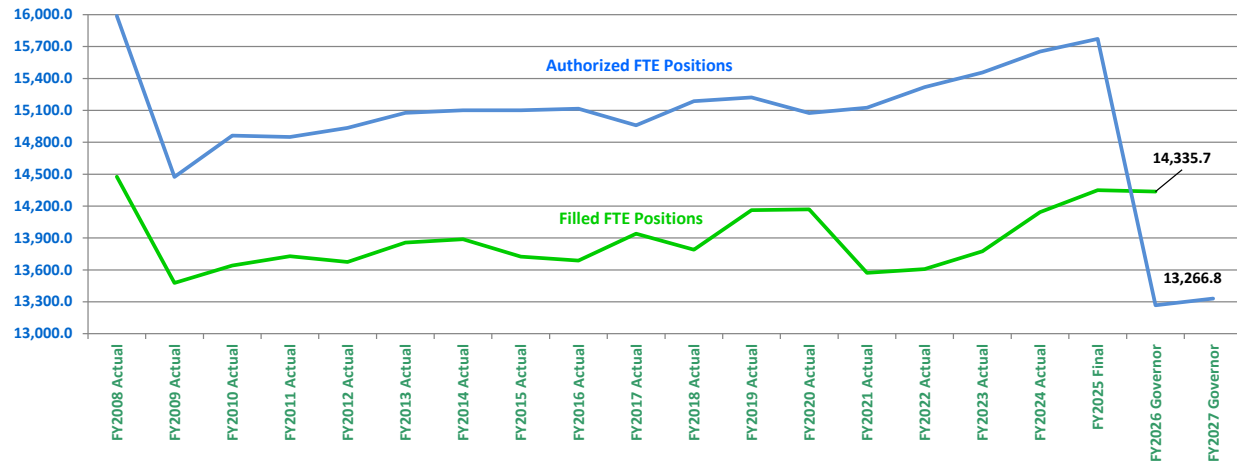
Expenses by Function	FY2024 Actual	FY2025 Actual	FY2026 Enacted	FY2026 Governor	FY2027 Governor	% of Pers. Budget	FY2027 General Revenue	General Revenue % of FY2027 Budget
General Government	\$305.4	\$342.9	\$373.4	\$373.9	\$379.6	12.3%	\$213.7	56.3%
Human Services	729.0	749.1	762.2	798.1	900.1	29.1%	445.2	49.5%
Education	783.5	834.3	854.2	866.6	891.5	28.9%	264.4	29.7%
Natural Resources	75.9	90.2	91.0	94.2	95.7	3.1%	49.4	51.6%
Public Safety	527.9	584.5	618.3	615.4	635.7	20.6%	572.2	90.0%
Transportation	150.6	185.2	190.3	179.3	186.6	6.0%	-	-
Total	\$2,572.4	\$2,786.2	\$2,889.4	\$2,927.4	\$3,089.1	100.0%	\$1,544.7	

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

FTE POSITIONS

The FY2026 Budget as Enacted authorizes 15,921.8 FTE positions. At the start of the fiscal year, 14,333.8 FTE positions (90.0 percent of the enacted authorized amount) were filled, leaving 1,588.0 FTE positions vacant, a rate of 10.0 percent. As of January 24, 2026, the State has a net decrease of 38.8 filled FTE positions. Over the past decade, the vacancy rate has averaged 8.9 percent, or 1,368.4 FTE positions.

The Budget recommends 13,330.8 FTE positions in FY2027, 2,591.0 FTE positions less than the previous fiscal year.



The following table illustrates the number of FTE positions by government function.

Government Function	FY2026 Enacted	FY2026 Governor	Change to Enacted	FY2027 Governor	% of Total	Change to Enacted
General Government	2,595.3	2,594.3	(1.0)	2,602.3	19.5%	7.0
Human Services	3,859.5	3,875.5	16.0	3,923.5	29.4%	64.0
Education	4,348.8	2,056.6	(2,292.2)	2,057.6	15.4%	(2,291.2)
Public Safety	3,347.4	3,348.4	1.0	3,352.4	25.1%	5.0
Natural Resources	471.0	471.0	-	472.0	3.5%	1.0
Transportation	755.0	755.0	-	757.0	5.7%	2.0
Subtotal	15,377.0	13,100.8	(2,276.2)	13,164.8	98.8%	(2,212.2)
Sponsored Research	544.8	166.0	(378.8)	166.0	1.2%	(378.8)
Total FTE Positions	15,921.8	13,266.8	(2,655.0)	13,330.8	100.0%	(2,591.0)

FY2026: The FY2026 Revised Budget reduces the authorization to 13,266.8 FTE positions. A reduction of 2,655.0 FTE positions from the FY2026 Budget as Enacted. These figures reflect the Governor's recommendation to eliminate the authorized FTE cap of 2,292.2 FTE positions for the University of Rhode Island and 378.8 FTE positions for the URI sponsored research positions. If the recommendation is not accepted, then the total authorized cap would be 15,937.8 reflecting a net increase of 16.0 FTE positions. The Budget includes:

- **A decrease of 2,292.2 FTE positions under Public Higher Education:** The Budget includes a reduction of 2,292.2 FTE within public higher education. The decrease relates to the Governors recommendation that the University of Rhode Island be exempt from a legislator-imposed FTE cap. All positions were located within the University, and no other changes have been made to the other two institutions.
- **A decrease of 378.8 FTE positions under Public Higher Education – Sponsored Research:** The Budget includes a reduction of 2,292.2 FTE within public higher education. The decrease relates to the Governors recommendation that the University of Rhode Island be exempt from a legislator-imposed

FTE cap. All positions were located within the University, and no other changes have been made to the other two institutions.

- **An increase of 10.0 FTE positions in the Department of Human Services:** The Budget includes an increase of 10.0 FTE positions to support activities related to implementation and eligibility changes from H.R.1
- **An increase of 6.0 FTE positions in the Department of Children, Youth, and Families:** The Budget includes an increase of 6.0 FTE positions to support implementation activities related to the consent decree.
- **A decrease of 1.0 FTE positions in the Department of Administration:** The Budget transfers a 1.0 Technical Support Specialist III (UNIX/Networks) position who was transferred from Division of Enterprise Technology Strategy and Services (ETSS) within Information Technology to Department of Public Safety (DPS). The position had already been working full-time on DPS issues, and the Department transferred the the position to DPS rather than having it continue to technically be an DOA/ETSS position that was fully billed to DPS.
- **An increase of 1.0 FTE positions in the Department of Public Safety:** The Budget increases 1.0 FTE positions from the authorized level reflecting the transfer of a 1.0 Technical Support Specialist III (UNIX/Networks) position who was transferred from Division of Enterprise Technology Strategy and Services (ETSS) within Information Technology to Department of Public Safety (DPS).

FY2027: The FY2027 Budget proposes 13,330.8 FTE positions, a net decrease of 378.8 FTE positions from the FY2026 Budget as Enacted. The following are changes in the Governor’s proposal:

- **A decrease of 2,292.2 FTE positions under Public Higher Education:** The Budget includes a reduction of 2,292.2 FTE within public higher education. The decrease relates to the Governors recommendation that the University of Rhode Island be exempt from a legislator-imposed FTE cap. All positions were located within the University, and no other changes have been made to the other two institutions.
- **A decrease of 378.8 FTE positions under Public Higher Education – Sponsored Research:** The Budget includes a reduction of 2,292.2 FTE within public higher education. The decrease relates to the Governors recommendation that the University of Rhode Island be exempt from a legislator-imposed FTE cap. All positions were located within the University, and no other changes have been made to the other two institutions.
- **An increase of 49.0 FTE positions in the Department of Human Services:** The Budget includes an increase of 49.0 FTE positions to support activities related to the reopening of the Fox Trot neighborhood in the RI Veterans Home and implementation activities for H.R.1
- **An increase of 9.0 FTE positions in the Executive Office of Health and Human Services (EOHHS):** The Budget adds 9.0 FTE positions to EOHHS, which includes 8.0 FTE positions to implement and comply with new federal H.R. 1 requirements and a 1.0 FTE Olmstead position is transferred from the Department of Health to EOHHS.
- **An increase of 6.0 FTE positions in the Department of Children, Youth, and Families:** The Budget includes an increase of 6.0 FTE positions to support implementation activities related to the consent decree.
- **An increase of 4.0 FTE positions in the Office of Energy Resources:** The Budget transfers the administration and management of the Weatherization Assistance Program (WAP) and 4.0 FTE positions, as well as a portion of the federal Low-Income Home Energy Assistance Program, (LIHEAP) from the Department of Human Services to the Office of Energy Resources.

- **An increase of 4.0 position in the Department of Public Safety:** The Budget adds 4.0 new FTE positions for the Department of Public Safety including 3.0 positions within the E-911 program and 1.0 new position within the State Police program. The recommendation for the E-911 program includes \$504,646 in restricted receipts to support 2.0 FTE E-911 Telecommunicator positions and 1.0 FTE E-911 Shift Supervisor position. The Department indicates that the personnel increase will address the deficiencies in the E-911 metrics, reduce burnout and turnover amongst personnel, as well as minimize the number and wait times of calls in the queue.

The Governor recommends 1.0 FTE Data Processing Systems Manager position to be supported with \$227,190 in general revenue for a net increase of \$4,309. The position is currently stationed at the Rhode Island State Police Headquarters and exclusively supports the Department of Public Safety but is considered an employee of the Department of Administration's Division of Enterprise Technology and Strategy Services (ETSS). The Department of Public Safety is billed \$222,881 internally by the ETSS for the position, which the transfer eliminates.

- **An increase of 2.0 FTE positions in the Department of Business Regulation:** The Budget includes a decrease of 2.0 FTE position within the Department of Business Regulation reflecting the addition of 2.0 new FTE positions for the Contractors Registration and Licensing Board (CRLB).
- **An increase of 2.0 FTE positions in the Rhode Island Cannabis Control Commission:** The Budget includes an increase of 2.0 FTE positions within the Rhode Island Cannabis Control Commission to provide legal and administrative support to the adult use marijuana program.
- **A decrease of 2.0 FTE positions in the Department of Administration:** The Budget includes the transfer a 1.0 Technical Support Specialist III (UNIX/Networks) position who was transferred from Division of Enterprise Technology Strategy and Services (ETSS) within Information Technology to Department of Public Safety (DPS). The position had already been working full-time on DPS issues, and the Department transferred the position to DPS rather than having it continue to technically be a DOA/ETSS position that was fully billed to DPS. In addition, the Budget includes the transfer of 1.0 Programming Service Officer position from the Water Resources Board (WRB) within the Planning program to the Department of Environmental Management (DEM).
- **An increase of 2.0 FTE positions in the Department of Transportation:** The Budget includes 2.0 new FTE Chief Civil Engineer positions in the Infrastructure-Engineering program to be supported with \$356,492 in federal funds. The new positions will oversee the Department's contracted bridge inspectors, providing additional accountability and transparency.
- **An increase of 1.0 position in the Office of the General Treasurer:** The Budget includes an increase of 1.0 FTE within the Office of the General Treasurer for an additional 1.0 Retirement Aide position to support the customer service operations in the State Retirement System. Treasury requested the additional FTE position to support the growing demands of the retirement operations, to meet the needs of retirees and employees effectively and efficiently explaining the retirement system programs and benefits.
- **An increase of 1.0 FTE positions at Rhode Island Department of Education:** The Budget provides a new 1.0 FTE Hearing Officer position to assist the legal office within the Department with the investigation of teacher misconduct cases.
- **An increase of 1.0 FTE positions in the Office of the Public Defender:** The Budget adds 1.0 new Assistant Public Defender FTE position for the Office of the Public Defender to assist in reducing the Office's well-documented caseload crisis. The recommendation includes \$178,668 for the position's salary and benefits.
- **An increase of 1.0 FTE positions in the Department of Environmental Management:** The Budget reflects the transfer of 1.0 Programming Service Officer position from the Water Resources Board

(WRB) within the Planning program in the Department of Administration to the Department of Environmental Management (DEM).

STATE EMPLOYEE CONTRACT AGREEMENT

The current state employee collective bargaining agreements (CBAs) between the State and the state employee bargaining units included a 3-year contract. Based on recently negotiated contract bargaining agreements between the State and the state employee bargaining units for a proposed contract, the Budget includes the following cost-of-living adjustments (COLAs): 5.0 percent effective July 1, 2024, 4.0 percent effective July 1, 2025, and 3.0 percent effective on July 1, 2026. The COLAs were extended to non-union employees as well. The Governor includes statewide personnel COLA adjustments in the FY2027 Budget (3.0 percent COLA).

In a State Budget report dated October 24, 2024, the Budget Office provided a cost estimate on the impact of the COLA over the next three years:

State Employee COLA Cost Estimates	FY2025	FY2026	FY2027
COLA Percentage	5.0%	4.0%	3.0%
General Revenue	45.9	84.5	114.6
All Funds	72.1	131.8	180
<i>\$ in millions</i>			

Other adjustments to personnel expenses include turnover reductions and employee health benefit rate changes, as well as other benefit increases in assessed fringe benefit FICA, Medicare, and retirement, that reflect wage changes.

Effective Date	Percentage Increase
30-Jun-02	4.5%
27-Jun-04	1.5%
25-Jun-05	2.5%*
26-Jun-05	4.0%
25-Jun-06	3.0%
24-Jun-07	3.0%
21-Jun-09	2.5%
2-Jan-11	3.0%
19-Jun-11	3.0%
6-Apr-14	2.0%
5-Oct-14	2.0%
4-Oct-15	2.0%
1-Jan-18	2.0%**
1-Jan-19	2.5%
1-Jul-19	2.0%
1-Jan-20	1.0%
1-Jul-20	2.5%***
2-Jul-21	2.5%***
1-Jul-22	2.5%
1-Jul-23	2.5%
1-Jul-24	5.0%
1-Jul-25	4.0%
1-Jul-26	3.0%

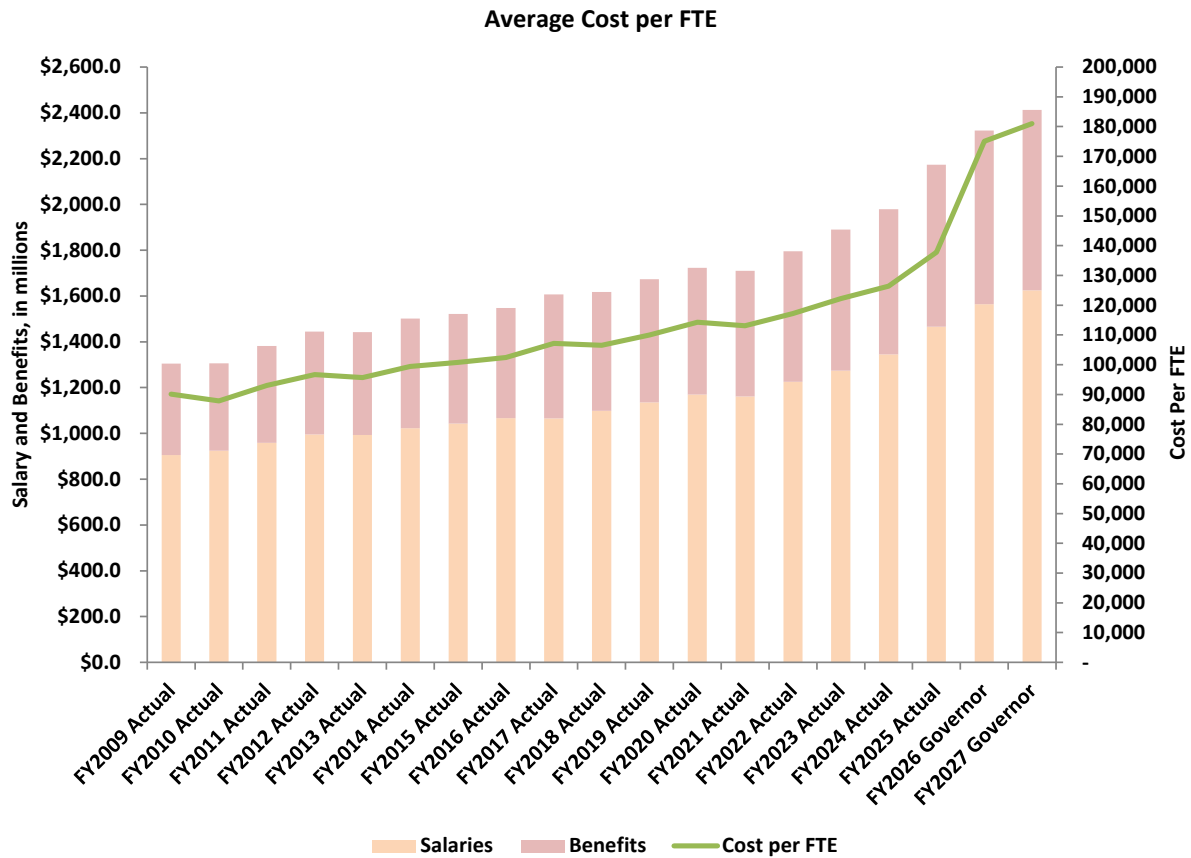
*Not compounded on 1.5%

** Retroactive payment to January 1, 2018

*** Retroactive payments paid April 1 and April 29, 2022

AVERAGE COST PER FTE

The projected average cost per FTE position is \$181,032 in FY2027, reflecting an increase of 3.4 percent over the FY2026 Revised Budget.



TURNOVER

The FY2027 Budget lists turnover as a natural account under the personnel category. This practice started with the Governor's recommendation for the FY2020 Budget. As illustrated in the table, the FY2026 Budget as Enacted contained \$79.8 million in turnover savings, of which \$63.2 million or 79.2 percent consisted of general revenue funds. The FY2026 Revised Budget increases total turnover to \$86.7 million, reflecting increased savings of \$7.0 million in the revised budget. For FY2027, the Budget recommends turnover savings of \$91.8 million, of which \$73.7 million, or 80.3 percent, reflects general revenue.

Turnover by Funding Source

Funding Source	FY2026 Enacted	FY2026 Governor	Change from Enacted	FY2027 Governor	Change from Enacted
Federal Funds	(\$9,345,871)	(\$10,633,393)	(\$1,287,522)	(\$9,572,470)	(\$226,599)
General Revenue	(63,173,204)	(65,602,724)	(2,429,520)	(73,746,221)	(10,573,017)
Other Funds	(6,199,388)	(9,256,764)	(3,057,376)	(7,698,633)	(1,499,245)
Restricted Receipts	(1,036,866)	(1,232,699)	(195,833)	(783,102)	253,764
Total	(\$79,755,329)	(\$86,725,580)	(\$6,970,251)	(\$91,800,426)	(\$12,045,097)

In FY2027, turnover is stated in 34 agency budgets, four less than the previous fiscal year. The following table illustrates the top agencies with all fund turnover savings exceeding \$1.0 million.

Turnover by Agency	FY2026			Change from Enacted	FY2027		
	Governor FTEs	FY2026 Enacted	FY2026 Governor		Governor FTEs	FY2027 Governor	Change from Enacted
BHDDH	1,223.4	(\$20,162,039)	(\$20,188,366)	(\$26,327)	1,223.4	(\$21,375,728)	(\$1,213,689)
Department of Corrections	1,462.0	(14,115,122)	(14,805,298)	(690,176)	1,461.0	(14,162,856)	(47,734)
Department of Human Services	1,089.0	(8,271,096)	(7,355,890)	915,206	1,128.0	(8,032,307)	238,789
Community College of Rhode Island	760.1	(6,870,702)	(7,366,506)	(495,804)	760.1	(7,619,254)	(748,552)
Department of Revenue	605.5	(5,379,507)	(4,981,615)	397,892	605.5	(5,693,437)	(313,930)
DCYF	719.5	(3,317,857)	(3,558,679)	(240,822)	719.5	(4,407,664)	(1,089,807)
Rhode Island College	873.2	-	(3,954,940)	(3,954,940)	873.2	(4,290,583)	(4,290,583)
Judiciary	749.3	(1,976,468)	(3,241,160)	(1,264,692)	749.3	(4,169,075)	(2,192,607)
Department of Labor and Training	461.7	(3,109,224)	(3,697,677)	(588,453)	461.7	(3,458,710)	(349,486)
Department of Administration	683.6	(606,711)	(773,735)	(167,024)	682.6	(3,431,941)	(2,825,230)
Office of Attorney General	268.1	(1,668,513)	(1,718,881)	(50,368)	268.1	(2,167,351)	(498,838)
EOHHS	243.0	(3,126,927)	(2,819,216)	307,711	252.0	(1,754,201)	1,372,726
Department of Transportation	755.0	(1,882,370)	(4,538,880)	(2,656,510)	757.0	(1,711,774)	170,596
Department of Public Safety	635.0	(1,262,650)	(1,327,654)	(65,004)	638.0	(1,650,494)	(387,844)
Department of Health	572.6	(2,112,188)	(1,033,127)	1,079,061	572.6	(1,621,169)	491,019
Elementary and Secondary Education	342.1	(1,441,964)	(1,249,229)	192,735	343.1	(1,526,054)	(84,090)
All Other Agencies	1,823.7	(4,451,991)	(4,114,727)	337,264	1,835.7	(4,727,828)	(275,837)
Total	13,266.8	(\$79,755,329)	(\$86,725,580)	(\$6,970,251)	13,330.8	(\$91,800,426)	(\$12,045,097)

PURCHASED SERVICES

Purchased services expenditures provide for contractors (non-state employees) who deliver special expertise to the State or where the work is temporary or project-specific. There are 10 categories of purchased services: 7 of the 10 categories: Information Technology, Management and Consultant Services, Training and Educational Services, Design and Engineering, Clerical and Temporary Services, University and College Services, and Medical Services, comprise 93.6 percent of the total FY2027 purchased service expenditure recommendation in the Budget.

Purchased Services	FY2026 Enacted	FY2026 Governor	Change from Enacted	FY2027 Governor	Change from Enacted
Information Technology	\$103,039,558	\$119,054,474	\$16,014,916	\$210,252,961	\$107,213,403
Management & Consultant Services	137,261,398	128,263,609	(8,997,789)	115,745,262	(21,516,136)
Training and Educational Services	91,625,344	102,213,075	10,587,731	97,844,108	6,218,764
Design and Engineering Services	79,431,474	75,560,434	(3,871,040)	72,804,483	(6,626,991)
Clerical and Temporary Services	22,893,175	43,655,119	20,761,944	42,948,300	20,055,125
University and College Services	25,999,859	31,315,792	5,315,933	30,341,832	4,341,973
Medical Services	29,627,848	27,227,134	(2,400,714)	26,703,738	(2,924,110)
Other Contracts	13,894,315	18,745,214	4,850,899	18,278,879	4,384,564
Buildings and Ground Maintenance	14,384,423	11,100,253	(3,284,170)	11,142,731	(3,241,692)
Legal Services	11,047,351	11,403,772	356,421	11,084,395	37,044
Total	\$529,204,745	\$568,538,876	\$39,334,131	\$637,146,689	\$107,941,944

The FY2027 Budget includes \$637.1 million for purchased service expenses, of which \$322.5 million is federal funds (50.6 percent), \$155.4 million (24.4 percent) is general revenue, \$113.2 million (17.8 percent) is restricted receipts, and \$46.0 million (7.2 percent) is other funds. The FY2027 Budget reflects an increase of \$107.9 million from the FY2026 Budget as Enacted and an increase of \$68.6 million from the proposed FY2026 Revised Budget.

Fifteen state departments account for \$594.8 million (93.4 percent) of the appropriation for purchased services, of which five departments have significant changes; Executive Office of Health and Human Services with an increase of \$101.7 million, Elementary and Secondary Education with an increase of \$8.9 million, Department of Human Services with an increase of \$5.3 million, the University of Rhode Island with a decrease of \$4.3 million, and the Department of Transportation with a decrease of \$4.2 million.

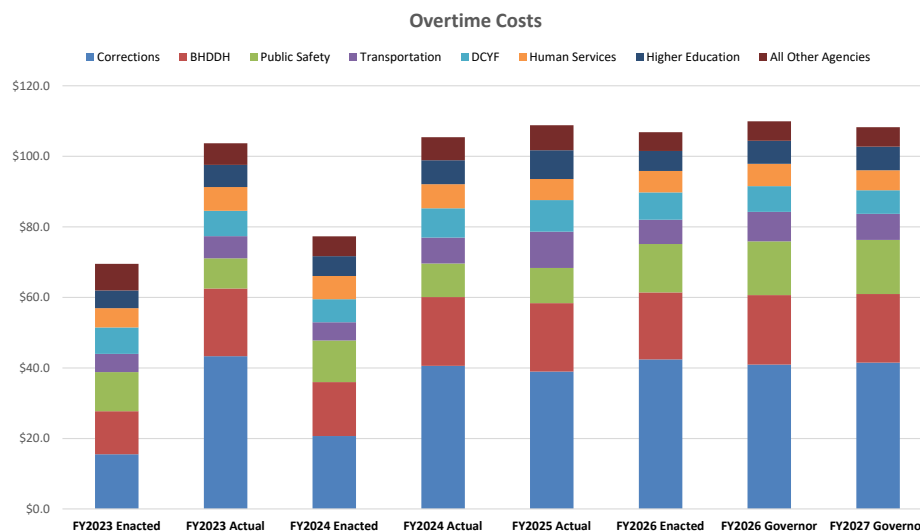
Purchased Services	FY2026 Enacted	FY2026 Governor	FY2027 Governor	Change from Enacted
Executive Office of Health and Human Services	\$153,765,788	\$164,544,808	\$255,441,134	\$101,675,346
Elementary and Secondary Education	72,214,507	85,427,471	81,118,636	8,904,129
Department of Transportation	71,919,782	67,984,435	67,675,541	(4,244,241)
Department of Human Services	28,543,205	36,903,010	33,840,979	5,297,774
University of Rhode Island	32,499,064	28,342,385	28,196,285	(4,302,779)
Department of Health	24,039,920	30,536,949	21,826,686	(2,213,234)
Department of Corrections	19,461,382	19,821,582	19,632,019	170,637
Department of Environmental Management	16,892,605	17,532,245	17,038,323	145,718
Department of Revenue	13,500,375	13,933,375	14,186,375	686,000
BHDDH	12,968,326	14,792,664	14,029,060	1,060,734
Department of Administration	13,984,322	14,515,882	13,436,775	(547,547)
Department of Children, Youth, and Families	8,980,012	9,605,226	7,618,636	(1,361,376)
Department of Labor and Training	8,866,661	7,700,203	7,398,209	(1,468,452)
Rhode Island College	4,909,589	7,020,719	6,891,635	1,982,046
Office of the General Treasurer	6,592,300	6,607,300	6,447,300	(145,000)
All Other Agencies	40,066,907	43,270,622	42,369,096	2,302,189
Total	\$529,204,745	\$568,538,876	\$637,146,689	\$107,941,944

OVERTIME

The overtime costs in the FY2027 Budget are projected to total \$108.3 million, \$1.4 million more than the FY2026 Budget as Enacted and \$1.7 million less than proposed in the FY2026 Revised Budget.

General revenue supports 74.1 percent of overtime expenses in FY2027 and comprises 72.9 percent of the expenses in the FY2026 Revised Budget. 38.3 percent of the total FY2027 projected overtime expenditures for the State occur with the Department of Corrections. As shown in the following chart, actual overtime expenses often exceed budgeted amounts.

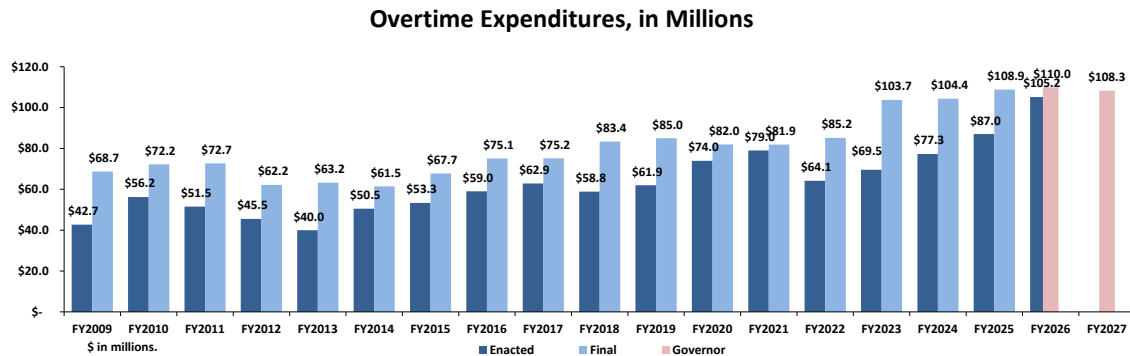
Overtime Costs



Overtime costs often result from staffing shortages, due to either high turnover rates or insufficient FTE authorizations in the enacted budget. Where there are state or federally mandated minimum staffing levels (such as at Eleanor Slater Hospital in BHDDH), or caseload-driven personnel requirements (such as inmate population levels at the Department of Corrections) agencies must use overtime or contract personnel to provide adequate coverage.

- **Department of Corrections:** The FY2027 Governor’s Recommended Budget includes \$41.5 million of general revenue to support overtime expenditures, reflecting a net decrease of \$931,121 from the FY2026 enacted level. The Custody and Security program realizes the largest variance, decreasing by \$1.2 million from the enacted level, which is slightly offset by increases to the Department’s 6 other programs. The Department implemented a revised absenteeism policy in September 2025, believing that with an increased ability to take disciplinary actions against violations, there will be less abuse of sick time by personnel. The Department’s FY2027 Budget includes a \$913,701 savings in overtime expenditures in anticipation of lessened absenteeism. Retention and recruitment challenges for the Department has led to an increased number of vacancies, which in turn increases overtime costs. To address the vacancies and increase personnel, the Department holds annual training classes and graduated 28 correctional officers in FY2024, 87 in FY2025, and anticipate 48 in FY2026. The Governor’s FY2027 Budget provides funding for the Department to hold 2 classes.
- **BHDDH:** The FY2027 Budget includes \$19.4 million in all funds (\$19.3 million of general revenue), reflecting an increase of \$433,566. This is a direct reflection of the Agency request and represents their estimate for what overtime will actually be, driven primarily by hiring challenges at Eleanor Slater Hospital leading to a higher need for overtime by current staff to cover vacancies. Although the value is quite high, the agency cut expenses elsewhere in the budget to fund the high level so the value was considered acceptable.
- **Department of Public Safety:** The FY2027 Governor’s Recommended Budget includes \$8.2 million in general revenue (\$15.4 million in all funds) to support overtime expenditures in the Department, reflecting a general revenue increase of \$798,168 (\$1.6 million in all funds) from the FY2026 enacted level. The State Police program realizes the largest variance, with general revenue funded overtime increasing by \$738,824 from the enacted level. The Department expects increased overtime expenditures for security at public events, demonstrations as well as increased activity during the World Cup.
- **Transportation:** The Budget includes \$4.2 million in gas tax receipts for FY2026 and \$3.2 million for FY2027 for overtime expenditures at the Department of Transportation, representing respective increases of \$1.5 million and \$500,000 from the FY2026 enacted level. The adjustments all occur within the winter maintenance account, which, due to the “Blizzard of 2026” has experienced elevated levels of use. The Department testified at the April 2, 2026, Senate Finance Committee Hearing that, in its entirety, the FY2026 winter operations budget has a projected deficit of \$10.0 million to \$15.0 million, which will be addressed by reallocating surplus-funds from other subsections of the maintenance budget.
- **DCYF:** The Budget provides \$5.3 million in general revenue, and \$6.9 million in all funds to support overtime expenditures. This is a 910,042 decrease in general revenue and \$1.1 million in all funds. The Department reduces personnel overtime charged to the Council on Accreditation, which can be significantly reduced now that accreditation has been obtained and reflects compliance with the existing overtime policy.
- **Human Services:** The Budget provides \$1.2 million in general revenue, and \$5.7 million in all funds to support overtime expenditures. This is a decrease of \$620,690 in general revenue and \$409,440 in all funds. This reflects the shift of the weatherization assistance program to the Office of Energy Resources and the reopening of the Foxtrot neighborhood in the VETS home. The VETS home expects to hire additional FTE direct care staff positions, resulting in decreased overtime expenditures.
- **Higher Education:** The Budget provides \$1.4 million in general revenue, \$6.7 million in all funds, to support overtime expenditures within the three state institutions. This is an increase of \$248,706 in general revenue and \$1.1 million in all funds. A majority of these expenditures are located within the University of Rhode Island, which has continuously asserted that the staffing restraints imposed by the

State have failed to keep up with enrollment and research growth. Since the University met in FY2026 FTE cap in June 2025, URI is anticipating similar trends and increased their overtime expenditures in FY2027. The following chart illustrates the variances between the enacted and actual expenditures for overtime costs. From FY2016 to FY2026 the State has annually spent on average \$17.8 million more than budgeted on overtime expenses.



STATE EMPLOYEE HEALTH INSURANCE RATES

The State has three different medical plan coverage levels for state employees (Anchor, Anchor Plus, and Anchor Choice) as well as three different dental plans and two vision plans. The table below shows average costs per FTE position for the various insurance benefits.

Health Insurance Rates Annual Employer Cost per Employee

Individual	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	2021*	2022*	2023*	FY2024*	FY2025**	FY2026 **
Medical	\$7,525	\$7,358	\$7,601	\$8,363	\$8,432	\$7,503	\$7,576	\$8,163	\$8,658	\$9,491	\$10,120	\$11,150
Dental	405	393	405	373	369	384	425	466	457	468	472	482
Vision	60	57	79	57	57	57	62	81	76	78	80	79
Total	\$7,990	\$7,808	\$8,085	\$8,793	\$8,858	\$7,944	\$8,063	\$8,710	\$9,191	\$10,037	\$10,672	\$11,711
Family												
Medical	\$21,093	\$20,626	\$21,307	\$23,445	\$23,637	\$21,035	\$21,182	\$22,885	\$24,274	\$26,607	\$28,372	\$31,260
Dental	1,132	1,100	1,133	963	955	994	1,101	1,208	1,184	1,213	1,223	1,247
Vision	165	157	162	157	157	158	173	223	209	217	221	217
Total	\$22,390	\$21,883	\$22,602	\$24,565	\$24,749	\$22,187	\$22,456	\$24,316	\$25,667	\$28,037	\$29,816	\$32,724

Source: 2015 - 2020 State Budget Office & 2021 - 2026 Office of Employee Benefits

*Average of the 3 Anchor Plans

** Department of Administration - Employee Benefits

State Employee Health Plan Costs

The FY2027 proposed total employer expenditures for state employee health plan costs is \$284.9 million, of which \$161.2 million is general revenue. This is \$26.8 million more than the FY2026 Budget as Enacted, and \$19.5 million more than proposed in the FY2026 Revised Budget.

State Employee Health Plan Total Costs

Health Plan	FY2018 Actual	FY2019 Actual	FY2020 Actual	FY2021 Actual	FY2022 Actual	FY2023 Actual	FY2024 Actual	FY2025 Actual	FY2026 Enacted	FY2026 Governor	FY2027 Governor	FY27 to FY26 Change
Medical	\$170.1	\$164.9	\$158.9	\$162.9	\$165.1	\$188.7	\$194.1	\$219.4	\$247.5	\$254.7	\$273.8	\$19.1
Dental	7.9	8.0	8.5	8.9	8.5	8.1	8.1	8.5	9.1	9.3	9.6	0.3
Vision	1.3	1.3	1.3	1.3	1.6	1.2	1.2	-0.7	1.5	1.5	1.5	0.0
Total	\$179.3	\$174.1	\$168.7	\$173.1	\$175.2	\$198.0	\$203.4	\$227.1	\$258.1	\$265.5	\$284.9	\$19.5

\$ in millions

State Employee Health Co-shares

Since 2005, state employees are required to pay a co-share for health insurance. The rate charged to each employee is based on a percent of premium cost and assessed by salary range. These rates increased between

FY2010 and FY2012 and remained constant through 2018. As of January 1, 2019, the State now has three different medical plan coverages to state employees (Anchor, Anchor Plus, and Anchor Choice) as well as three different dental plans and two vision plans. Along with the new medical plans and health cost rates, there are new employee health insurance co-share rates that are illustrated in the following tables.

Family Plan Co-share per Pay Period - Salary Ranges

	Co-Share Rates	Anchor	Anchor Plus	Anchor Choice	Anchor Dental	Anchor Dental Plus	Anchor Dental Platinum	Anchor Vision	Anchor Vision Plus
Below \$64,484	15%	\$176.82	\$189.18	\$175.03	\$6.32	\$11.46	\$18.70	\$1.03	\$3.99
\$66,484 - \$123,960	20%	235.75	252.24	233.38	8.43	13.56	20.81	1.37	4.33
Over \$123,960	25%	294.69	315.31	291.72	10.53	15.67	22.92	1.72	4.68

Individual Plan Co-share per Pay Period- Salary Ranges

	Co-Share Rates	Anchor	Anchor Plus	Anchor Choice	Anchor Dental	Anchor Dental Plus	Anchor Dental Platinum	Anchor Vision	Anchor Vision Plus
Less than \$123,960	20%	\$84.09	\$89.98	\$83.25	\$3.25	\$5.23	\$8.03	\$0.50	\$0.16
Over \$123,960	25%	105.12	112.47	104.06	4.07	6.05	8.84	0.62	1.69

Deductibles

The medical deductibles are: Anchor \$1,000/\$2,000, Anchor Plus \$500/\$1,000, and Anchor Choice \$1,700/\$3,400 for an in-network individual/ family plan. The out-of-network deductibles are: Anchor \$2,000/\$4,000, Anchor Plus \$1,000/\$2,000, and Anchor Choice \$2,250/\$4,500 for an individual/ family plan. The point of service co-payments are as follows:

Point of Service	Anchor	Anchor Plus	Anchor Choice
Primary Care	\$15	\$15	coinsurance after deductible
Specialist Visit	25	25	10% after deductible
Urgent Care	50	50	coinsurance after deductible
Emergency Co-payment (waived if admitted)	150	125	coinsurance after deductible

Pharmacy	Tier 1 generic	\$10	\$10	\$10 co-pay after deductible
	Tier 2 preferred brand	35	35	\$35 co-pay after deductible
	Tier 3 non-preferred brand	60	60	\$60 co-pay after deductible
	Tier 4 specialty	100	100	\$100 co-pay after deductible

Rates are effective January 1, 2026

STATE EMPLOYEES AND TEACHERS' ACTUARIAL VALUATION REPORT

Joseph Newton of Gabriel Roeder Smith and Company (GRS) presented the June 30, 2025, actuarial valuation analysis of the retirement system covering state employees and teachers. The actuarial valuation impacts on the employer contribution rates approved by the Board (certified) for FY2028. There is no impact to the FY2027 certified employer contribution rates. The GRS analysis reflects no changes in the assumptions for investment rate assumptions, inflation, or payroll.

The assumed investment return remains 7.0 percent and the assumed inflation is 2.5 percent. The projected payroll growth for state employees is 2.5 percent, and for teachers the payroll growth is 2.0 percent. The Board approved the employer contribution rates for ERSRI, as presented by GRS.

Employer Contribution Rates	FY2026 Certified	FY2025 Certified	Change	FY2027 Actual Results	FY2028 Projected Rates	FY2028 Actual Results	Change
State Employees	28.70%	28.54%	-0.16%	29.45%	29.34%	27.97%	-1.48%
Teachers - State Share	10.35%	10.68%	0.33%	10.58%	10.09%	10.53%	-0.05%
Teachers - Local Share	14.00%	14.44%	0.44%	14.75%	15.14%	14.63%	-0.12%
Total Teachers	24.35%	25.12%	0.77%	25.33%	25.23%	25.16%	-0.17%

Source: GRS June 30, 2025, Actuarial Valuation

Projected Employer Contribution	FY2026	FY2027 Actual Results	FY2028 Projected Results	FY2028 Actual Results	Change
State Employees	\$248.8	\$270.7	\$276.5	\$275.2	\$4.5
Teachers - State	127.3	134.5	136.8	133.0	(1.5)
Total State Cost	\$376.1	\$405.2	\$413.3	\$408.2	\$3.0
Teachers - Local	\$172.2	\$187.4	\$190.3	\$184.9	(\$2.5)
Total State and Local Cost	\$548.3	\$592.6	\$603.6	\$593.1	\$0.5

Source: GRS June 30, 2025, Actuarial Valuation
\$ in millions

ACTIVE EMPLOYEE TO RETIREE RATIO

According to the GRS data, the ratio of active employees to retirees remains essentially flat, but the number of retired state employees continues to exceed active employees in 2025. This trend translates into less available payroll to spread out the impacts of volatile markets, leading to increased employer contribution rates.

Membership																	
State Employees	1999	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Change
Active	13,369	11,233	11,166	11,280	11,301	11,194	11,083	11,152	10,988	11,318	11,198	10,803	10,820	10,959	11,235	11,332	97
Retired	9,067	11,271	11,200	11,139	11,103	11,041	11,058	11,078	11,250	11,224	11,215	11,373	11,365	11,328	11,336	11,401	65
Active to Retiree Ratio	1.5	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	0.9	1.0	1.0	1.0	1.0	
Teachers	1999	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Change
Active	13,282	13,381	13,212	13,193	13,266	13,272	13,206	13,310	13,473	13,511	13,474	13,372	13,537	13,554	13,497	13,249	(248)
Retired	6,043	10,347	10,622	10,776	10,838	10,902	11,087	11,211	11,144	11,196	11,274	11,398	11,521	11,595	11,727	11,771	44
Active to Retiree Ratio	2.2	1.3	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.1	
Source: GRS June 30, 2025, Actuarial Valuation																	

STATE RETIREMENT PLANS

The Employee Retirement System of Rhode Island (ERSRI) is comprised of seven distinct retirement plans (trusts), with each individual trust possessing its own assets and obligations. Assets from one trust cannot be used to cover benefit payments under another trust. In addition to the plans under the ERSRI, the State and employees participate in a defined contribution plan. The total combined pension liability is \$18.9 billion (\$16.5 billion under ERSRI and \$2.4 billion under the DC plan). The net pension liability is \$4.3 billion.

	Defined Benefit Plans							Defined Contribution Plan	Total
	ERS	TSB	MERS	SPRBT	JRBT	RJURFT	SPRFT		
Total Pension Liability	\$12,871.0	\$256.0	\$2,827.0	\$270.0	\$119.0	\$17.0	\$158.0	\$2,469.0	\$18,987.0
Plan Fiduciary Net Position	8,835.0	484.0	2,490.0	245.0	123.0	2.0	37.0	2,469.0	14,685.0
Employers' Net Pension Liability (Asset)	\$4,036.0	(\$228.0)	\$337.0	\$25.0	(\$4.0)	\$15.0	\$121.0	\$0.0	\$4,302.0

Source: GRS June 30, 2025, Actuarial Valuation
\$ in millions

FUND VALUE

In 1999, the funded ratio of the system was over 80.0 percent. By 2010, the pre-RIRSA funded ratio was 48.4 percent for state employees and teachers. After passing the 2011 Pension Reforms, the post-RIRSA funded ratio became 59.8 percent for state employees and 61.8 percent for teachers. It was projected that there would be a continued decrease in the funded rate after passage of RIRSA and then followed by a steady increase. Passage of the pension settlement act in 2015 precipitated an increase in the Unfunded Actuarial Accrued Liability (UAAL) in 2016. The UAAL returned to the pre-settlement levels in 2021.

According to GRS, the June 30, 2025, funded ratio is 63.9 percent for state employees and 67.9 percent for teachers. For state employees, the unfunded actuarial accrued liability (UAAL) decreased \$119.0 million, from \$2,081.5 million to \$1,962.5 million. For teachers the UAAL decreased \$201.0 million, from \$2,612.3 million to \$2,411.3 million.

The decrease in the UAAL for state employees and teachers is attributable to better than projected return on investments.

Fund Value History	State Employees	Yr Chg	Teachers	Yr Chg
1999	84.5%		82.1%	
2000	81.6%		80.6%	
2001	77.9%		77.4%	
2002	71.7%		73.2%	
2003	64.5%		64.2%	
2004	59.6%		59.3%	
2005	56.3%		55.4%	
2006	54.6%		52.7%	
2007	57.5%		55.4%	
2008	61.8%		60.3%	
2009	59.0%		58.1%	
2010	48.4%		48.4%	
2010*	59.8%		61.8%	
2011	57.4%		59.7%	
2012	56.3%		58.8%	
2013	56.5%		59.0%	
2014	56.1%		58.2%	
2015	56.6%		58.8%	
2016	56.0%		58.3%	
2017	52.9%		54.8%	
2018	52.9%		54.9%	
2019**	53.8%		55.3%	
2020	54.2%		56.2%	
2021	56.7%		58.7%	
2022	58.8%		61.5%	
2023	60.4%	0.0%	64.5%	0.0%
2024	60.7%	0.0%	64.8%	0.0%
2025	63.9%	0.7%	67.9%	1.0%
2026	66.9%	0.9%	69.9%	0.9%
2027	69.8%	1.1%	72.0%	0.9%
2028	72.7%	1.1%	74.2%	0.8%
2029	75.8%	1.1%	76.6%	0.9%
2030	78.8%	0.8%	78.9%	0.8%
2031	82.1%	0.7%	81.5%	0.8%
2032	85.6%	0.6%	84.1%	0.7%
2033	89.4%	0.5%	87.0%	0.7%
2034	93.6%	0.4%	90.2%	0.7%
2035	98.2%		93.5%	

Source: GRS June 30, 2025, Actuarial Valuation

Date reflects valuation year

* Reflects post-RIRSA values

** After change of actuarial assumptions

SUMMARY OF UNFUNDED ACTUARIAL ACCRUED LIABILITY

The Unfunded Actuarial Accrued Liability (UAAL) for state employees is \$1,962.5 million, reflecting a decrease of \$119.0 million from last year. The amortization payment for FY2026 is \$234.3 million and \$237.9 million for FY2027. The amortization payment for FY2028 is \$240.9 million. The following table illustrates the components of the UAAL payment over three fiscal years.

State Employees					
Purpose	Remaining Balance as of June 30, 2025	FY2026 Amortization Payment	FY2027 Amortization Payment	FY2028 Amortization Payment	Amortization Years Remaining from FY2028
Original 2011 RIRSA Base	\$1,467.7	\$182.8	\$187.4	\$192.1	8
2014 Experience Study Base	(41.5)	(4.8)	(4.9)	(5.0)	9
2014 Mediation Settlement	99.4	11.5	11.8	12.1	9
2015 Experience Base	(30.4)	(3.3)	(3.3)	(3.4)	10
2016 Experience Base	42.6	4.3	4.4	4.5	11
2016 Assumption Change - FY20 Stagger	30.5	2.9	3.0	3.1	12
2016 Assumption Change - FY21 Stagger	70.3	6.8	6.9	7.1	12
2016 Assumption Change - FY22 Stagger	75.8	7.3	7.5	7.7	12
2016 Assumption Change - FY23 Stagger	81.9	7.9	8.0	8.3	12
2016 Assumption Change - FY24 Stagger	88.9	8.6	8.7	9.0	12
2017 Experience Base	16.3	1.6	1.6	1.6	12
2018 Experience Base	25.0	2.3	2.3	2.4	13
2019 Experience Base	7.6	0.7	0.7	0.7	14
2020 New Assumptions - FY23 Stagger	(29.5)	(2.8)	(2.9)	(3.0)	12
2020 New Assumptions - FY24 Stagger	(32.0)	(3.1)	(3.1)	(3.2)	12
2020 Experience Base	19.9	1.7	1.7	1.7	15
2021 Experience Base	(77.3)	(6.2)	(6.4)	(6.6)	16
2022 Experience Base	4.6	0.4	0.4	0.4	17
2022 Assumption Change	(16.4)	(1.2)	(1.2)	(1.3)	18
2023 Experience Base	30.4	2.3	2.3	2.4	18
2023 Benefit Enhancements	190.9	14.9	15.2	15.6	17
2024 Experience Base	(27.1)	-	(2.1)	(2.2)	19
New Experience Base - This Fiscal Year	(35.1)	-	-	(3.0)	20
UAAL	\$1,962.5	\$234.3	\$237.9	\$240.9	

Source: GRS 2025 Actuarial Valuation

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

The Unfunded Actuarial Accrued Liability (UAAL) for teachers is \$2,411.3 million, reflecting a decrease of \$201.0 million from last year. The amortization payment for FY2026 is \$279.9 million and \$279.9 million in FY2027 and \$277.0 million in FY2028. The following table illustrates the components of the UAAL payment over three fiscal years.

Teachers					
Purpose	Remaining Balance as of June 30, 2025	FY2026 Amortization Payment	FY2027 Amortization Payment	FY2028 Amortization Payment	Amortization Years Remaining
Original 2011 RIRSA Base - State	788.5	100.2	102.2	104.3	8
Original 2011 RIRSA Base - Local	1,381.9	136.8	139.6	142.3	12
2014 Experience Base - State	(13.6)	(1.6)	(1.6)	(1.7)	9
2014 Experience Base - Local	(22.5)	(2.2)	(2.3)	(2.3)	12
2014 Mediation Settlement - State	55.8	6.6	6.7	6.9	9
2014 Mediation Settlement - Local	92.3	9.1	9.3	9.5	12
2015 Experience Base	(43.6)	(4.8)	(4.9)	(5.0)	10
2016 Experience Base	29.6	3.1	3.2	3.2	11
2016 Assumption Change - FY20 Stagger	59.0	5.8	6.0	6.1	12
2016 Assumption Change - FY21 Stagger	90.0	8.9	9.1	9.3	12
2016 Assumption Change - FY22 Stagger	97.4	9.6	9.8	10.0	12
2016 Assumption Change - FY23 Stagger	105.7	10.5	10.7	10.9	12
2016 Assumption Change - FY24 Stagger	115.0	11.4	11.6	11.8	12
2017 Experience Base	62.3	6.2	6.3	6.4	12
2018 Experience Base	7.5	0.7	0.7	0.7	13
2019 Experience Base	(15.7)	(1.4)	(1.5)	(1.5)	14
2020 New Assumptions - FY23 Stagger	(38.5)	(3.8)	(3.9)	(4.0)	12
2020 New Assumptions - FY24 Stagger	(41.9)	(4.1)	(4.2)	(4.3)	12
2020 Experience Base	(0.0)	(0.0)	(0.0)	(0.0)	15
2021 Experience Base	(120.7)	(10.1)	(10.3)	(10.5)	16
2022 Experience Base	(99.1)	(8.0)	(8.2)	(8.3)	17
2022 Assumption Change Base	(114.8)	(9.0)	(9.2)	(9.4)	18
2023 Experience Base	(56.8)	(4.5)	(4.5)	(4.6)	18
2023 Benefit Enhancements	254.1	20.6	21.0	21.4	17
2024 Experience Base	(66.1)	-	(5.6)	(5.7)	19
New Experience Base - This Fiscal Year	(94.3)	-	-	(8.5)	20
UAAL	\$2,411.3	\$279.9	\$279.9	\$277.0	

Source: GRS 2025 Actuarial Valuation

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

10-YEAR PROJECTIONS

The following tables illustrate the 10-year projection of State Employee and Teacher fund value and contribution rates, providing all factors remain steady as projected in the June 30, 2025, valuation.

Analyst Note: The FY2025 Budget as Enacted included language reducing the COLA threshold to reinstate COLAs from the current 80.0 percent funded ratio to 75.0 percent, for members who retired on or after July 1, 2012. The change impacted state employees, teachers, municipal employees, judges, and state police who retired on or after July 1, 2012. Members will receive the full COLA when all plans exceed 75.0 percent, which is estimated to occur in FY2030.

State Employees									
Fiscal Year	UAAL	Funded Ratio	Contribution Rate	Actuarial Value of		Employer Contribution	Employee Contribution	Benefit Payments	Net Cash Flow
				Fund	Payroll				
2026	\$1,962.5	63.9%	30.91%	\$3,468.7	\$936.5	\$289.5	\$45.1	\$380.7	(\$46.1)
2027	1,814.9	66.9%	29.45%	3,663.9	959.9	282.7	45.3	396.4	(68.4)
2028	1,664.6	69.8%	27.97%	3,849.5	983.9	275.2	45.7	406.5	(85.6)
2029	1,511.8	72.7%	27.53%	4,030.5	1,008.5	277.6	46.2	415.5	(91.7)
2030	1,345.6	75.8%	27.21%	4,217.9	1,033.7	281.2	46.9	423.3	(95.2)
2031	1,184.7	78.8%	26.88%	4,414.6	1,059.5	285.9	47.6	432.6	(99.1)
2032	1,008.0	82.1%	26.77%	4,621.2	1,086.0	290.7	48.4	441.1	(102.0)
2033	814.2	85.6%	26.72%	4,839.2	1,113.2	297.4	49.4	447.7	(100.9)
2034	600.2	89.4%	26.68%	5,073.6	1,141.0	304.5	50.5	452.8	(97.8)
2035	364.4	93.6%	26.65%	5,327.5	1,169.5	311.7	51.6	457.2	(93.9)
2036	105.3	98.2%	7.10%	5,603.3	1,198.8	85.1	52.8	460.6	(322.7)

Source: GRS 2025 Actuarial Valuation

\$ in millions

Totals may vary due to rounding.

Teachers									
Fiscal Year	UAAL	Funded Ratio	Contribution Rate	Actuarial Value of		Employer Contribution	Employee Contribution	Benefit Payments	Net Cash Flow
				Fund	Payroll				
2026	\$2,411.3	67.9%	26.19%	\$5,098.5	\$1,214.4	\$318.1	\$49.4	\$521.1	(\$153.6)
2027	2,276.0	69.9%	25.33%	5,296.4	1,238.7	313.8	49.6	531.6	(168.2)
2028	2,135.7	72.0%	25.16%	5,493.2	1,263.5	317.9	49.9	538.8	(171.0)
2029	1,981.5	74.2%	24.98%	5,700.8	1,288.8	321.9	50.3	545.7	(173.5)
2030	1,811.7	76.6%	24.84%	5,920.4	1,314.6	326.5	50.8	552.2	(174.9)
2031	1,642.7	78.9%	24.66%	6,154.0	1,340.8	330.6	51.5	560.7	(178.6)
2032	1,457.5	81.5%	24.48%	6,400.0	1,367.7	334.8	52.2	569.7	(182.7)
2033	1,255.0	84.1%	24.42%	6,659.1	1,395.0	340.7	53.0	578.6	(184.9)
2034	1,032.2	87.0%	24.37%	6,933.9	1,422.9	346.7	53.8	587.8	(187.3)
2035	787.6	90.2%	24.32%	7,225.7	1,451.4	352.9	54.8	596.5	(188.8)
2036	519.6	93.5%	16.02%	7,536.1	1,480.4	237.1	55.8	604.6	(311.7)

Source: GRS 2025 Actuarial Valuation

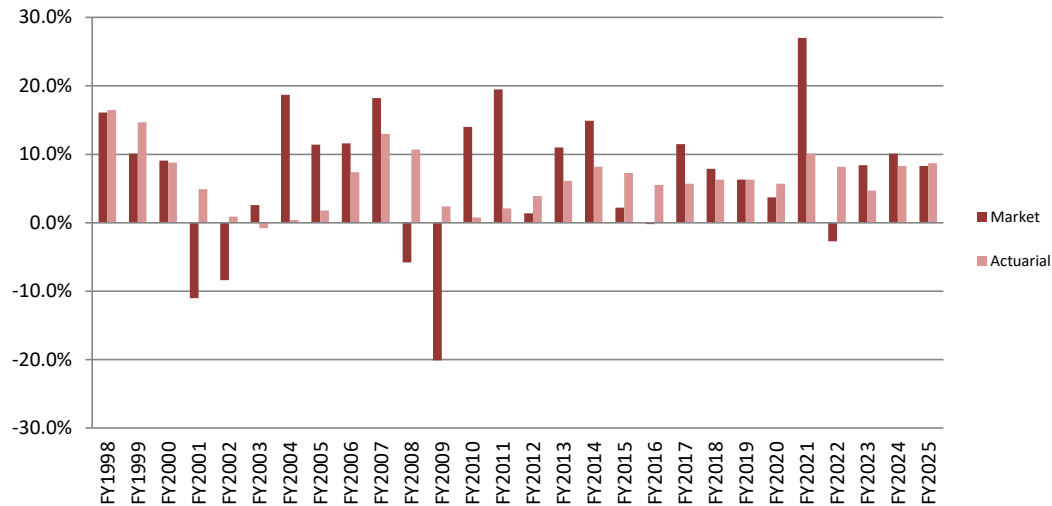
\$ in millions

Totals may vary due to rounding.

RETURN ON INVESTMENTS

The market rate on the return on investments (ROI) was 8.3 percent in FY2025, a decrease of 1.8 pointst as reported for FY2024. The actuarial rate of return was 8.7 percent, up from 8.3 percent as reported in FY2024. This is based on a 5-year average smoothing rate. The average ROI for the last 5-years is 9.8 percent and the ROI since 1995 is 7.4 percent.

25-year Return on Investments



GRS Actuarial Summation

- The FY2028 projected employer contribution costs are \$11.0 million lower than the previous projections.
- The 2025 market investment return was 8.3 percent, and the actuarial investment performance was 8.7 percent.
- The cost-of-living adjustments (COLA) limit for 2026 is 3.34 percent, on the first \$31,507, which will grow to \$32,559 in 2027.
- For members retiring after June 30, 2012, the COLA is reduced to 25.0 percent of the COLA, or 0.84 percent, while the plans remain less than 75.0 percent funded.
- Members who retired prior to July 1, 2012, are no longer subject to the funded ratio requirements and will receive a full COLA.
- The state employee plan and the teacher plans are projected to be 76.0 percent funded by June 30, 2030.
- Members who retired after June 30, 2012, but before June 30, 2015, and are in units that are less than 75.0 percent funded, will receive an interim COLA of 0.84 percent on the first \$37,808 of annual benefit.

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM ACTUARIAL VALUATION

GRS presented the June 30, 2025, actuarial valuation analysis of the retirement system covering municipal employees. The actuarial valuation impacts on the employer contribution rates approved by the Board (certified) for FY2028. There are 129 units participating in MERs, of which, 74 units cover municipal general employees, and 55 units cover police and fire employees. The GRS analysis indicates that there were no new legacy units joining MERS in 2025. There were no closed units or merged units. For MERS, the 2024 UAAL for all units, excluding the legacy units, is \$247.0 million, compared to last year's figure of \$297.0 million, a decrease of \$50.0 million. The funded ratio for all MERS continued to improve and is 90.4 percent, as compared to 88.1 percent last year.

The average employer contribution rate for general employees is 10.19 percent and for police and fire personnel, the average employer contribution rate is 18.01 percent. The table shows the six units that entered MERs through the Pathway to MERs legislation.

Unit	Market Val of Assets	Actuarial Val of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio
Central Falls Police & Fire	\$23.6	\$22.9	\$47.7	(\$24.8)	47.9%
Town of West Warwick	9.6	9.3	52.7	(43.4)	17.7%
West Warwick School	17.4	16.8	35.9	(19.0)	46.9%
Town of West Warwick Library	1.0	1.0	3.3	(2.3)	30.4%
West Warwick Police Dept.	15.8	15.3	56.3	(41.0)	27.2%
West Warwick Fire Dept.	21.2	20.5	63.4	(42.8)	32.4%
Total	\$88.7	\$85.8	\$259.3	(\$173.4)	33.1%

Source: GRS June 30, 2025 Actuarial Valuation

\$ in millions

GRS Actuarial Summation

- According to the actuary, 105 units possess a funding ratio exceeding 80.0 percent, an increase of 5 units from last year and 40 units have a funding ratio over 100.0 percent, an increase of 4 units from last year. 114 units now have a funded ratio over 75.0 percent, an increase of 4 units from last year.

JUDICIAL RETIREMENT BENEFITS TRUST

GRS presented the June 30, 2025, actuarial valuation analysis of the retirement system covering judges. The actuarial valuation impacts on the employer contribution rates approved by the Board (certified) for FY2028. There is no impact to the previously certified FY2027 employer contribution rate. The analysis does not include benefits for state judges hired before January 1, 1990, as they are funded on a pay-as-you-go basis from the State's general assets. A separate valuation is performed for these active and retired judges.

Certified Employer Contribution Rates	FY2027	FY2028
	Certified	Certified
Judges	17.47%	15.94%
Membership		
	30-Jun-24	30-Jun-25
Active	62	59
Retiree and Beneficiaries	36	38
Inactive	1	2
Total	99	99
Projected Payroll for Contributions	\$14.2	\$14.3
Unfunded Liability	(\$4.0)	(\$7.1)
GASB Funded Ratio	103.7%	106.3%
		2.6%

Source: GRS June 30, 2025, Actuarial Valuation

RHODE ISLAND JUDICIAL RETIREMENT FUND TRUST

GRS provided the June 30, 2025, actuarial valuation analysis of the retirement system covering judges, who were hired before January 1, 1990, and who are currently employed or retired from employment by the State. These judges do not participate in the Judicial Retirement Benefits Trust and are financed by annual contributions to equal the benefit payment. These seven judges were previously referred to as “pay-as-you-go” judges, of which three are now retired.

		FY2027	FY2028
Certified Employer Contribution Rates		Certified	Certified
State Police		20.59%	21.08%
Membership	30-Jun-24	30-Jun-25	Change
Active	264	272	8
Retiree and Beneficiaries	116	120	4
Inactive	76	85	9
Total	456	477	21
Projected Payroll for Contributions	\$32.0	\$36.4	\$4.4
Unfunded Liability	\$27.1	\$31.1	\$4.0
GASB Funded Ratio	89.0%	88.4%	-0.6%

Source: GRS June 30, 2025, Actuarial Valuation

STATE POLICE RETIREMENT BENEFIT TRUST

GRS presented the June 30, 2025, actuarial valuation summary regarding the retirement systems covering the State Police. The actuarial valuation impacts the employer contribution rates certified by the Board for FY2028. The analysis reflects all recent pension changes enacted since 2008 but does not include benefits for State Police hired before July 1, 1987, as they are funded on a pay-as-you-go basis from annual general revenue appropriations. The GRS analysis increased the employer contribution rates reflecting market gains, offset by unexpected individual salary increases and plan changes due to passage of H-5076 Sub A/aa that reduced final average salary computation from 5-years to 3-years.

SPRFT	30-Jun-24	30-Jun-25
Accrued Liability	\$147.5	\$141.7
Market Value of Assets	32.3	37.4
Unfunded Accrued Liability	\$115.2	\$104.3
Funded Ratio	21.9%	26.4%

\$ in millions
Source: GRS June 30, 2025, Actuarial Valuation

STATE POLICE RETIREMENT FUND TRUST

GRS provided the June 30, 2025, actuarial valuation analysis of the retirement system covering members of the state police, who were hired before July 1, 1987, and who have all retired from employment by the State. These members of the state police do not participate in the State Police Retirement Benefits Trust and are financed by annual contribution of \$16.4 million until the unfunded accrued liability is fully funded, which is expected to be by 2034. These retirees were previous referred to as “pay-as-you-go” state police retirees.

Membership	30-Jun-24	30-Jun-25	Change
Active	7,438	7,402	(36)
Retirees and Beneficiaries	3,253	3,262	9
Survivors	637	645	8
Inactive nonretired vested	995	1,090	95
Inactive nonretired nonvested	1,464	1,587	123
Total	13,787	13,986	199
Unfunded Liability	(\$218.2)	(\$245.0)	(\$26.8)
GASB Funded Ratio	192.0%	202.0%	10.0%

Source: GRS June 30, 2025, Actuarial Valuation

TEACHER SURVIVOR BENEFIT PLAN

GRS presented the June 30, 2025, actuarial valuation summary regarding the retirement systems covering the Teacher Survivor Benefit Plan (TSBP). The TSBP provides survivor benefits for teachers who do not participate in Social Security. Participation is mandatory for all eligible teachers within the 24 school districts that are not covered by Social Security (see table). The annual contribution is 2.0 percent of salary, up to \$230 per year. The contribution is split equally between the member and the employer, i.e. each contributing \$115 per year.

RIJRFT	30-Jun-24	30-Jun-25
Accrued Liability	\$17.6	\$15.7
Market Value of Assets	1.7	1.9
Unfunded Accrued Liability	\$15.9	\$13.8
Funded Ratio	9.7%	12.1%

\$ in millions
Source: GRS June 30, 2025, Actuarial Valuation

Because the asset value for the TSBP is 202.0 percent, exceeding the Plan's value of benefits, current member and employer contribution are sufficient; the Plan does not have an Annual Required Contribution (ARC) incurred by the employer.

School Districts Not Covered by Social Security	
Barrington	Johnston
Bristol/warren	Lincoln
Burrillville	Little Compton
Central Falls Collaborative	Middletown
Coventry	Newport
Cranston	North Smithfield
Cumberland	Northern RI Collaborative
East Greenwich	Portsmouth
East Providence	Scituate
Foster	Smithfield
Foster-Glocester	Tiverton
Glocester	Westerly

Revenue

The Governor's FY2027 Budget increases net general revenue collections by an estimated \$336.9 million over November 2025's FY2027 revenue estimate. New revenue initiatives include a new personal income tax bracket for taxpayers with annual income of over one million dollars, the phase out on the taxation of social security income, a new refundable child tax credit, a cigarette tax increase, decoupling from certain federal income tax rules, and the reauthorization of the hospital license fee.

Governor's Recommended General Revenue Initiatives	
Hospital and Medicaid Initiatives	\$232.4
New High Earner Income Tax Bracket	67.1
Tax Amnesty	26.3
Decoupling from Federal R&D Expensing Rules	22.6
Refundable Child Tax Credit	(14.7)
Cigarette and Other Tobacco Initiatives	8.0
Phase-Out of Social Security Taxation	(3.0)
Utility Ratepayer Savings	(2.3)
Pawtucket TIF Debt Service Rescheduling	0.5
Total	\$336.9

\$ in millions

Totals may vary due to rounding.

Hospital and Medicaid Initiatives

\$232.4 million

The Governor recommends a net \$232.4 million increase related to revenue changes associated with certain EOHHS initiatives. The revenue is almost entirely attributable to the reenactment of the Hospital License Fee, which by law is enacted annually. These initiatives and their impact are summarized in the table below. Details on these proposals are elaborated on in the agency expenditure and article sections of this report.

Hospital and Medicaid Initiatives - Fiscal Impact	
Initiative	Fiscal Impact
Hospital License Fee	\$232,549,633
OHIC Rate Increase	517,651
GLP-1 Coverage Removal	(405,888)
Nursing Home Rate Reduction	(192,248)
Federally Qualified Health Center Rate Reduction	(58,899)
Substance Abuse Residential Services Rate Freeze	(30,336)
Inpatient/Outpatient Hospital Rate Reduction	(7,267)
Total	\$232,372,646

New High Earner Tax Bracket

\$67.1 million

The Governor recommends the establishment of a new high earner tax bracket. The initiative is estimated to generate an additional \$67.1 million in available general revenue in FY2027 and growing to \$135.3 million in FY2028.

Section 6 of Article 5 adds a fourth tax bracket with a rate of 8.99 percent on personal income over \$1.0 million and trust/estate income of over \$17,852.

The following tables illustrate how the tax brackets are adjusted under the article.

Article 5 Tax Rate Schedule (personal income)***Taxable Income**

Over	But not over	Pay	Plus percent on excess	of the amount over
\$0	\$82,050	\$0	3.75%	\$0
82,050	186,450	3,077	4.75%	82,050
186,450	1,000,000	8,036	5.99%	186,450
1,000,000	-	56,768	8.99%	1,000,000

** This table is for illustrative purposes only and is based on the existing TY2026 adjusted thresholds. The new bracket does not go into effect until TY2027, at which time the threshold amounts for the first three brackets will have been adjusted for inflation.*

Article 5 Tax Rate Schedule (trusts and estates)***Taxable Income**

Over	But not over	Pay	Plus percent on excess	of the amount over
\$0	\$3,200	\$0	3.75%	\$0
3,200	10,200	120	4.75%	3,200
10,200	17,852	453	5.99%	10,200
17,852	-	911	8.99%	17,852

** This table is for illustrative purposes only and is based on the existing TY2026 adjusted thresholds. The new bracket does not go into effect until TY2027, at which time the threshold amounts for the first three brackets will have been adjusted for inflation.*

Section 2 of the article amends RIGL 44-11-3(a)(2) by increasing the rate, beginning in tax year 2027, that a pass-through entity (PTE) is subject to when members elect to pay their tax liability at the entity level as opposed to their personal income tax. The rate increases from 5.99 percent to 8.99 percent.

Fiscal Impact: ORA estimates the fiscal impact of a new high earner tax bracket to be \$67.1 million in FY2027 (one-half year impact). The following table summarizes the out-year revenue growth from the new tax rate.

Fiscal Year	Fiscal Impact
FY2027	\$67,090,404
FY2028	135,345,519
FY2029	138,411,784
FY2030	142,323,432
FY2031	146,626,622

Tax Amnesty

The Governor recommends a tax amnesty program for a 75-day period ending February 15, 2027. The program is estimated to generate \$26.3 million in FY2027. A tax amnesty program is an initiative that state and local jurisdictions may periodically use to incentivize voluntary compliance with tax laws. Amnesty programs are typically for a defined period during which individuals with outstanding tax liabilities are permitted to settle the debt without facing criminal or civil penalties. In addition, the rate of interest on back taxes is typically reduced and payment plans may be offered. The amnesty may apply to some or all tax types. Amnesty programs are typically beyond the scope of a tax administrator's authority and therefore are usually initiated through legislation.

Rhode Island has implemented tax amnesty programs five times, with the most recent being in 2017. That amnesty ran for 75 days (ending on February 15, 2018) and was open to non-filers and to those who had a record of a tax debt with the Division of Taxation. All major tax types were included. The initiative was

authorized by the FY2018 Budget as Enacted and was estimated at the time to generate \$12.5 million. It ultimately collected \$22.0 million (with \$11.0 million coming from personal income tax receipts).

Section 1 of Article 5 authorizes the 75-day tax amnesty period ending February 15, 2027 and includes the statutory language to effectuate the amnesty, including the waiving of penalties and interest reductions.

Fiscal Impact: The tax amnesty program is estimated to generate \$26.3 million in general revenue. The Office of Revenue Analysis (ORA) used collections data from the 2007, 2013, and the 2018 amnesty periods to develop the FY2027 fiscal impact. These programs reported data on how much known tax liability and interest revenue was collected by each tax type. They also reported data on how much new revenue (not in the known tax liability receivable amount) was collected by tax type. ORA assumed that the difference between new revenues from total revenues represents the revenue collected against the current receivable for each tax type. The following table summarizes ORA’s estimated collections by tax type and by debts collected against the receivable and new revenue:

Revenue Category	Existing Debts	New Revenue	Total
Personal Income Tax	\$6,972,864	\$1,824,616	\$8,797,480
Sales and Use Tax	2,034,759	2,327,362	4,362,121
Business Corporations Tax	1,403,749	1,084,599	2,488,348
Other Tax Types	1,670,930	1,026,415	2,697,345
Interest Payments	5,372,987	2,629,712	8,002,699
Total	\$17,455,289	\$8,892,704	\$26,347,993

Decoupling from R&D Expensing

The Governor recommends decoupling the State’s tax code from certain portions of the federal tax code that were amended with the passage of HR 1 by Congress in 2025.

Rhode Island’s tax code conforms to the federal tax code. A key component of conformity relates to what constitutes taxable income. Rhode Island tax filings start with a taxpayer’s federal “adjusted gross income” (AGI) as the basis for an individual’s state tax liability and with “federal taxable income” (FTI) for businesses. Federal policy changes that impact AGI or FTI will generally flow through and impact state revenue.

HR-1: In 2025, Congress enacted legislation, known as HR-1, that included sweeping tax changes estimated to significantly impact state revenue collection in Rhode Island. In anticipation of these changes, the General Assembly enacted several preemptive protections in its FY2026 Budget. First, it preserved the pre-HR-1 definitions of taxable income for tax year 2025. It also required the Department of Revenue (DOR) to do an analysis of the likely fiscal impact HR-1 would have on out-year revenue.

DOR’s Analysis: The DOR issued its report in October 2025. According to the report, absent the decoupling from HR-1 definitions as directed by the FY2026 Budget as Enacted, Rhode Island would have realized a revenue loss of \$65.8 million. HR-1 permanently codified the tax provisions under the federal Tax Cuts and Jobs Act (TCJA) of 2017 that had been set to sunset at the end of 2025. The report looks at the fiscal impact of the continuation of these provisions as well as all new tax changes. Of all the HR-1 provisions, the research and development expensing policy has the highest estimated fiscal impact, with \$22.6 million lost in FY2027 and \$10.9 million in FY2028.

Sections 2 and 6 of Article 5 of the Budget amend the State’s tax statutes in a manner that formally decouples the state tax code from the research and development expensing provisions of the federal tax code.

- **Business Corporation Tax Changes:** Section 2 of the article amends the business corporation tax statutory definition of net income for purposes of calculating a business’s tax liability by adding language that preserves the pre-HR-1 treatment of R&D expenses for tax years 2026 and beyond. It

also adjusts the statute to preserve the decoupling originally provided for tax year 2025 in the FY2026 Budget as Enacted.

- **Personal Income Tax Changes:** Section 6 of the article similarly amends the personal income tax statutory definition of income of a resident individual for purposes of calculating tax liability by adding language that preserves the pre-HR-1 treatment of R&D expenses for tax years 2026 and beyond. This is primarily for members of pass-through entities that elect to pay taxes at the individual level.

Fiscal Impact: The Office of Revenue Analysis (ORA) based its fiscal impact estimate on the October 2025 DOR report and that the sections take effect upon passage. According to ORA the report utilized the revenue loss estimates for the R&D expensing policy change calculated by Congress' Joint Committee on Taxation. These were proportionately reduced based on size of Rhode Island's corporate tax base and adjusted for federal and state fiscal years. The original revenue losses were included in the November 2025 revenue estimates. The ORA assumes that by reverting to pre-HR-1 treatment of R&D expensing, the estimate would simply add back the original forecasted loss. The following shows the impact through FY2030.

	FY2026	FY2027	FY2028	FY2029	FY2030
R&D Expensing	\$22.6	\$22.6	\$10.9	\$8.0	\$2.8
<i>\$ in millions</i>					

Refundable Child Tax Credit

The Governor recommends establishing a new refundable child tax credit (CTC) valued at \$325 per child in TY2027 for certain eligible taxpayers. The credit value is subject to an annual adjustment for inflation. The initiative is estimated to result in a revenue loss of \$14.7 million in FY2027 and a loss of \$29.7 million in FY2028.

Section 5 of Article 5 codifies the new child tax credit within the State's personal income statute (RIGL 44-30). It establishes that a "child" for purposes of the credit is anyone 18 or younger (as of 12/31 of the tax year) and that an "eligible taxpayer" is a person domiciled in the state who filed a Rhode Island state personal income tax return for the tax year. The credit is set at \$325 per child and begins phasing out at between income levels of \$261,000 through \$290,800. The credit will also be adjusted annually for inflation. The credit may be used personal income tax return filings for tax years 2027 and beyond. The credit is fully refundable, meaning that it reduces tax liability dollar for dollar and results in refund payments even if the filer's tax liability is zero.

Fiscal Impact: ORA estimates the revenue loss associated with the child tax credit in FY2027 to be \$14.7 million. The out-year impact is summarized in the following table:

Initiative	FY2027	FY2028	FY2029	FY2030	FY2031
Child Tax Credit	(\$14,701,176)	(\$29,657,570)	(\$30,329,465)	(\$31,186,604)	(\$32,129,540)

When evaluating the fiscal impact of the child tax credit, ORA used a personal income tax simulation model that uses the latest full set of tax return data (TY2023). TY 2023 dependent exemption data shows that there were 196,600 total dependents 18 years old or younger claimed on resident personal income tax returns (overall total of 120,900 resident tax returns claimed at least one dependent 18 or younger). The simulation model indicates that 110,500 filers would benefit from how the child tax credit is structured.

Cigarette and Other Tobacco Initiatives

\$8.0 million

The Governor recommends several tobacco product related revenue initiatives that are estimated to generate \$8.0 million in FY2027.

Cigarette and Other Tobacco Initiatives - Fiscal Impact

Initiative	Fiscal Impact
Cigarette Tax Increase	\$4,540,374
Floor Tax	2,467,926
Eliminate Stamp Discount	762,064
Cigar Tax Cap Increase	621,090
Sales Tax Elasticity	(433,335)
Total	\$7,958,119

Cigarette Excise Tax Increase: Article 5 amends RIGL 44-20-12 to increase the excise tax on packs of cigarettes by \$0.75, from \$4.50 to \$5.25. Additionally, the article adds RIGL 44-20-12.8 which assesses an equivalent floor stock tax of \$0.75 for each pack held in inventory by dealers and distributors. The article's effective date is September 1, 2026. At \$5.25 per pack, Rhode Island would have the second-highest state excise tax in the nation.

- **Fiscal Impact:** The ORA estimates that passage of this section will increase revenue by \$6.6 million in FY2027, of which \$4.5 million represents excise tax revenue and \$2.5 million reflects revenue collected from the floor stock tax. The collections are offset by a \$433,335 reduction in sales and use tax, related to consumer behavior from increased pricing. The estimate reflects a partial year, as the effective date of September 1, 2026, occurs late in the first quarter of FY2027.

For budget out-year FY2028, the legislation is expected to increase collections by \$4.5 million, representing a \$2.1 million reduction from the FY2027 estimate. The reduction is primarily due to the floor stock revenue occurring in FY2027 and an applied growth rate of -10.7 percent. The following table illustrates the fiscal impact of the section for FY2026-FY2028.

Revenue Type	FY2026	FY2027	FY2028
Cigarette Excise	\$0	\$4,540,374	\$4,966,883
Sales and Use	-	(433,335)	(474,042)
Floor Stock	-	2,467,926	-
Total	\$0	\$6,574,965	\$4,492,841

Source: Office of Revenue Analysis

Cigar Tax Cap: Article 5 increases the maximum amount of excise tax the state may assess on a single cigar by \$1.50, from the current amount of \$0.50 per cigar to \$2.00, effective September 1, 2026. Currently, any cigar with a wholesale cost of \$0.63 or greater is assessed an excise tax of \$0.50. The Governor's proposal subjects any cigar with a wholesale cost above \$0.63 and below \$2.50 to the State's 80.0 percent excise tax. Cigars with a wholesale cost of \$2.50 or above, would be subject to the maximum amount of \$2.00. The following table compares the excise tax currently assessed on cigars with the Governor's proposal.

Wholesale Price	Current Tax Assessment	Governor's Proposed Assessment
\$0.62 or Less	80%	80%
\$0.63 - \$2.49	\$0.50	80%
\$2.50 or Above	\$0.50	\$2.00

- **Fiscal Impact:** Assuming the implementation date of September 1, 2026, the Office of Revenue Analysis estimates that passage of this section will increase general revenue by \$621,090 in partial year FY2027 and \$974,262 in budget out-year FY2028. The proposal will not impact FY2026.

To estimate the fiscal impact, the Office of Revenue Analysis (ORA) utilized data from Vermont's tiered tax structure. Vermont classifies cigars with a wholesale price of \$2.17 or below as Category 1, cigars with a wholesale cost above \$2.17 and below \$10.00 as Category 2, and cigars with a wholesale

cost above \$10 as Category 3. ORA's calculations indicate that 98.1 percent of cigar sales in Vermont reflect Category 1 cigars and assumed equivalent behavior amongst the two populations.

Cigarette Stamp Discount Elimination: Article 5 eliminates the provision that allows licensed distributors to purchase cigarette stamps at 98.75 percent of face value, effective September 1, 2026. The article eliminates the discount on cigarette stamps provided to licensed distributors and requires that 100.0 percent of the revenue is transferred to the general fund.

- **Fiscal Impact:** Passage of this section will generate an estimated \$762,064 in FY2027 and \$974,262 in budget out-year FY2028. The section will not have an impact on FY2026 due to the implementation date. To estimate the revenue forgone through the discount in FY2027, the Office of Revenue Analysis (ORA) first estimated the forgone revenue in FY2026. The ORA utilized a -10.6 percent growth rate, which was determined at the November 2025 Revenue and Estimating Conference for FY2026 (REC), and collections data from FY2025 to determine that \$1.2 million of revenue was forgone in FY2026. For FY2027, the ORA applied the -9.2 percent year over year growth rate determined at the REC to the \$1.2 million forgone in FY2026, resulting in a \$1.1 million full-year estimate for FY2027. The ORA downwardly adjusted the \$1.1 million to account for increased sales before the discount's elimination and to pro-rate for the implementation date, resulting in an estimate of \$762,064.

Phase-Out of Social Security Taxation

(\$3.0 million)

The Governor recommends the phasing-out of taxing social security income for state personal income tax purposes. This initiative is estimated to produce a revenue loss of \$3.0 million in FY2027 and growing to \$14.7 million in FY2028.

Rhode Island's state tax code uses a taxpayer's federal adjusted gross income (AGI) as the starting point in determining state taxable income. For tax year 2025, the modification to federal AGI for purposes of determining state personal income tax liability is available to taxpayers if they:

- Have attained the age used for calculating full or unreduced Social Security retirement benefits (typically 66 or 67), and
- Are filing as an unmarried individual, a head of household, or as married but filing separately and having a federal adjusted gross income (AGI) for the tax year of less than \$107,000, or
- Are married and are filing jointly and have a federal AGI of less than \$133,750, and
- Have federal AGI that includes Social Security retirement benefit income.

Analyst Note: the income thresholds for this modification are required statutorily to be adjusted annually for inflation. RIGL 44-30-12(c)(8) states these thresholds in the tax year 2016 values of \$100,000 for joint filers, and \$80,000 for all other taxpayers (TY2016 being the first year the modification was made available). The values listed above reflect the TY2025 inflation adjusted amounts.

Taxpayers meeting these requirements can reduce their federal AGI for purposes of determining state tax liability by the *entire* amount of the Social Security retirement benefit income taxed at the federal level.

Section 6 of Article 5 eliminates the State's taxation of social security benefits by tax year 2029. It accomplishes this in phases over three consecutive tax years beginning January 1, 2027, and utilizes the State's existing social security income tax modification as the mechanism to do so.

- **Phase 1:** For tax year 2027, Section 6 of the article amends the eligibility requirements for the current modification by eliminating the need to have reached full Social Security retirement age.
- **Phase 2:** For tax year 2028, Section 6 further amends the eligibility requirements by increasing the income thresholds stated in TY2016 values from \$100,000 to \$206,550 for married couples filing jointly, and from \$80,000 to \$165,200 for all other filers.

According to budget documents these threshold values, when adjusted for estimated inflation growth for TY2028, will make the modification available to approximately half of the remaining taxpayers that would otherwise have had their benefits taxed.

- **Phase 3:** For Tax Year 2029 and after, Section 6 amends the eligibility requirements by eliminating the income thresholds for all taxpayers. This has the practical effect of eliminating state taxation of Social Security retirement benefits in Rhode Island.

Article 5 - Eligibility Requirement Changes *

		TY2027	TY2028	TY2029
	Current	Phase 1	Phase 2	Phase 3
<i>Income Thresholds</i>				
Single	\$107,000	\$161,566	\$165,200	-
Married Filing Jointly	133,750	202,006	206,550	-
Head of Household	107,000	161,566	165,200	-
Married Filing Separately	107,000	161,566	165,200	-
<i>Age Requirement</i>				
	67	-	-	-

**Thresholds are estimates based on ORA inflation methodology*

Pension and Annuity Income Tax Exemption – Inflation Index: Section 6 of Article 5 also amends (RIGL 44-30-12(c)(9)) which allows qualified taxpayers to reduce federal AGI used to determine state tax liability by \$50,000 of federally taxed pension and annuity income. The eligibility qualifications are identical to the current Social Security modification, including income thresholds and age requirements. The income thresholds are also required to be annually adjusted for inflation. However, the way the statute is constructed, the inflation adjustment for the pension and annuity modification is tied to the Social Security inflation adjustment. The article eliminates the latter adjustment by TY2029. Section 6 provides for a distinct inflation adjustment to the income thresholds for this modification and bases the starting thresholds in TY2025 dollars).

Fiscal Impact: The revenue loss associated with the phased ending of the taxation of Social Security retirement benefits is summarized in the following table.

Initiative	FY2027	FY2028	FY2029	FY2030	FY2031
SS Tax Phase-Out	(\$2,976,997)	(\$14,638,767)	(\$41,282,869)	(\$60,090,887)	(\$61,907,752)

The Office of Revenue Analysis based its estimates on several assumptions and variables. Using data from the most complete tax return data (TY2023), ORA determined that there will be an estimated 39,700 total taxpayers who will experience relief from the elimination of the tax on benefits. The following table shows the impact by phase:

Taxpayers Experiencing Relief from SS Taxation				
	Phase 1	Phase 2	Phase 3	
Taxpayer	TY2027	TY2028	TY2029	Total
resident	9,200	11,600	11,200	32,000
non-resident	1,400	1,900	4,400	7,700
Total	10,600	13,500	15,600	39,700

Source: ORA, based on data from TY2023 tax returns

The TY2023 data was used by ORA to produce a simulation for each of the phases described above. Estimated threshold amounts similarly were derived from TY2023 levels and adjusted for inflation and policy changes. ORA takes the tax simulation results and then converts them from tax years to fiscal years. For the out-year impacts ORA incorporates data from the November 2025 revenue estimating conference as well as the Governor's Recommended Budget out-year projections.

Utility Ratepayer Savings**(\$2.3 million)**

The Governor proposes several energy affordability initiatives in FY2027. These are summarized in the following table along with the amount of savings to the ratepayer for each. Greater detail on these initiatives may be found in the article section of this report.

Energy Affordability Initiatives - CY2027 Ratepayer Savings	
Initiative	Ratepayer Savings
Renewable Energy Standard	\$63.8
Energy Efficiency	23.5
Paving Expenses	16.0
Alternative Compliance Payments	5.0
Long-term Contracting Incentive	2.5
ISO New England Incentive	0.2
Net Metering	0.0
Total	\$111.0
<i>\$ in millions</i>	

Fiscal Impact: The ratepayer savings result in a reduction in utility companies' gross earnings. These earnings are taxed by the State at 4.4 percent. The ORA estimates the reduction in public utility gross earnings tax receipts from electric companies based on the Governor's proposals will be \$2.3 million in FY2027 and \$4.8 million in FY2028.

Pawtucket TIF Debt Service Rescheduling**\$503,713**

The Governor includes an additional \$503,713 in available general revenue in FY2027 based on a reduction in debt service costs related to the Centerville Bank (Tidewater) Stadium Project in Pawtucket. In February 2024, the Pawtucket Redevelopment Agency (PRA) issued a 30-year, \$54.0 million bond at 7.5 percent with total debt service of \$131.7 million. Although these were appropriation-back bonds, the rates obtained reflected risks associated with whether the stadium would ever be placed in service. This risk was eliminated in August 2025, when the stadium began operations. The PRA, along with the State worked with bondholders to refinance the debt in December 2025, reducing the total debt service down to \$116.6 million, saving \$15.1 million over the term. The debt service is in part paid with tax revenue generated by economic activity associated with the Pawtucket Tax Incremental Financing (TIF) district where the stadium project is located. Since less of the revenue is needed for debt service, more is available as general revenue.

Fiscal Impact: The breakdown of the savings by tax type for FY2027 is shown in the table.

Pawtucket TIF Reschedule Fiscal Impact	
Tax Type	Fiscal Impact
Sales and Use	\$272,005
Personal Income	213,071
Business Corporations	18,637
Total	\$503,713

FY2026 SUPPLEMENTAL CHANGES

The Budget includes a \$27.1 million increase in revenues above November 2025's FY2026 revenue estimate. Initiatives impacting FY2026 revenue are summarized below.

Governor's Recommended General Revenue Initiatives

Decoupling from Federal R&D Expensing Rules	\$22.6
Reserve Transfers	4.5
Total	\$27.1

\$ in millions

Totals may vary due to rounding.

Decoupling from Federal R&D Expensing Rules**\$22.6 million**

The Governor includes \$22.6 million in additional business corporations tax revenue in FY2026 based on a proposal to not adopt certain new federal rules related to how a business' income is determined for tax purposes. Since 2017, businesses have been required to amortize R&D over a five-year period. Under new federal law, starting in tax year 2025 businesses are allowed to expense all these costs in the first year. This leads to a much-reduced net taxable income for a business in that first year. The effect on taxable income however moderates over time as the costs are expensed earlier. The FY2026 Budget as Enacted decoupled from this new provision for FY2025. The Division of Taxation and the ORA estimate that this action preserved \$65.8 million in TY2025. Article 5 of the Governor's proposed budget permanently extends this decoupling as it relates to R&D expensing. This is estimated to increase general revenue by \$22.6 million in both FY2026 and FY2027. As indicated, the fiscal impact reduces in the out-years, to \$10.9 million in FY2028 down to \$2.0 million by FY2031.

Reserve Transfers**\$4.5 million**

The Governor recommends transferring \$2.5 million from the reserves of the Rhode Island Health and Education Building Corporation (RIHEBC) in FY2026. According to OMB, the quasi-public agency had an unrestricted fund balance at the close of FY2025 of \$10.8 million. The Governor also recommends transferring \$2.0 million from the reserves of the Rhode Island Infrastructure Bank (RIIB) to the general fund in FY2026. OMB indicates that RIIB had unrestricted balances at the close of FY2025 of \$33.3 million.

Lastly, the Governor recommends a one-time transfer of \$5.0 million to general revenue from the marijuana trust fund, which has generated revenues exceeding what is required to administer the adult-use cannabis market. According to budget documents these funds will support the 988 Suicide Prevention Hotline (\$1.0 million) and the State's certified community behavioral health centers (\$4.0 million). The budget documents also indicate that this is treated as an intra-fund transfer from a restricted receipt account to general revenue within the general fund and therefore is to be recorded as a "fund balance adjustment" within the general fund and not recorded as additional general revenue.

Governor's Recommended Estimated Revenues		
	FY2026 Supplemental	FY2027 Governor
Personal Income Tax	\$2,056.4	\$2,189.2
General Business Taxes		
Business Corporations	339.6	357.1
Public Utilities Gross Earnings	115.0	115.5
Financial Institutions	11.5	16.8
Insurance Companies	176.9	185.3
Bank Deposits	5.2	5.4
Health Care Provider Assessment	46.8	49.8
Sales and Use Taxes		
Sales and Use	1,726.0	1,778.6
Cigarettes	114.5	119.3
Alcohol	20.0	20.2
Other Taxes		
Inheritance and Gift	98.8	96.2
Racing and Athletics	0.7	0.7
Realty Transfer	26.5	30.1
Total Taxes	4,737.9	4,964.2
Departmental Receipts	574.9	581.6
Taxes and Departmentals	5,312.8	5,545.8
Other Sources		
Other Miscellaneous	29.8	20.1
Lottery	451.3	453.1
Unclaimed Property	29.0	24.5
Other Sources	510.1	497.7
Total General Revenues	5,822.9	6,043.5
\$ in millions		

Municipal Aid

The Governor's recommends \$427.6 million in state aid to municipalities in FY2027. This is \$4.2 million more than the FY2026 enacted level. The net increase is primarily related to increased estimated hotel tax revenue (including new receipts from the whole house short-term rental tax).

Funding for the Distressed Community Relief program is level funded at \$14.9 million. The Payment in Lieu of Taxes program is reduced by \$2.3 million for a total of \$49.0 million (full 27.0 percent cap).

Meal and Beverage Tax revenue is projected to increase by a total of \$3.1 million for FY2027 and the Hotel Tax is projected to increase by \$5.9 million over the FY2026 enacted level. Tables showing impacts by community are included at the end of this analysis.

Program	FY2026 Enacted	FY2026 Revised	Change from Enacted		FY2027 Governor	Change from Enacted	
Payment in Lieu of Taxes	\$51.3	\$51.3	-	-	\$49.0	(2.3)	-4.5%
Distressed Communities	14.9	14.9	-	-	14.9	-	0.0%
Motor Vehicle Excise Tax	239.6	239.6	-	-	239.6	-	0.0%
Tangible Tax Reimbursement	25.9	25.9	-	-	25.9	-	0.0%
State Aid to Libraries							
Grant-in-Aid	12.1	12.1	-	-	12.1	-	-
Library Construction	2.1	2.1	-	-	2.1	-	-
Total Direct Aid	\$345.9	\$345.9	-	-	\$343.6	(\$2.3)	-0.7%
Public Service Corporations Tax	\$15.7	\$15.7	-	-	\$13.2	(2.5)	(0.2)
Meals & Beverage Tax	42.0	43.2	1.2	2.9%	45.1	3.1	7.4%
Hotel Tax	18.9	19.2	0.3	1.6%	24.8	5.9	31.2%
Airport Impact Aid	1.0	1.0	-	0.0%	1.0	-	0.0%
Total Indirect Aid*	\$77.6	\$79.1	\$1.5	1.9%	\$84.0	\$6.5	8.4%
Total Aid	\$423.5	\$425.0	\$1.5	0.4%	\$427.6	\$4.2	1.0%

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

*Values are based on estimates made at the time of the Budget's introduction are subject to revision.

DIRECT AID TO LOCAL GOVERNMENT

Payment in Lieu of Taxes (PILOT)

The Payment in Lieu of Taxes (PILOT) program was established in 1986 to reimburse cities and towns for property taxes that would have been due on real property owned by entities that are statutorily exempt from paying taxes. These entities include private nonprofit institutions of higher education, nonprofit hospitals, or any state-owned property such as hospitals, veterans' residential facilities, or correctional facilities. The objective is to offset the costs to the community for providing public safety or other municipal services to these properties. The following table lists the properties that are counted towards the PILOT program:

Fiscal Year	PILOT Funding Trends		
	Total Funding	% Change	% Reimbursed
2022	\$46.1	-9.1%	26.0%
2023	48.4	5.0%	27.0%
2024	49.2	1.7%	27.0%
2025	49.2	0.0%	26.7%
2026	51.3	4.3%	27.0%
2027	49.0	-4.5%	27.0%

\$ in millions.

PILOT Properties by Municipality	
Barrington	Providence
RI School of Design	Brown University
Bristol	Butler Hospital
Brown University	Home & Hospice Care of RI
Roger Williams University	Johnson & Wales University
RI Veterans Home	Miriam Hospital
Burrillville	Providence College
Zambarano Hospital	Rhode Island Hospital
Cranston	Rhode Island School of Design
Brown University	Roger Williams University
Johnson & Wales University	Women & Infants Hospital of Rhode Island
State Hospital and Prisons	Smithfield
East Greenwich	Bryant University
New England Institute of Technology	South Kingstown
Women & Infants Hospital of Rhode Island	South County Hospital
East Providence	Warwick
Bradley Hospital	Bradley Hospital
Rhode Island Hospital	Kent County Memorial Hospital
Newport	New England Institute of Technology
International Yacht Restoration School	Westerly
Newport Hospital	Westerly Hospital
Salve Regina College	Women & Infants Hospital of Rhode Island
North Kingstown	Woonsocket
South County Hospital	Landmark Hospital
Pawtucket	
Miriam Hospital	

The Budget includes \$49.0 million in general revenue for the State's PILOT program in FY2027, \$2.3 million less than the FY2026 enacted level.

Current law requires reimbursement payments in the amount of 27.0 percent of forgone tax revenue but allows for a ratable reduction if the appropriation is less than this amount. The Budget appropriates 27.0 percent.

Distressed Community Relief

The Distressed Community Relief (DCR) aid program was established in 1990 to provide State assistance to communities with the highest property tax burdens relative to the wealth of taxpayers. The Budget includes \$14.9 million in general revenue for the Distressed Community Relief Fund in FY2027, equal to the FY2026 enacted level.

Qualification for distressed community relief funds is based upon four inputs – percent of tax levy to full value of property, per capita income, percent of personal income to full value of property, and per capita full value of property. This data is updated annually from the census data and certified by the Division of Municipal Finance. Distribution of funds is based on the ratio of an eligible municipality's tax levy to the total tax levy of all eligible municipalities. The program allows for transitional funding for when a community is either newly eligible or determined to no longer be eligible for the program. This funding is 50.0 percent of its proportional share.

The Town of Coventry qualified as a distressed community in FY2026 and received a 50.0 percent appropriation of \$804,459. The remaining 50.0 percent of Coventry's appropriation is divided among the remaining six distressed communities. In FY2027 Coventry is appropriated the full formula amount of \$1.6 million.

Analyst Note: At the time the Governor submitted the Budget to the General Assembly at the beginning of January 2026, the data needed to determine which communities are eligible for Distressed Community had not been released by the U.S. Census. The delay required the Division of Municipal Finance to use 2024 Census data to calculate a distribution estimate (as shown in the table above). The data has subsequently been updated by the U.S. Census for 2025. The new information indicates that East Providence is now eligible for the program in FY2027. Like Coventry in FY2026, East Providence will receive 50.0 percent of its proportional share in FY2027 and its full formula share in FY2028. The following table shows the revised distribution:

Municipality	FY2026 Enacted	FY2027		Updated FY2027	
		Governor	Change	Governor	Change from Gov. Original
Central Falls	\$305,400	\$283,906	(\$21,494)	\$267,032	(\$16,874)
Coventry	804,459	\$1,581,883	777,424	\$1,487,864	(94,019)
East Providence	-	-	-	\$884,650	884,650
North Providence	1,275,820	1,165,297	(110,523)	1,096,039	(69,258)
Pawtucket	2,021,793	1,930,433	(91,360)	1,815,698	(114,735)
Providence	8,185,589	7,781,873	(403,716)	7,319,362	(462,511)
West Warwick	1,295,536	1,198,228	(97,308)	1,127,012	(71,216)
Woonsocket	995,860	942,838	(53,022)	886,801	(56,037)
Total	\$14,884,458	\$14,884,458	-	\$14,884,458	-

The Budget requires that any community classified as “distressed” be mandated to participate in the Division of Taxation’s income tax refund offset program, allowing the Division to recover unpaid State and local taxes and/or fines through an intercept of an individual’s income tax refund. The program assists communities with maximizing their collection of revenue, thereby reducing or eliminating their distressed condition. All seven communities are currently participating.

Motor Vehicle Excise Tax

In FY2023, the General Assembly eliminated local motor vehicle excise taxes (“car taxes”) throughout the State. This was the culmination of an extended phase-out period that began with the Motor Vehicle and Trailer 4 Tax Elimination Act of 1998 (MVET Act), was paused for seven years, was reinstituted in FY2018, and then finally completed in FY2023, a year earlier than originally contemplated. Throughout the phase-out, the State has provided municipalities with general revenue-funded formula aid that increasingly offset losses in local revenue. The final annual aid distribution amounts by municipality totals \$234.7 million (equal to the FY2024 levy) and are codified in RIGL 44-34.1-2.

Current law (RIGL 44-34.1-2 (c)) also provides that beginning in FY2026, the car tax reimbursement provided to municipalities will include an annual adjustment indexed to growth in the state sales tax and subject to a cap of 2.0 percentage point increase from the previous year. This adjustment was originally enacted to mitigate potential foregone revenue loss subsequent to the elimination of the car tax due to changes in the economy. As sales tax revenue grows (or decreases), the State reimbursement to municipalities grows (or decreases), proportionately. The estimated final annual aid distribution in FY2026, inclusive of the sales tax adjustment totals \$239.6 million.

Article 5 of the Governor’s FY2027 budget recommendation makes statutory changes that permit the sales tax adjustment to take place and be distributed through FY2026 only and then locks in the reimbursement to the FY2026 amount. The annual sales tax growth adjustment first has a fiscal impact in FY2026. The out-year impact is summarized in the following table.

Fiscal Impact Relative to FY2026 Current Law vs. Article 5

Scenario	FY2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Motor Vehicle Aid w/Adjustment	\$239.6	\$244.4	\$249.3	\$254.3	\$259.3	\$264.5
Motor Vehicle Aid w/o Adjustment	239.6	239.6	239.6	239.6	239.6	239.6
Change from FY2026	-	(\$4.8)	(\$9.7)	(\$14.7)	(\$19.7)	(\$24.9)

\$ in millions

Tangible Tax Changes

In FY2024, the General Assembly provided for a state aid program that reimburses municipalities the foregone revenue associated with a statewide tangible property tax exemption. Tangible personal property (TPP) comprises property that can be moved or touched and commonly includes items such as business equipment and furniture. It is one of four classifications of property that typically are taxed by municipalities, the others being residential real estate, commercial/industrial, and motor vehicles. The latter has been completely phased out in Rhode Island as of FY2023.

The program provides an exemption on the first \$50,000 in tangible property value from the TPP statewide, as of the assessment date of December 31, 2023. The exemption does not apply to public service corporations or certain renewable energy resources and associated equipment. All ratable tangible personal property valued above \$50,000 remains taxable. The change is estimated to positively impact all taxpayers (except those noted above) and eliminate the TPP tax liability altogether for 30,152 business, or 75.0 percent of taxpayers.

To offset the revenue loss to municipalities associated with the exemption, the state provides aid through a program within the Department of Revenue's Division of Municipal Finance (DMF). DMF reimburses municipalities at 100.0 percent of the revenue foregone due to the exemption that would have been collected for FY2025. Municipalities had until August 15, 2024, to document, certify, and file their tangible property tax assessments with the DMF in order for reimbursement. No adjustments are made to this baseline in future fiscal years. Reimbursement payments are to be made by September 30th of each year. Reimbursements are not made until a municipality or fire district has provided DMF with its certified tax roll and any other required information. The Governor's FY2027 and FY2026 revised budgets include \$25.9 million in reimbursements for municipalities.

Analyst Note: As noted above, municipalities had until August 15, 2024, to document, certify, and file the assessment with the Division of Municipal Finance. Based on this schedule, actual reimbursement amounts would not be known until the FY2025 Supplemental Budget.

The FY2024 Budget as Enacted included \$28.0 million in general revenue within the Department of Revenue for the new state aid program with the provision that any unused funds be subject to automatic reappropriation to the following fiscal year. These funds were appropriated as a placeholder with the understanding that implementation and reimbursements do not take place until FY2025. The FY2025 Supplemental Budget and FY2026 Budgets include \$25.9 million for the program based on the actual documentation submitted by municipalities and certified by DMF.

State Aid to Libraries

Grant-in-Aid: State aid to libraries is distributed based on the city or town's expenditure level as a percentage of the total expenditures by all communities statewide. In order to be eligible for these funds, cities and towns must maintain their level of support for public library services at 100.0 percent of the previous year's funding from the local tax base. The Budget provides cities and towns with \$14.2 million in total direct library aid in FY2027 equal to the FY2026 enacted level. This includes \$1.2 million in funding for the Statewide Reference Library Resource Grant that supports interlibrary services for all municipal libraries. Distribution of direct library aid is based on qualifying data from the statutory reference year. Current law requires reimbursement of 25.0 percent of second prior year expenses but allows for a ratable reduction if the appropriation is less than this amount. The FY2027 appropriation is funded at 24.1 percent.

Fiscal Year	Grant in Aid*	Library Aid		% Change
		Construction	Total Aid	
2022	\$9.6	\$2.1	\$11.7	-4.9%
2023	11.0	1.9	12.9	9.8%
2024	11.5	2.1	13.6	5.8%
2025	11.9	2.2	14.1	3.7%
2026	12.1	2.1	14.2	0.7%
2027	12.1	2.1	14.2	0.0%

\$ in millions

*Inclusive of the Statewide Reference Library Resources Grant

Construction Reimbursement: Rhode Island law grants authority to the Office of Library and Information Services (OLIS) to award grants to a municipality or a free public library for construction or capital improvements. Grants are limited to a maximum of 50.0 percent of the total eligible costs as determined by the Office of Library and Information Services and are paid on an installment basis, based on a community's debt service requirement, for a period of up to 20 years.

For FY2027, the Budget includes \$2.1 million for Library Construction Aid, equal to the FY2026 enacted level.

INDIRECT AID TO LOCAL GOVERNMENT

Public Service Corporation Tax

The tangible personal property of telegraph, cable, and telecommunications corporations and express corporations is exempt from local taxation. It is, however, subject to taxation by the State. The State Tax Administrator applies the average assessment ratio and the average tax rate to the value of tangible personal property of each company to calculate the amount of tax due. The "average assessment ratio" is the total assessed valuation divided by the full market value of the valuation. The "average property rate" is the total statewide property levy divided by the total statewide assessed valuation.

The revenue from this tax flows through the State; it is not appropriated. The State is allowed to keep 0.75 percent of the tax for administrative fees. The remainder of the revenue is deposited into a restricted receipt account and apportioned to the cities and towns based on the ratio of each municipality's population relative to the total population of the State.

Fiscal Year	Public Service Corporation Tax	
	Total Funding	% Change
2022	\$12.6	-4.5%
2023	13.1	4.0%
2024	14.5	10.7%
2025	15.5	6.9%
2026	15.7	1.3%
2027	13.2	-15.9%

\$ in millions

In 2009, the General Assembly passed legislation freezing the tax rate on telecommunications tangible personal property at a rate equal to or greater than the rate that applied in FY2008. For each year thereafter, the tax rate applied to telecommunications tangible property can be no less than the rate that applied in FY2008.

The Budget includes the estimated amount of \$13.2 million to be distributed to municipalities on July 30, 2027.

Meals and Beverage Tax

During the 2003 session, the General Assembly enacted a 1.0 percent gross receipt tax on retail sales of meals and beverages in or from eating and/or drinking establishments. The revenue from this tax flows through the State; it is not appropriated. The taxes are collected by the Division of Taxation and distributed at least quarterly to the city or town where the meals and beverages were delivered.

For FY2026, the state anticipates \$41.4 million in collections, increasing to \$45.1 million in FY2027.

Meals & Beverage Tax		
Fiscal Year	Total Funding	% Change
2022	\$32.4	33.8%
2023	35.7	10.1%
2024	38.5	7.8%
2025	39.6	2.9%
2026	41.4	4.5%
2027	45.1	8.9%
<i>\$ in millions</i>		

Hotel Tax

The State levies a 5.0 percent gross receipts tax on charges for occupancy of any space furnished in buildings or structures with a minimum of three rooms that are kept, used, maintained, advertised, or held out to the public to be a space where living quarters are supplied for pay for transient use (30 days or less). This tax is collected by the hotel and remitted to the Division of Taxation on a monthly basis.

This tax is in addition to all other taxes and fees currently imposed. The Division of Taxation collects the tax and is responsible for distribution, except for the City of Newport, which is authorized to collect and disburse taxes from all hotels physically located in the City. 25.0 percent of the revenue from the 5.0 percent hotel tax is distributed to the city or town where the hotel which generated the tax is physically located.

Hotel Tax Distribution		
Fiscal Year	Total Distribution	Change
2022	\$11.8	119.5%
2023	13.8	16.6%
2024	13.5	-1.8%
2025	15.0	11.1%
2026	19.2	21.2%
2027	24.8	29.2%
<i>\$ in millions</i>		

The FY2016 Budget as Enacted expanded the hotel tax to include vacation home rentals, small bed and breakfasts, hotel room resellers, and partial-home room rentals from unlicensed lodging. The FY2026 Budget as Enacted Article 5 of the Budget increased the 1.0 percent local occupancy tax to 2.0 percent and added a new 5.0 percent whole house short-term rental tax.

The Budget includes \$19.2 million in estimated hotel tax distribution in FY2026 and \$24.8 million in FY2027 and reflects the additional whole house short-term rental tax.

OTHER AID TO LOCAL GOVERNMENT

Warwick Rental Car Tax Revenue

The RI Airport Corporation levies a customer service charge (CSC) of \$5.00 per day for all vehicle rentals from companies operating at Rhode Island T.F. Green International Airport in Warwick. Revenues from the CSC are to be used to pay for the construction, expansion, reconfiguration, operation and maintenance of the Warwick Intermodal Transit Station. The CSC is applied prior to the application of the sales tax and rental vehicle surcharge. Since 2003, per RIGL 1-2-17.1, all sales taxes (7.0 percent) and rental vehicle surcharges (6.0 percent) collected from the application of the CSC have been deposited into a restricted receipt account for the City of Warwick. The Budget includes \$1.1 million in CSC payments to the City in both FY2026 and FY2027. Article 2 of the FY2026 Budget as Enacted exempts these funds from the 15.0 percent indirect cost recovery charge the state levies on restricted receipt accounts.

Airport Impact Aid

The Budget provides \$1.0 million in funding for the Airport Impact Aid program in FY2027. The Airport Impact Aid program provides State aid funds to municipalities which host airports. Under current law, the aid is distributed according to a statutory formula that provides 60.0 percent of the first \$1.0 million, or \$600,000, for communities with airports serving more than 1.0 million passengers per year. Rhode Island

T.F. Green International in Warwick is the only airport in the State that meets this threshold. The remaining 40.0 percent is distributed to communities based on each airport's share of total landings in a calendar year, including Rhode Island T.F. Green International. Under current law, no community that hosts an airport can receive less than \$25,000.

The following table shows the estimated distribution of Airport Impact Aid for FY2025 and FY2026:

Airport	FY2026*	FY2027^	Change
Warwick - Rhode Island T.F. Green International	\$769,971	\$769,971	\$0
Block Island	44,684	44,684	-
Middletown - Newport Airport	33,482	33,482	-
Smithfield - North Central	25,000	25,000	-
Lincoln - North Central	25,000	25,000	-
North Kingstown - Quonset	56,332	56,332	-
Westerly	55,567	55,567	-
Grand Total	\$1,010,036	\$1,010,036	\$0

^FY2027 Airport Impact Aid is based on Calendar Year 2025 landing data that is made available in May 2027.

*Final FY2026 distribution amounts will be made based upon data anticipated to be received in Q3/4 of FY2026.

Property Revaluation Reimbursement

In 1997, the General Assembly enacted legislation requiring municipalities to conduct full property revaluations every nine years and statistical updates at year 3 and year 6. Communities are responsible for appropriating funds to cover the costs of full property revaluations; however, the State reimbursed municipalities for 100.0 percent of the first statistical update. Reimbursements for subsequent updates were set at 80.0 percent (up to \$16 per parcel) for the second statistical update and 60.0 percent (up to \$12 per parcel) for the third and subsequent statistical revaluations. The Budget includes \$826,038 in general revenue for the Property Revaluation program in FY2027, reflecting an increase of \$113,648 relative to the FY2026 enacted level. The change is based on an increase in anticipated reimbursements. The following communities will be reimbursed for statistical updates in 2027: Burrillville, North Smithfield, Smithfield, Lincoln, Central Falls, East Providence, Warwick, West Warwick, North Kingstown, South Kingstown, and Jamestown. Woonsocket, Scituate, Providence, Bristol, Westerly, and Little Compton are scheduled for a full revaluation.

Property Revaluation Program		
Fiscal Year	Total Distribution	Change
2022	\$1.5	36.4%
2023	0.4	-62.3%
2024	0.9	-39.6%
2025	1.4	108.3%
2026	0.7	-49.1%
2027	0.8	12.3%

\$ in millions

Municipality	FY2027 Direct Aid							Change from FY2026
	FY2026 Enacted	Payment in Lieu of Taxes	Distressed Communities Relief Fund	Library Aid	Motor Vehicle Excise Tax	Tangible Property	FY2027 Governor	
Barrington	\$6,478,976	\$19,206	-	\$376,927	\$6,013,312	\$83,638	\$6,493,083	\$14,107
Bristol	4,734,981	1,272,090	-	251,792	2,970,720	147,284	4,641,886	(93,095)
Burrillville	5,513,841	45,450	-	235,858	5,150,845	72,656	5,504,808	(9,033)
Central Falls	2,826,938	-	267,032	36,269	2,132,210	351,907	2,787,418	(39,520)
Charlestown	1,118,678	-	-	69,649	1,030,171	18,324	1,118,144	(534)
Coventry	7,430,108	-	1,487,864	276,371	5,989,355	365,715	8,119,304	689,196
Cranston	28,893,537	3,594,530	-	836,564	22,783,506	1,738,596	28,953,196	59,659
Cumberland	7,089,656	-	-	365,928	6,204,972	505,178	7,076,077	(13,579)
East Greenwich	4,126,790	961,042	-	153,754	2,467,614	546,636	4,129,046	2,256
East Providence	14,378,249	308,356	884,650	558,389	11,667,263	1,883,783	15,302,441	924,192
Exeter	2,398,565	-	-	69,070	2,275,955	53,418	2,398,442	(123)
Foster	1,822,668	-	-	44,766	1,677,019	100,687	1,822,472	(196)
Glocester	2,723,047	-	-	98,664	2,419,699	203,566	2,721,929	(1,118)
Hopkinton	1,888,497	-	-	46,228	1,653,062	189,737	1,889,027	530
Jamestown	792,228	-	-	121,561	646,850	23,473	791,884	(344)
Johnston	12,118,006	-	-	142,931	10,589,179	1,391,119	12,123,230	5,224
Lincoln	6,553,420	-	-	261,987	5,797,695	483,036	6,542,718	(10,702)
Little Compton	467,654	-	-	46,549	383,319	35,997	465,865	(1,789)
Middletown	2,493,347	-	-	178,976	2,012,423	300,020	2,491,420	(1,927)
Narragansett	2,159,665	-	-	232,183	1,868,679	77,223	2,178,084	18,419
Newport	4,579,511	1,526,284	-	497,037	2,275,955	304,205	4,603,481	23,970
New Shoreham	294,751	-	-	113,857	167,702	14,181	295,740	989
North Kingstown	6,182,144	55	-	365,353	5,486,249	329,980	6,181,637	(507)
North Providence	12,252,416	-	1,096,039	257,982	9,822,542	907,238	12,083,801	(168,615)
North Smithfield	5,027,719	-	-	99,527	4,480,037	449,370	5,028,935	1,216
Pawtucket	20,769,987	2,793	1,815,698	514,187	16,842,066	1,377,212	20,551,956	(218,031)
Portsmouth	2,780,837	-	-	140,557	2,467,614	168,858	2,777,029	(3,808)
Providence	90,430,003	37,144,858	7,319,362	1,465,947	34,834,087	6,101,330	86,865,585	(3,564,418)
Richmond	1,620,422	-	-	30,870	1,485,360	104,948	1,621,179	757
Scituate	2,305,263	-	-	146,121	2,012,423	146,895	2,305,439	176
Smithfield	10,247,065	1,802,349	-	374,151	7,235,141	1,331,050	10,742,690	495,625
South Kingstown	4,681,482	169,364	-	275,273	4,000,889	211,379	4,656,905	(24,577)
Tiverton	2,079,600	-	-	155,476	1,772,849	153,001	2,081,326	1,726
Warren	2,391,924	-	-	76,419	2,132,210	179,960	2,388,590	(3,334)
Warwick	31,533,887	1,756,150	-	911,167	25,778,183	3,080,934	31,526,434	(7,453)
Westerly	6,998,244	125,925	-	456,644	5,893,525	485,171	6,961,265	(36,979)
West Greenwich	1,603,466	-	-	75,672	1,365,573	163,578	1,604,823	1,357
West Warwick	8,155,008	-	1,127,012	231,924	5,797,695	829,938	7,986,569	(168,439)
Woonsocket	11,944,597	320,690	886,801	251,637	9,511,095	834,588	11,804,811	(139,786)
SRL ¹	1,169,541	-	-	1,169,541	-	-	1,169,541	(0)
ILG ²	81,264	-	-	81,264	-	-	81,264	-
LCA ³	2,115,628	-	-	2,097,515	-	-	2,097,515	(18,113)
Fire Districts	617,851	-	-	-	455,191	162,660	617,851	(0)
Total	\$345,871,460	\$49,049,142	\$14,884,458	\$14,192,538	\$239,550,236	\$25,908,469	\$343,584,842	(\$2,286,620)

FY2027 Indirect Aid

Municipality	FY2026 Enacted	Public Service Corp. Tax	Hotel Tax	Meals and Beverage Tax	Airport Impact Fees ¹	Change from	
						FY2027 Governor	FY2026 Enacted
Barrington	\$430,383	\$206,352	\$6,873	\$281,110	-	\$494,335	\$63,952
Bristol	1,201,108	269,103	161,100	801,378	-	1,231,580	30,472
Burrillville	514,262	195,861	516	294,898	-	491,276	(22,986)
Central Falls	617,116	271,080	1,170	320,579	-	592,829	(24,287)
Charlestown	526,481	96,671	268,683	259,064	-	624,418	97,937
Coventry	1,285,556	431,165	191,284	665,528	-	1,287,977	2,421
Cranston	4,184,768	996,394	60,192	3,203,509	-	4,260,095	75,327
Cumberland	1,279,526	438,798	1,655	779,299	-	1,219,752	(59,774)
East Greenwich	1,383,160	173,723	6,733	1,250,385	-	1,430,841	47,681
East Providence	2,270,623	566,374	126,558	1,679,317	-	2,372,249	101,626
Exeter	274,139	85,613	1,350	177,634	-	264,597	(9,542)
Foster	90,892	54,033	2,991	19,366	-	76,390	(14,502)
Glocester	282,293	121,390	5,064	152,845	-	279,299	(2,994)
Hopkinton	188,489	101,542	4,447	62,622	-	168,612	(19,877)
Jamestown	307,389	66,863	140,693	173,551	-	381,107	73,718
Johnston	1,568,353	356,428	27,126	1,201,332	-	1,584,886	16,533
Lincoln	1,729,578	272,166	393,528	1,110,953	25,034	1,801,680	72,102
Little Compton	168,025	43,422	94,956	56,254	-	194,632	26,607
Middletown	3,430,337	204,025	2,593,214	1,299,284	33,482	4,130,004	699,667
Narragansett	1,817,611	175,326	889,905	1,104,390	-	2,169,621	352,010
Newport	9,214,191	301,805	7,068,495	3,995,573	-	11,365,874	2,151,683
New Shoreham	1,947,477	9,996	1,782,646	623,945	44,684	2,461,271	513,794
North Kingstown	1,612,691	334,446	259,295	1,014,938	56,332	1,665,012	52,321
North Providence	1,228,862	409,255	5,602	840,835	-	1,255,693	26,831
North Smithfield	676,771	151,728	9,838	521,728	-	683,295	6,524
Pawtucket	2,589,203	907,742	176,210	1,476,912	-	2,560,864	(28,339)
Portsmouth	784,614	213,913	64,861	509,946	-	788,720	4,106
Providence	15,097,309	2,293,639	4,074,276	9,274,083	-	15,641,998	544,689
Richmond	400,790	97,756	101,734	267,594	-	467,084	66,294
Scituate	272,914	125,610	16,995	118,763	-	261,368	(11,546)
Smithfield	1,915,720	266,185	394,819	1,377,553	25,034	2,063,591	147,871
South Kingstown	2,224,279	385,923	651,746	1,354,785	-	2,392,454	168,175
Tiverton	718,649	196,066	15,363	502,337	-	713,766	(4,883)
Warren	752,157	134,304	6,077	638,133	-	778,514	26,357
Warwick	7,977,295	999,275	2,257,851	4,495,213	769,903	8,522,242	544,947
Westerly	3,412,062	281,173	2,337,721	1,528,633	55,567	4,203,094	791,032
West Greenwich	454,390	79,560	227,031	187,099	-	493,690	39,300
West Warwick	1,243,790	374,106	280,726	627,595	-	1,282,427	38,637
Woonsocket	1,531,942	519,395	105,599	894,003	-	1,518,998	(12,944)
Total	\$77,605,195	\$13,208,207	\$24,814,923	\$45,142,968	\$1,010,036	\$84,176,133	\$6,570,938

¹*FY2027 Airport Impact Aid is based on Calendar Year 2026 landing data that is made available in March 2027.

Final FY2027 distribution amounts will be made based upon data anticipated to be received in Q3/4 of FY2027. The state aid for each municipality is an estimate provided by the Senate Fiscal Office.

Municipality	FY2026 Direct Aid						FY2026 Revised	Change from FY2026
	FY2026 Enacted	Payment in Lieu of Taxes	Distressed Communities Relief Fund*	Library Aid	Motor Vehicle Excise Tax	Tangible Property		
Barrington	\$6,478,976	\$18,467	-	\$363,559	\$6,013,312	\$83,638	\$6,478,976	-
Bristol	4,734,981	1,388,333	-	228,644	2,970,720	147,284	4,734,981	-
Burrillville	5,513,841	64,050	-	226,290	5,150,845	72,656	5,513,841	-
Central Falls	2,826,938	-	305,400	37,420	2,132,210	351,907	2,826,938	-
Charlestown	1,118,678	-	-	70,183	1,030,171	18,324	1,118,678	-
Coventry	7,430,108	-	804,459	270,579	5,989,355	365,715	7,430,108	-
Cranston	28,893,537	3,525,471	-	845,964	22,783,506	1,738,596	28,893,537	-
Cumberland	7,089,656	-	-	379,507	6,204,972	505,178	7,089,656	-
East Greenwich	4,126,790	961,042	-	151,498	2,467,614	546,636	4,126,790	-
East Providence	14,378,249	312,444	-	514,759	11,667,263	1,883,783	14,378,249	-
Exeter	2,398,565	-	-	69,192	2,275,955	53,418	2,398,565	-
Foster	1,822,668	-	-	44,961	1,677,019	100,687	1,822,667	-
Glocester	2,723,047	-	-	99,782	2,419,699	203,566	2,723,047	-
Hopkinton	1,888,497	-	-	45,698	1,653,062	189,737	1,888,497	-
Jamestown	792,228	-	-	121,905	646,850	23,473	792,228	-
Johnston	12,118,006	-	-	137,708	10,589,179	1,391,119	12,118,006	-
Lincoln	6,553,420	-	-	272,688	5,797,695	483,036	6,553,419	-
Little Compton	467,654	-	-	48,338	383,319	35,997	467,654	-
Middletown	2,493,347	-	-	180,903	2,012,423	300,020	2,493,346	-
Narragansett	2,159,665	-	-	213,764	1,868,679	77,223	2,159,665	-
Newport	4,579,511	1,483,160	-	516,192	2,275,955	304,205	4,579,511	-
New Shoreham	294,751	-	-	112,867	167,702	14,181	294,751	-
North Kingstown	6,182,144	51	-	365,865	5,486,249	329,980	6,182,144	-
North Providence	12,252,416	-	1,275,820	246,816	9,822,542	907,238	12,252,416	-
North Smithfield	5,027,719	-	-	98,311	4,480,037	449,370	5,027,719	-
Pawtucket	20,769,987	2,622	2,021,793	526,294	16,842,066	1,377,212	20,769,987	-
Portsmouth	2,780,837	-	-	144,364	2,467,614	168,858	2,780,837	-
Providence	90,430,003	39,807,256	8,185,589	1,501,739	34,834,087	6,101,330	90,430,003	-
Richmond	1,620,422	-	-	30,114	1,485,360	104,948	1,620,422	-
Scituate	2,305,263	-	-	145,945	2,012,423	146,895	2,305,263	-
Smithfield	10,247,065	1,298,117	-	382,758	7,235,141	1,331,050	10,247,065	-
South Kingstown	4,681,482	188,759	-	280,456	4,000,889	211,379	4,681,482	-
Tiverton	2,079,600	-	-	153,750	1,772,849	153,001	2,079,600	-
Warren	2,391,924	-	-	79,754	2,132,210	179,960	2,391,924	-
Warwick	31,533,887	1,746,777	-	927,993	25,778,183	3,080,934	31,533,887	-
Westerly	6,998,244	156,006	-	463,542	5,893,525	485,171	6,998,244	-
West Greenwich	1,603,466	-	-	74,315	1,365,573	163,578	1,603,466	-
West Warwick	8,155,008	-	1,295,536	231,839	5,797,695	829,938	8,155,008	-
Woonsocket	11,944,597	365,090	995,860	237,964	9,511,095	834,588	11,944,597	-
SRL ¹	1,169,541	-	-	1,169,541	-	-	1,169,541	-
ILG ²	81,264	-	-	81,264	-	-	81,264	-
LCA ³	2,115,628	-	-	2,115,628	-	-	2,115,628	-
Fire Districts	617,851	-	-	-	455,191	162,660	617,851	-
Total	\$345,871,460	\$51,317,647	\$14,884,458	\$14,210,650	\$239,550,236	\$25,908,469	\$345,871,460	-

¹SRL: Statewide Reference Library Resources Grant²ILG: Grant-in-Aid to Institutional Libraries³LCA: Library Construction Aid

FY2026 Indirect Aid

Municipality	FY2026 Enacted	Public Service Corp. Tax	Hotel Tax	Meals and Beverage Tax	Airport Impact Fees ¹	Change from	
						FY2026 Revised	FY2026 Enacted
Barrington	\$430,383	\$244,996	\$5,387	\$269,263	-	\$519,646	\$89,263
Bristol	1,201,108	319,498	128,673	767,603	-	1,215,774	14,666
Burrillville	514,262	232,541	417	282,469	-	515,427	1,165
Central Falls	617,116	321,846	925	307,068	-	629,839	12,723
Charlestown	526,481	114,774	167,601	248,146	-	530,521	4,040
Coventry	1,285,556	511,910	152,380	637,479	-	1,301,769	16,213
Cranston	4,184,768	1,182,989	47,821	3,068,495	-	4,299,305	114,537
Cumberland	1,279,526	520,972	1,273	746,455	-	1,268,701	(10,825)
East Greenwich	1,383,160	206,256	5,299	1,197,687	-	1,409,242	26,082
East Providence	2,270,623	672,439	100,748	1,608,541	-	2,381,729	111,106
Exeter	274,139	101,646	1,072	170,147	-	272,866	(1,273)
Foster	90,892	64,152	2,375	18,550	-	85,077	(5,815)
Glocester	282,293	144,123	4,043	146,403	-	294,570	12,277
Hopkinton	188,489	120,558	3,611	59,983	-	184,152	(4,337)
Jamestown	307,389	79,384	95,032	166,236	-	340,652	33,263
Johnston	1,568,353	423,177	21,645	1,150,701	-	1,595,523	27,170
Lincoln	1,729,578	323,135	314,208	1,064,131	25,034	1,726,507	(3,071)
Little Compton	168,025	51,553	65,292	53,884	-	170,729	2,704
Middletown	3,430,337	242,233	2,058,686	1,244,525	33,482	3,578,925	148,588
Narragansett	1,817,611	208,160	620,520	1,057,845	-	1,886,525	68,914
Newport	9,214,191	358,324	5,495,573	3,827,178	-	9,681,075	466,884
New Shoreham	1,947,477	11,868	1,269,354	597,648	44,684	1,923,555	(23,922)
North Kingstown	1,612,691	397,079	201,141	972,163	56,332	1,626,714	14,023
North Providence	1,228,862	485,897	4,603	805,398	-	1,295,897	67,035
North Smithfield	676,771	180,143	7,859	499,740	-	687,742	10,971
Pawtucket	2,589,203	1,077,736	140,555	1,414,667	-	2,632,958	43,755
Portsmouth	784,614	253,972	51,009	488,454	-	793,435	8,821
Providence	15,097,309	2,723,172	3,175,562	8,883,221	-	14,781,955	(315,354)
Richmond	400,790	116,063	75,702	256,317	-	448,082	47,292
Scituate	272,914	149,134	13,538	113,758	-	276,429	3,515
Smithfield	1,915,720	316,034	314,764	1,319,495	25,034	1,975,327	59,607
South Kingstown	2,224,279	458,195	500,443	1,297,687	-	2,256,325	32,046
Tiverton	718,649	232,784	12,010	481,166	-	725,960	7,311
Warren	752,157	159,456	4,913	611,238	-	775,607	23,450
Warwick	7,977,295	1,186,411	1,799,078	4,305,759	769,903	8,061,152	83,857
Westerly	3,412,062	333,829	1,816,466	1,464,208	55,567	3,670,069	258,007
West Greenwich	454,390	94,459	180,951	179,213	-	454,624	234
West Warwick	1,243,790	444,165	223,755	601,144	-	1,269,064	25,274
Woonsocket	1,531,942	616,663	84,156	856,325	-	1,557,144	25,202
Total	\$77,605,195	\$15,681,726	\$19,168,441	\$43,240,390	\$1,010,036	\$79,100,593	\$1,495,398

¹*FY2026 Airport Impact Aid is based on Calendar Year 2025 landing data that is made available in March 2026.

Final FY2027 distribution amounts will be made based upon data anticipated to be received in Q3/4 of FY2026. The state aid for each municipality is an estimate provided by the Senate Fiscal Office.

Education Aid

The Education Adequacy Act (2010-S-2770, Substitute A as Amended) provided a new school funding formula that creates a single methodology for distributing state aid to all public schools. The core principle behind the formula is that state funding should follow the student; therefore, the distribution of state funds changes annually based on shifts in enrollment. This formula applies to all public schools, charter schools, the Davies Career and Technical School, and the Metropolitan Career and Technical Center. The Act does not change the funding methodology for the School for the Deaf, since it is an education program that already has a state, federal, and local share.

Beginning in FY2012, the formula established a per-pupil spending amount and allocated this funding based on student enrollment, adjusting for poverty (as measured by the number of families whose income is below 185.0 percent of the federal poverty guidelines). Beginning in FY2025, the formula was amended to provide additional support for English Learners. The formula also adjusts for local revenue generating capacity and overall poverty level, as well as the concentration of children living in poverty.

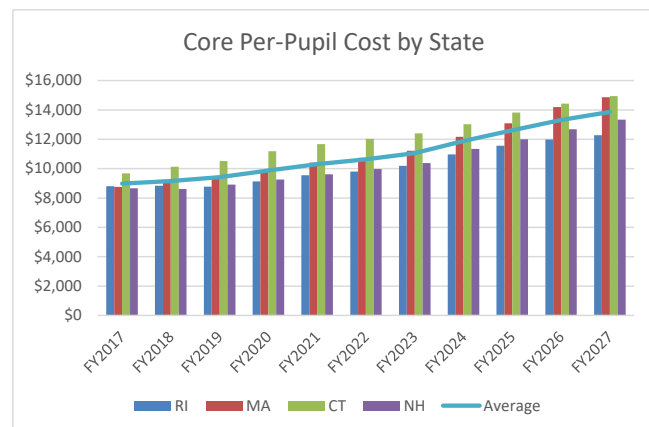
The Act included a multi-year transition plan to ease districts into the new formula, allowing time for school districts and municipal governments to adjust for gains or losses in education aid. The plan provided a transition period of ten years from the formula implementation in FY2012 for those districts projected to receive less school aid than they did in the previous year, and seven years for those districts projected to receive more. FY2021 was the final year of the transition plan. However, the FY2024 Budget as Enacted provided a Poverty Loss Stabilization Fund and a Transition Fund for enrollment loss.

In FY2027, the formula aid to the districts, charter schools, and state schools increases by \$14.6 million to fully fund the formula and Enrollment Transition funding increases by \$4.0 million, partially offset by a decrease of \$1.1 million in the Poverty Loss Stabilization Fund. An additional increase of \$6.2 million is provided through categorical aid, including \$2.5 million for High-Cost Special Education and \$3.7 million in stabilization funding for Central Falls, Davies, and the Met.

HOW THE FORMULA WORKS

Step 1 - Student Enrollment: Student enrollment is based on resident average daily membership (RADM), which refers to the average number of students who are residents of the community and were enrolled in the school district during the prior school year. The Budget is based on enrollment data as of October 2025, adjusted for projected charter and state school enrollments. Pursuant to current law, student enrollment will be adjusted to the March 2026 census in the enacted budget.

Step 2 - Core Instruction Amount: The core instruction amount provides a base level of funding per pupil derived from the average of northeast regional expenditure data from Rhode Island, Massachusetts, Connecticut and New Hampshire, as published by the National Center for Education Statistics (NCES). In the FY2027 Budget, the core-instructional amount is \$13,859, an increase of \$538 or 4.0 percent.



Step 3 - High Need Student Weight (40.0 percent): The Act includes a single factor to adjust the core instruction amount to address the effects of poverty and other factors influencing educational need. The Governor recommends increasing the student success factor, also referred to as the high need student weight, from 40.0 percent to 43.0 percent. The weight provides an additional \$5,959 ($\$13,859 \times 0.43 =$

\$5,959) for each student whose family income is at or below one hundred eighty-five percent (185%) of federal poverty guidelines

The statute requires that the weight be applied to each child whose family income is at or below 185.0 percent of the federal poverty guidelines. Traditionally, these students were tracked primarily through eligibility for the federal free and reduced lunch program (FRLP); however, Article 10 of the FY2023 Budget as Enacted required the Department of Elementary and Secondary Education (Department) to submit, as part of its FY2024 budget request, a poverty measure that does not rely on the administration of the school lunch programs. The Governor recommended and the General Assembly agreed to using certification data from programs including the Supplemental Nutrition Assistance Program (SNAP) and Temporary Assistance for Needy Families (TANF). The counts from the data source are then multiplied by a factor of 1.6, as recommended by the U.S. Department of Agriculture (USDA) and the U.S. Department of Education for the Community Eligibility Provision (CEP) of the Healthy, Hunger-Free Kids Act of 2010.

Step 4: Multilingual Learner Factor (20.0 percent) : Article 8 of the FY2025 Budget as Enacted shifts English Learners (EL) categorical aid into the funding formula, changes the name to Multilingual Learner (MLL), and increases the weight from 15.0 percent to 20.0 percent. In FY2027, the weight provides an additional \$2,772 per eligible MLL student. The weight applies to the three lowest proficiency categories as identified through the World-class Instructional Design and Assessment (WIDA) assessments tool. Local education agencies (LEAs) are required to report annually by September 1 to the Department of Elementary and Secondary Education outlining the planned and prior use of the MLL funds to provide services to MLL students as required by the Commissioner of Elementary and Secondary Education. While the funds are no longer distributed on a reimbursement basis, the Department is required to ensure consistency with best practices.

Step 5 - Total Foundation Budget: The total foundation budget for each school district is calculated by adding the product of the total core instruction amount and the total student success factor weight.

$$\text{Total Foundation Budget} = (\$13,859 \times \text{RADM}) + (0.43 \times \$13,859 \times \text{students in poverty}) + (0.2 \times \$13,859 \times \text{MLL students})$$

Step 6 -

State

Share Ratio: The Education Adequacy Act creates a share ratio by adding a wealth measure, based on the concentration of children living in poverty, to the single State Share Ratio for the Community (SSRC) previously used to determine a district's ability to pay for the cost of education. Beginning in FY2024, the formula uses the direct certification data discussed under the SSF above to measure the percentage of Pre-Kindergarten through sixth grade students living in poverty, instead of the free and reduced-lunch data used traditionally.

The total foundation budget equals the student enrollment and the high-need student weight of the district multiplied by the core instruction amount. The State's share of the total foundation budget is the state share ratio calculated as follows:

$$\text{State Share Ratio (SSR)} = \sqrt{\frac{\text{SSRC}^2 + \%PK - 6\text{poverty}^2}{2}}$$

Pursuant to the FY2024 Budget as Enacted, however, if a district has a PK through 6 poverty rate greater than 50.0 percent and the SSR calculation results in a ratio less than the SSRC, then the SSRC will be used. In FY2027, this adjustment impacts Pawtucket, Providence, West Warwick, Woonsocket, and Central Falls, as highlighted in the table.

By squaring each factor, the formula amplifies the greater of the two variables. Consequently, school districts with less capacity to raise revenue than the State as a whole and a higher concentration of child poverty look relatively poorer, while districts with a higher capacity to raise revenue and lower concentrations of poverty look relatively wealthier. Those poorer districts with the higher SSR will receive a greater portion of the calculated education costs as state aid than the wealthier districts.

The SSRC calculation is based on each community's total assessed property value and median family income, relative to districts across the State. The total community property value includes motor vehicles, personal property and State payments in lieu of taxes. These values are brought to full market value based on market experience and then adjusted by the median family income. The higher the EWAV share ratio, the less capacity the community has relative to the rest of the state for generating locally derived revenue to support schools and the more state aid the community will receive. While similar to the share ratio used in the school construction formula to determine the state's share of debt service obligations, the Education Adequacy Act adjusted the SSRC calculation to increase the State share of the total education budget.

Analyst Note: Beginning with the FY2027 education aid calculation, the community property values no longer contain motor vehicle values since 2022 was the last year vehicles can be taxed. Another adjustment will occur for the FY2028 aid calculation due to the tangible property tax exemption enacted in the FY2024 Budget as Enacted.

The distribution includes an update to the median family income (MFI) component of the EWAV based on the socio-economic data from the American Community Survey (ACS) provided by the United States Census Bureau. The index used to adjust for MFI is the ratio of the median family income of the municipality relative to the median family income statewide as reported in the American Community Survey (ACS) provided by the United States Census Bureau.

Step 7 - State Share of Foundation Budget: The State's share of the total foundation budget equals the state share ratio, discussed above, times the total foundation budget. Unlike many foundation formulas, the statute neither requires a minimum nor sets a maximum local spending level beyond the limits in the maintenance of effort requirements found in RIGL 16-7-23 and 16-7-23.1. Nonetheless, a municipality is responsible, to some degree, for the difference between the state share and the total foundation amount.

Article 8 of the FY2024 Budget as Enacted promulgated RIGL 16-7.2-3(f)(3) requiring the Department to report and compare local contributions to education aid and to report compliance to each school committee and city or town council. Based on information provided by the Department's [Annual Local Education Agency \(LEA\) Fiscal Accountability Report](#), in FY2024 three districts did not fund the full local share: Central Falls, Pawtucket, and Woonsocket.

Poverty Loss Stabilization Fund: The FY2024 Budget as Enacted established funding to reduce the impact of a reduction in the community state share ratio. If the share ratio decreases by more than 2.0 percent, relative to the prior year, the formula provides 50.0 percent of the resulting reduction in funding formula aid.

Enrollment Transition Fund: To address the significant enrollment declines seen across the State, the FY2024 Budget as Enacted established an Enrollment Transition Fund providing 40.0 percent of the funding formula aid lost as a result of enrollment declines, relative to the previous year, in year one and 25.0 percent in year two.

TABLE

The table on the following page provides a step-by-step calculation of each district's formula distribution for FY2027.

	W										L										Z										W + Z									
	3,192	91	146	53	544,237,928	\$867,684	\$146,905	\$45,252,518	7.2%	35.7%	25.8%	25.8%	35.7%	25.8%	\$11,653,424	\$9,906,027	\$1,747,399	3,192	91	146	53	544,237,928	\$867,684	\$146,905	\$45,252,518	7.2%	35.7%	25.8%	25.8%	35.7%	25.8%	\$11,653,424	\$9,906,027	\$1,747,399						
Barrington	1,931	257	411	18	26,761,729	2,450,493	49,892	29,262,114	29.4%	57.0%	45.4%	45.4%	57.0%	45.4%	13,270,554	13,506,736	(236,182)	1,931	257	411	18	26,761,729	2,450,493	49,892	29,262,114	29.4%	57.0%	45.4%	45.4%	57.0%	45.4%	13,270,554	13,506,736	(236,182)						
Burrillville	637	77	123	2	8,828,183	734,194	5,544	9,567,921	20.4%	-	14.4%	14.4%	20.4%	-	1,437,860	1,437,860	(57,689)	637	77	123	2	8,828,183	734,194	5,544	9,567,921	20.4%	-	14.4%	14.4%	20.4%	-	1,437,860	1,437,860	(57,689)						
Charlestown	3,929	522	835	23	54,452,011	4,977,266	63,751	59,493,028	30.4%	62.1%	48.9%	48.9%	62.1%	48.9%	29,086,463	28,316,948	769,515	3,929	522	835	23	54,452,011	4,977,266	63,751	59,493,028	30.4%	62.1%	48.9%	48.9%	62.1%	48.9%	29,086,463	28,316,948	769,515						
Coventry	9,809	1,771	2,834	900	135,942,931	16,886,471	2,494,620	155,324,022	38.9%	64.1%	53.0%	53.0%	64.1%	53.0%	82,351,179	79,947,152	2,404,027	9,809	1,771	2,834	900	135,942,931	16,886,471	2,494,620	155,324,022	38.9%	64.1%	53.0%	53.0%	64.1%	53.0%	82,351,179	79,947,152	2,404,027						
Cranston	4,818	417	667	36	33,767,662	3,976,092	570,991	71,319,744	18.1%	57.2%	42.4%	42.4%	57.2%	42.4%	30,258,093	28,228,353	2,027,740	4,818	417	667	36	33,767,662	3,976,092	570,991	71,319,744	18.1%	57.2%	42.4%	42.4%	57.2%	42.4%	30,258,093	28,228,353	2,027,740						
Cumberland	2,402	109	174	36	63,289,318	1,039,314	99,785	34,428,417	8.5%	19.2%	14.8%	14.8%	19.2%	14.8%	5,111,721	4,506,248	605,473	2,402	109	174	36	63,289,318	1,039,314	99,785	34,428,417	8.5%	19.2%	14.8%	14.8%	19.2%	14.8%	5,111,721	4,506,248	605,473						
East Greenwich	4,896	991	1,586	214	67,853,664	9,449,177	593,165	77,896,006	40.7%	60.0%	51.3%	51.3%	60.0%	51.3%	39,934,488	39,321,148	613,340	4,896	991	1,586	214	67,853,664	9,449,177	593,165	77,896,006	40.7%	60.0%	51.3%	51.3%	60.0%	51.3%	39,934,488	39,321,148	613,340						
East Providence	216	18	29	1	2,993,544	171,630	2,772	3,167,946	17.7%	55.6%	41.3%	41.3%	55.6%	41.3%	1,307,070	1,215,818	91,253	216	18	29	1	2,993,544	171,630	2,772	3,167,946	17.7%	55.6%	41.3%	41.3%	55.6%	41.3%	1,307,070	1,215,818	91,253						
Foster	537	34	54	5	7,442,283	324,190	13,859	7,780,332	11.9%	51.9%	37.7%	37.7%	51.9%	37.7%	2,929,385	2,961,445	(32,260)	537	34	54	5	7,442,283	324,190	13,859	7,780,332	11.9%	51.9%	37.7%	37.7%	51.9%	37.7%	2,929,385	2,961,445	(32,260)						
Glocester	1,081	125	200	4	14,981,579	1,191,874	11,087	16,184,540	24.7%	67.1%	50.6%	50.6%	67.1%	50.6%	8,182,802	7,176,966	1,005,836	1,081	125	200	4	14,981,579	1,191,874	11,087	16,184,540	24.7%	67.1%	50.6%	50.6%											

² 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.*

¹ Based on October 1, 2025, enrollment updated for projected 2026-2027 charter school growth.

Source: Rhode Island Department of Education

District Demographic Changes in Governor's FY2027 Budget relative to the FY2026 Budget as Enacted

Districts	PK-12		Direct Cert		Percentage of RADM eligible for Student Success		MLL (prof 1-3)		PK-6 Poverty		EWAV		State Share Adjusted RIGL 16-7.2-4(a)
	RADM	Direct Cert	RADM	x Factor (1.6)	Success Factor	MLL (prof 1-3)	Poverty	EWAV					
Barrington	(74)	(35)	(56)		-1.6%	(4)	0.1%	5.2%					3.6%
Burrillville	(61)	(45)	(72)		-3.0%	3	0.9%	-2.0%					-1.0%
Charlestown	(18)	2	3		1.0%	-	-1.3%	-					-0.9%
Coventry	(112)	(109)	(174)		-3.7%	(4)	1.6%	1.0%					1.1%
Cranston	115	(301)	(482)		-5.3%	(80)	-0.5%	-0.5%					-0.5%
Cumberland	54	(59)	(94)		-2.1%	(30)	0.6%	1.3%					1.0%
East Greenwich	(68)	(20)	(32)		-1.1%	(2)	1.2%	2.0%					1.6%
East Providence	(70)	(198)	(317)		-5.9%	(38)	0.3%	0.1%					0.2%
Foster	(15)	(9)	(14)		-5.4%	-	-4.2%	8.5%					4.5%
Glocester	(23)	(8)	(13)		-1.9%	(1)	-0.5%	-0.1%					-0.1%
Hopkinton	(6)	(13)	(21)		-1.8%	-	-1.6%	7.9%					4.8%
Jamestown	(17)	0	0		0.2%	(1)	-0.4%	-					-0.3%
Johnston	(41)	(140)	(224)		-6.5%	10	-0.7%	2.6%					1.3%
Lincoln	(65)	(63)	(101)		-2.7%	(1)	-0.4%	-5.5%					-3.7%
Little Compton	(8)	(3)	(5)		-1.5%	(1)	3.9%	-					2.8%
Middletown	(46)	(29)	(46)		-2.0%	(1)	-4.0%	-0.6%					-2.8%
Narragansett	(18)	(26)	(42)		-4.2%	1	1.7%	-					1.2%
Newport	(40)	(48)	(77)		-3.0%	(27)	1.1%	-					0.8%
New Shoreham	1	(1)	(2)		-1.4%	(2)	7.9%	-					5.6%
North Kingstown	(13)	(61)	(98)		-2.7%	(5)	0.0%	1.5%					0.7%
North Providence	(44)	(101)	(162)		-4.3%	(37)	1.4%	-0.5%					0.2%
North Smithfield	27	(15)	(24)		-1.7%	2	-0.1%	-8.4%					-5.6%
Pawtucket	(243)	(346)	(554)		-5.4%	(51)	-2.4%	0.5%					0.5%
Portsmouth	(36)	(52)	(83)		-4.0%	(8)	0.6%	-					0.4%
Providence	(297)	(1,158)	(1,853)		-8.6%	(341)	-2.5%	-0.8%					-0.8%
Richmond	(13)	(12)	(19)		-1.6%	(4)	-3.4%	-5.7%					-4.6%
Scituate	(30)	(10)	(16)		-1.1%	(3)	0.4%	-7.2%					-4.6%
Smithfield	(59)	(19)	(30)		-1.0%	(3)	0.2%	3.4%					2.3%
South Kingstown	(54)	(37)	(59)		-2.1%	(8)	-0.8%	-0.3%					-0.6%
Tiverton	(58)	(38)	(61)		-3.2%	(3)	0.5%	-2.9%					-1.2%
Warwick	(179)	(227)	(363)		-4.0%	(15)	1.0%	1.4%					1.2%
Westerly	(113)	(50)	(80)		-2.3%	5	-0.6%	-					-0.4%
West Warwick	(96)	(139)	(222)		-5.2%	(1)	-0.3%	0.7%					0.7%
Woonsocket	(279)	(439)	(702)		-9.3%	(35)	-1.1%	0.4%					0.4%
Bristol-Warren													
Bristol	(23)	(40)	(64)		-3.6%	(3)	1.1%	-4.4%					-0.8%
Warren	(34)	(40)	(64)		-5.3%	(3)	0.5%	-1.1%					-0.3%
Exeter-West Greenwich													
Exeter	(5)	(18)	(29)		-3.9%	(1)	1.7%	-3.5%					-1.7%
West Greenwich	(4)	(12)	(19)		-2.4%	2	3.3%	-10.6%					-6.1%
Chariho	-	-	-		-	-	-	-					-
Foster-Glocester													
Foster	(14)	(1)	(2)		0.1%	(2)	-4.2%	8.5%					4.5%
Glocester	18	(8)	(13)		-2.1%	1	-0.5%	-0.1%					-0.1%
Central Falls	(211)	(226)	(362)		-10.0%	(163)	-6.1%	-0.3%					-0.3%
District Total	(2,210)	(4,035)	(6,456)		-5.0%	(848)							
Charter School Total	70	(677)	(1,083)		-7.9%	142							
Davies	(5)	(38)	(61)		-6.6%	(5)							
Met School	65	12	19		-2.3%	14							
Nowell Academy	(22)	(15)	(24)		-3.8%	(10)							
Urban Collaborative	(27)	(17)	(27)		-1.5%	(10)							
Youth Build Academy	6	-	-		-4.8%	(8)							
Total	(2,123)	(4,770)	(7,632)		-5.2%	(725)							

CHARTER AND STATE SCHOOLS

The education funding formula calculation for charter and state schools funds students as if they were still in the sending district, with the same core instruction amount, high-need student weight, and state share ratio. The aid, however, is distributed directly to the charter or state school. In FY2027, the Governor's recommended budget provides \$201.6 million in funding formula aid to charter schools, an increase of \$6.4 million or 3.3 percent, relative to the FY2026 Budget as Enacted. In FY2027, charter school enrollment increases by 70 students or 0.5 percent.

Sending District Tuition: Under the formula, the funding mechanism for charter and state schools changed significantly. Previously sending district tuition per-student was based on the per-pupil expenditure of the sending district, without deductions, the formula allowed sending districts to retain 5.0 percent of the per-pupil expenditure as indirect aid. The indirect aid was intended to cover residual costs from the transfer of the student from the district to the charter school. Today, the sending district tuition is calculated by dividing the local appropriation to education from property taxes, net debt service and capital projects, by the district resident average daily membership (RADM), or enrollment: there is no indirect aid retained by the sending district.

$$\text{Tuition} = (\text{local appropriation to education} - \text{debt service} - \text{capital projects} / \text{District RADM}) - \text{local tuition reduction}$$

Local Charter and State School Tuition Reduction: Article 11 of the FY2017 Budget changed the above calculation to subtract a district-specific amount from the tuition paid for each student attending a charter or state school. The per-pupil amount is then reduced by the greater of:

1. 7.0 percent of the district's per-pupil funding, or
2. The district's per-pupil cost of certain, unique expenditures, such as non-public textbooks, transportation for non-public students, retiree health benefits, out-of-district special education tuition and transportation, services for students age eighteen to twenty-one, pre-school screening and intervention, career and technical education tuition and transportation costs, debt service, and rental, minus the average charter school per-pupil cost for these items, as reported in the uniform chart of accounts.

If a district triggers option 2, then there is an additional reduction for tuition payments to mayoral academies where teachers do not participate in the state teacher's retirement system equal to the per-pupil cost of the unfunded liability for the preceding year.

To address "the budgetary uncertainty that current law creates for local districts, charter schools, and mayoral academies", Article 7 of the FY2026 Budget as Enacted capped the reduction in local tuition to charter schools and mayoral academies at 14.0 percent, beginning in FY2026.

There is a two-year lag in the data such that FY2027 tuition rates are based on FY2025 contributions and expenditures. The FY2026 local tuition rate reductions pursuant to RIGL 16-7.2-5(c) are available [here](#); however, the FY2027 reductions are not available for this publication.

In FY2011, the State paid the total tuition costs of students attending the Davies and Met Schools, while the local districts provided transportation. Pursuant to the new funding formula, however, the State payment to these state schools is calculated by the same method used to calculate school district and charter school payments. The formula requires local districts to pay state school tuition, but allows the districts to charge the state and charter schools for transportation costs. Local payments are made to the charter or state school on a quarterly basis. Failure to make a payment could result in the withholding of state education aid to the district of residence.

In FY2011, prior to the implementation of the current funding formula, charter school funding was based on the per-pupil expenditure of the sending district; however, the State paid 5.0 percent of the per-pupil expenditure as indirect aid to the sending district, and a portion of the remaining 95.0 percent based on the

share ratio of the sending district. The expenditure was based on the reference year as defined in RIGL 16-7-16(11) providing a two-year lag. Each quarter, the charter school billed the sending district for the portion of the per-pupil expenditure not paid by the State.

Please see the following examples for further clarification of the charter school formula used in FY2011.

Calculation	District A	District B
Per Pupil Expenditure:	\$8,000	\$8,000
Share Ratio:	70.0%	30.0%
Indirect Aid to Sending District:	\$400 (5.0% of \$8,000)	\$400 (5.0% of \$8,000)
State Share to Charter School:	\$5,320 (70.0% of (\$8,000 minus 5.0%))	\$2,280 (30.0% of (\$8,000 minus 5.0%))
District Share to Charter School:	\$2,280 (30.0% of (\$8,000 minus 5.0%))	\$5,320 (70.0% of (\$8,000 minus 5.0%))

NON-FORMULA PROVISIONS

Group Homes: The Group Home aid category was created by the General Assembly in 2001 to provide state support to districts hosting group homes in exchange for relieving the resident sending district of financial responsibility for students placed in group homes. When enacted, the Act maintained the current funding for group homes as a categorical grant program; however, the FY2017 Budget as Enacted increased the per-bed funding amount to \$17,000 annually per bed. Article 7 of the FY2026 budget as Enacted eliminated the per-bed deduction of funding formula aid from the Group Home aid disbursement. Previously, depending on the district's share ratio, the \$17,000 per bed was adjusted downward by the state share of the core instruction amount. For example, a district with a state share ratio of 47.8 percent would receive \$17,000 minus $(0.478 * \$18,651)$, leaving \$8,092 per bed. The article eliminated this adjustment, increasing group home aid to districts by \$2.1 million in FY2026. The FY2027 Budget includes \$3.6 million to fund group home beds, \$34,000 more than the FY2026 Budget as Enacted. This adjustment represents the most recent update on the number of group home beds per district.

Article 7 of the FY2026 Budget as Enacted eliminated the group home aid paid to East Providence for beds associated with the Bradley Hospital CRAFT Program and provided that the student's school district of origin will be responsible for providing education services to students in those beds. This change reduced group home aid to East Providence by \$468,000 in FY2026.

Based on the final January 15, 2026, report from the Department of Children, Youth, and Families, the FY2026 Revised Budget increases by 2 beds and \$34,000.

FY2026 Enacted			Group Home Aid ¹ FY2027			FY2026 Revised	
District	Total Aid	Number of Beds	FY2027 Number of Beds	Change in Number of Beds	FY2027 Total Aid	Revised Total Aid	Change from Enacted
Coventry	\$136,000	8	8	-	\$136,000	\$136,000	\$0
East Providence ²	289,000	17	17	-	289,000	289,000	-
Lincoln	136,000	8	8	-	136,000	136,000	-
Newport	119,000	7	7	-	119,000	119,000	-
North Providence	136,000	8	8	-	136,000	136,000	-
North Smithfield	68,000	4	4	-	68,000	68,000	-
Pawtucket	340,000	20	20	-	340,000	340,000	-
Portsmouth	510,000	30	30	-	510,000	510,000	-
Providence	986,000	58	60	2	1,020,000	1,020,000	34,000
Smithfield	85,000	5	5	-	85,000	85,000	-
Warwick	408,000	24	24	-	408,000	408,000	-
Bristol-Warren	170,000	10	10	-	170,000	170,000	-
Exeter-West Greenwich	153,000	9	9	-	153,000	153,000	-
Total	\$3,535,999	208	210	2	\$3,570,000	\$3,570,000	\$34,000

¹ Based on final 1/15/2026 report from the Department of Children, Youth and Families. In the FY2026 Revised Budget, a total of 2 beds were added in Providence relative to the enacted level.

² Article 7 of the FY2026 Budget as Enacted eliminated the funding formula adjustment for group home beds and the group home beds associated with the CRAFT program at Bradley Hospital.

Categorical Programs: When the education funding formula was passed in 2010, five categorical funds were identified that would not be distributed according to the formula but pursuant to other methodologies intended to address the priorities and funding needs of the districts. These categories include Transportation, High-Cost Special Education, Career & Technical Education, Early Childhood, and the Regionalization Bonus. Article 11 of the FY2017 Budget as Enacted added two new aid categories: English Learners and the Density Fund. In the FY2024 Budget, the Density Aid Fund was replaced with the Enrollment Transition fund, which is included in the funding formula distribution. The FY2025 Budget moved English Learners into the formula distribution. The FY2019 Budget as Enacted included a temporary aid category to support new Resource Officers at public middle and high schools, which expired after FY2021. (The Central Falls, Davies and Met School Stabilization Funds are addressed in the Department of Elementary and Secondary Education section of this analysis.)

The FY2027 Budget includes funding for all of the active categories, except the Regionalization Bonus. The total increase in categorical aid is \$2.5 million for all school districts, charter schools, Davies Career & Technical School (Davies), and the Metropolitan Career and Technical School (Met).

- **Transportation:** This fund provides funding to districts that use the statewide transportation contract for transporting students to out-of-district, non-public schools within the resident district's transportation region as defined by RIGL 16-21.1-2, and for 50.0 percent of the local costs associated with transporting students within regional school districts. The program provides for a pro-rata reduction in reimbursements to districts based on available funding. In FY2027, the Governor's budget recommendation level funds this categorical at the FY2026 level of \$12.5 million, funding regional transportation at 94.1 percent of eligible costs and

FY2027 Governor's Education Aid		
Categorical	Change from Enacted	Total Funding
Transportation	-	12.5
Early Childhood	-	28.9
High-Cost Special Education	2.5	20.0
Career & Tech. Schools	-	4.5
Regionalization Bonus	-	-
Group Home Aid	0.0	3.6
Total	\$2.5	\$69.4

\$ in millions

non-public school transportation at 70.1 percent of eligible costs. An additional \$2.5 million would be needed to fully fund this category.

Early Childhood Education: This fund is designed to increase access to voluntary, free, high-quality pre-kindergarten programs. The funds are distributed through a request for proposals (RFP) process targeting communities in three tiers, with the first tier having the highest concentration of children at risk for poor educational outcomes. These funds are paid to providers through the RFP process and, consequently, are not included in the distribution tables. Provisory language in Article 1 of the budget requires the Department to prioritize funding to four-year olds whose family income is at or below 185.0 percent of federal poverty guidelines and who reside in communities with higher concentrations of low-performing schools. The Budget funds this category at \$28.9 million in FY2027, consistent with the FY2026 Budget as Enacted.

Pursuant to RIGL 16-87-6, enacted through Article 10 of the FY2023 Budget as Enacted, the Department of Education (RIDE), the Department of Human Services, and the Children's Cabinet were required to develop the [Rhode Island Pre-K expansion plan](#) to expand the Pre-K program to 5,000 seats over five years beginning in FY2024, including children ages three and four. Based on information provided by the Department, FY2026 added one classroom and five seats, relative to FY2025. The change includes a reduction of seven low-income seats, reducing the percentage of low-income seats from 69.2 percent to 68.8 percent. The total seats are projected to remain level at 2,814 in FY2027. Level funding this category year over year is expected to increase the cost of reaching the 5,000 seat goal in future years, since the incremental growth will not be built into the budget base.

RI Pre-K Districts	FY2026 Pre-K Enrollment			
	Number of classrooms	Total seats	Low-Income seats	Percentage Low-Income
Bristol-Warren	3	56	28	50.0%
Central Falls	9	163	152	93.3%
Coventry	4	76	38	50.0%
Cranston	14	256	128	50.0%
Exeter-West Greenwich	3	45	23	51.1%
East Providence	11	214	107	50.0%
Johnston	3	54	27	50.0%
Lincoln	3	56	28	50.0%
Middletown	4	76	38	50.0%
Newport	2	36	18	50.0%
North Kingstown	1	18	9	50.0%
North Providence	3	54	27	50.0%
Pawtucket	15	282	202	71.6%
Portsmouth	1	20	10	50.0%
Providence	39	720	619	86.0%
Smithfield	2	38	19	50.0%
South Kingstown	1	18	18	100.0%
Warwick	7	126	63	50.0%
West Warwick	5	90	45	50.0%
Westerly	3	56	37	66.1%
Woonsocket	20	360	300	83.3%
Statewide Total	153	2,814	1,936	68.8%

Source: Rhode Island Department of Education

- **High-Cost Special Education:** This fund reimburses districts for instructional and related services provided to a student pursuant to an Individual Education Plan (IEP). The State reimburses costs that exceed four times the combined core instruction and student success factor funding (currently \$74,600 for FY2026). The FY2024 Budget as Enacted lowered this threshold from five times. The program provides for a pro-rata reduction in reimbursements to districts based on available funding. The program provides for a pro-rata reduction in reimbursements to districts based on available funding. The Budget funds this category at \$20.0 million in FY2027, an increase of \$2.5 million over the FY2026 Budget as Enacted and \$5.4 million less than eligible reimbursements.

Analyst Note: The Governor's FY2026 Revised Budget recommendation requires the Rhode Island Health and Educational Building Corporation (RIHEBC) to transfer \$2.5 million to the State Controller by June 30, 2025. As provided in the Executive Summary, to fulfill RIGL 35-3-7(a)(2) which requires the Governor to identify alternatives to the transfer of resources from public corporations to the general fund, the Governor proposes a reduction to the special education categorical aid program in the Rhode Island Department of Education.

- **Career and Technical Schools:** This fund contributes toward the initial investment needed to transform existing programs or create new programs and the costs associated with facilities, equipment maintenance and repair, and supplies associated with higher-cost programs at career and technical schools. The Budget funds this category at \$4.5 million in FY2027, consistent with the previous fiscal year.

While not carried into FY2026, the FY2025 Budget as Enacted provided \$2.0 million to support new career and technical education programs, not currently offered in any school, that address high growth, high-wage careers. The funds are being distributed through a competitive process. The deadline to apply was February 28, 2025. The funding will be obligated by June 30, 2025, with program planning occurring in FY2026. The new programs are expected to open in FY2027.

FY2025 CTE Aid Investment in High-Growth High-Wage Jobs of the Future		
Total Grant		
LEA Grant Recipient	Award	Program Area
Central Falls	\$42,500	Translation and Interpretation for Language Services Industry
Cranston	57,500	Allied Health Consortium
Foster-Glocester	472,151	Community Greenovation Lab for sustainable building practices
Lincoln	201,371	Aviation
Narragansett	250,000	Marine Tourism and Seafood
Providence - Hope High School	22,000	Production Design and Event Experience
Providence - Juanita Sanchez Life Science Institute	435,710	MRI Technician
Met School	250,000	Veterinary Careers Program
Warwick	61,420	Environmental Science - Energy
Westerly	207,348	Aviation
Total	\$2,000,000	

Source: Rhode Island Department of Education

- **Regionalization Bonus:** This fund provides a bonus to regionalized districts and those that may regionalize in the future. In the first year, the bonus is 2.0 percent of the State's share of the total foundation aid. In the second year, the bonus is 1.0 percent of the State's share and in the third year the bonus phases out. The program provides for a pro-rata reduction in reimbursements to districts based on available funding. This category has not been funded since FY2014, as no new regional districts have been formed.
- **English Learners/Multilingual Learners:** The FY2025 Budget as Enacted shifted the English Learners (EL) categorical aid into the funding formula, changed the name to Multilingual Learners (MLL), and increased the weight from 15.0 to 20.0 percent of the per-pupil core instruction amount for each qualified EL student multiplied by the state share ratio.

When established through Article 11 of the FY2017 Budget as Enacted, the EL categorical fund provided a 10.0 percent weight and was often not fully funded to meet the qualified reimbursements. The FY2024 Budget as Enacted increased the weight to 15.0 percent and eliminated the ratable reduction clause, requiring the category to be fully funded.

EL students are identified through the WIDA (World-Class Instructional Design and Assessment) Kindergarten-MODEL and the WIDA Screener 1-12 grade. The WIDA ACCESS (Assessing Comprehension and Communication in English State to State) is used for monitoring and growth in grade K-12. WIDA is a consortium of state departments of education that developed the ACCESS test that is administered annually to English Learners to monitor the student's language development. The models classify student into six proficiency categories. The 20.0 percent weight is applied to students in the three lowest categories: entering, emerging, and developing.

While included as part of the funding formula, the calculation used is provided below.

(Per-pupil core instruction amount x 20.0 percent) x number of EL students x state share ratio = additional state support per MLL student

While no longer distributed on a reimbursement basis, districts are required to report annually to the Department of Elementary and Secondary Education on the planned and prior year use of MLL funds to provide services in accordance with the requirements set forth by the Commission of Elementary and Secondary Education. The Department is responsible for reviewing the use of funds to ensure consistency with established best practices.

Analyst Note : The Council on Elementary and Secondary Education approved updated MLL/EL regulations on February 26, 2025. Updates include extending the deadline for districts to meet the updated MLL/EL regulation requirements from FY2030 to FY203, clarifying professional learning requirements, encouraging the expansion of bilingual/dual language programs, and increasing family and student engagement. The deadline was extended in response to public feedback requesting more time, flexibility, and supports for the implementation of the regulations. The presentation to the Council regarding the new regulations can be found [here](#).

Article 8 of the FY2024 Budget as Enacted required the Department to report, as part of the FY2025 budget submission, the number of EL students whose family income is at or below 185 percent of federal poverty guidelines and segment the populations by proficiency. In addition, the Department was required to prepare an expense report for EL education and recommend a funding solution. While the full report is available upon request, the report noted that 79.0 percent of the multilingual learner students (MLL) are enrolled in Central Falls, Providence, Pawtucket, and Woonsocket schools and the charter schools that draw from these districts. In addition, approximately 80.0 percent of the enrolled MLL students qualify for free or reduced lunch. The “recommended changes (to categorical aid) are:

- Increase weight from 15% to 25% of core expenses for the three lowest proficiency categories, approximately 80% of the students.
 - Entering -Emerging -Developing
- Add a 15% weight to the next three proficiency categories (there are six in total).
 - Expanding -Bridging -Reaching English Proficiency
- Add 15% weight for the first two years after exiting the MLL program.
 - Monitoring
- All MLL students are included in the weight allocation, including those that may be included in other formula categories such as the student success factor and special education.”

The following table shows the education aid including the formula distribution, categorical aid, and group home aid.

FY2027 Governor Recommended Education Aid¹

District	FY2026 Enacted (excludes group home and categoricals)	FY2027 Formula Change	Enrollment Transition Fund	Poverty Loss Stabilization Fund	Transportation	High-cost Special Education (>\$79,273)	Group Home Aid ²	Stabilization Funding	FY2026 Aid
Barrington	\$9,906,027	\$1,747,396	\$127,779	(\$0)	\$181,595	\$907,140	\$0	\$0	\$12,869,938
Burrillville	13,506,736	(236,182)	227,015	143,538	61,661	444,201	-	-	14,146,970
Charlestown	1,437,860	(57,689)	33,162	43,976	-	-	-	-	1,457,308
Coventry	28,316,948	769,515	533,118	-	167,351	862,375	\$136,000	-	30,785,308
Cranston	79,947,152	2,404,027	202,053	-	763,309	1,523,537	-	-	84,840,078
Cumberland	28,228,353	2,027,740	10,369	-	76,675	240,792	-	-	30,583,930
East Greenwich	4,506,248	605,473	74,304	-	59,541	781,846	-	-	6,027,413
East Providence	39,321,148	613,340	335,277	-	243,655	1,151,116	289,000	-	41,953,536
Foster	1,215,818	91,253	36,308	-	11,755	32,876	-	-	1,388,009
Glocester	2,961,445	(32,060)	50,187	-	29,467	126,365	-	-	3,135,404
Hopkinton	7,176,966	1,005,836	24,770	-	-	-	-	-	8,207,571
Jamestown	372,348	(17,540)	9,010	10,591	38,334	128,805	-	-	541,549
Johnston	24,128,236	946,124	126,529	(0)	200,299	1,223,688	-	-	26,624,877
Lincoln	20,891,647	(1,436,870)	236,188	877,286	195,895	234,751	136,000	-	21,134,896
Little Compton	302,814	100,240	13,643	-	-	-	-	-	416,697
Middletown	6,152,386	(709,240)	141,213	396,622	-	520,512	-	-	6,501,493
Narragansett	1,728,633	175,021	46,719	-	-	226,694	-	-	2,177,067
Newport	14,239,269	509,060	299,648	-	-	407,301	119,000	-	15,574,279
New Shoreham	96,190	103,006	795	-	-	-	-	-	199,991
North Kingstown	12,506,815	790,494	19,733	-	227,857	98,413	-	-	13,643,312
North Providence	30,424,725	671,477	329,109	-	183,465	843,496	136,000	-	32,588,271
North Smithfield	9,237,556	(835,359)	49,013	671,985	26,567	152,832	68,000	-	9,370,594
Pawtucket	110,615,318	1,127,173	1,941,189	-	216,705	1,700,758	340,000	-	115,941,143
Portsmouth	2,806,429	145,627	30,657	-	-	326,321	510,000	-	3,819,033
Providence	297,521,286	568,952	1,884,138	-	654,640	1,998,965	1,020,000	-	303,647,981
Richmond	6,207,775	(547,928)	63,285	352,300	-	-	-	-	6,075,433
Scituate	4,299,021	(709,266)	37,953	379,959	51,804	75,234	-	-	4,134,705
Smithfield	10,587,119	930,053	176,825	-	64,504	124,941	85,000	-	11,968,442
South Kingstown	5,062,521	(129,501)	96,705	96,508	118,539	233,026	-	-	5,477,798
Tiverton	5,310,972	(290,900)	83,244	131,953	-	740,142	-	-	5,975,412
Warwick	48,586,276	1,924,641	534,266	-	46,411	1,077,628	408,000	-	52,577,222
Westerly	8,148,033	(249,371)	255,353	-	-	435,241	-	-	8,589,256
West Warwick	42,094,167	609,791	772,456	-	97,738	461,599	-	-	44,035,750
Woonsocket	88,120,161	(1,738,357)	1,863,563	-	-	432,063	-	-	88,677,429
Bristol-Warren ³	10,652,150	(218,206)	204,135	103,168	2,664,786	1,042,237	170,000	-	14,618,271
Exeter-West Greenwich ³	7,123,365	(693,039)	37,576	436,337	1,928,411	709,429	153,000	-	9,695,080
Chariho	-	-	-	-	3,171,481	275,231	-	-	3,446,713
Foster-Glocester ³	5,299,561	407,711	103,395	(0)	944,535	202,921	-	-	6,958,122
Central Falls	43,351,250	(3,096,486)	1,736,787	-	43,821	120,206	-	11,691,949	53,847,528
District Total	\$1,032,390,727	\$7,275,953	\$12,747,470	\$3,644,223	\$12,470,802	\$19,862,682	\$3,570,000	\$11,691,949	\$1,103,653,807
Charter School Total	195,233,633	6,407,376	-	-	-	137,318	-	-	201,778,328
Davies	10,600,553	124,584	-	-	-	-	-	10,357,620	21,082,757
Met School	9,793,682	1,296,405	-	-	-	-	-	3,579,241	14,669,329
Nowell Academy	2,664,112	(264,592)	-	-	-	-	-	-	2,399,520
Urban Collaborative	2,296,446	(347,093)	-	-	-	-	-	-	1,949,354
Youth Build Academy	1,818,245	144,286	-	-	-	-	-	-	1,962,532
Total	\$1,254,797,399	\$14,636,921	\$12,747,470	\$3,644,223	\$12,470,802	\$20,000,000	\$3,570,000	\$25,628,810	\$1,347,495,623

¹ Based on October 1, 2025, enrollment updated for projected PSOC.² Based on final 1/15/2026 report from the Department of Children, Youth and Families. In the FY2026 Revised Budget, a total of 2 beds were added in Providence relative to the enacted level and carried into FY2027.³ 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.

The following table shows the difference in education aid relative to the FY2025 Budget as Enacted.

FY2027 Governor's Recommended Education Aid - Change to FY2026 Budget as Enacted²

Districts	FY2026 Enacted (includes group home and categoricals)	FY2027 Formula Change	Enrollment Transition Fund	Poverty Loss Stabilization Fund	Transportation	High-cost Special Education REVISED (>\$79,273)	Group Home ¹	Stabilization Funding	Total Change	FY2027 Education Aid
Barrington	\$11,652,398	\$1,747,396	\$20,794	(\$1,039,957)	(\$67,384)	\$556,691	\$0	\$0	\$1,217,540	\$12,869,938
Burrillville	14,088,567	(236,182)	83,000	143,538	(40,137)	108,183	-	-	58,403	14,146,970
Charlestown	1,516,739	(57,689)	(5,961)	4,220	-	-	-	-	(59,431)	1,457,308
Coventry	29,493,104	769,515	94,102	-	156,682	271,904	-	-	1,292,204	30,785,309
Cranston	83,029,655	2,404,027	(414,538)	-	(241,415)	62,349	-	-	1,810,422	84,840,078
Cumberland	28,462,994	2,027,740	(6,222)	-	34,538	64,879	-	-	2,120,936	30,583,930
East Greenwich	6,299,984	605,473	24,988	(1,012,068)	(59,211)	168,246	-	-	(272,572)	6,027,413
East Providence	40,628,084	613,340	78,498	-	233,609	400,005	-	-	1,325,452	41,953,536
Foster	1,271,209	91,253	36,308	(34,469)	(4,509)	28,217	-	-	116,800	1,388,008
Glocester	3,181,190	(32,060)	17,260	(78,860)	(11,439)	59,313	-	-	(45,786)	3,135,404
Hopkinton	7,205,980	1,005,836	(4,245)	-	-	-	-	-	1,001,591	8,207,571
Jamestown	581,057	(17,540)	(50)	10,591	38,334	(70,844)	-	-	(39,508)	541,549
Johnston	25,447,965	946,124	126,529	(405,942)	(54,867)	565,067	-	-	1,176,912	26,624,877
Lincoln	21,424,959	(1,436,870)	114,401	877,286	195,895	(40,774)	-	-	(290,063)	21,134,896
Little Compton	321,589	100,240	237	(5,047)	-	(323)	-	-	95,108	416,697
Middletown	6,762,203	(709,240)	(22,059)	134,772	-	335,817	-	-	(260,710)	6,501,493
Narragansett	1,922,447	175,021	(25,972)	-	-	105,572	-	-	254,621	2,177,067
Newport	15,333,020	509,060	(53,027)	(441,039)	-	226,265	-	-	241,259	15,574,279
New Shoreham	98,506	103,006	(1,521)	-	-	-	-	-	101,485	199,991
North Kingstown	13,387,762	790,494	(30,859)	(737,038)	227,857	5,096	-	-	255,550	13,643,312
North Providence	31,616,254	671,477	57,831	-	(19,471)	262,182	-	-	972,018	32,588,272
North Smithfield	9,562,204	(835,359)	(29,408)	671,985	(1,938)	3,111	-	-	(191,610)	9,370,594
Pawtucket	113,322,518	1,127,173	758,457	-	(61,266)	794,261	-	-	2,618,625	115,941,143
Portsmouth	3,694,460	145,627	1,493	(80,184)	-	57,637	-	-	124,573	3,819,033
Providence	305,657,515	568,952	335,224	-	(72,111)	(2,875,599)	34,000	-	(2,009,534)	303,647,981
Richmond	6,406,497	(547,928)	(38,993)	255,857	-	-	-	-	(331,065)	6,075,433
Scituate	4,451,016	(709,266)	27,145	379,959	(23,220)	9,071	-	-	(316,312)	4,134,705
Smithfield	10,967,892	930,053	45,607	-	(25,968)	50,858	-	-	1,000,550	11,968,442
South Kingstown	5,935,724	(129,501)	(63,590)	96,508	(59,377)	(301,967)	-	-	(457,927)	5,477,798
Tiverton	5,977,672	(290,900)	13,409	(32,448)	-	307,679	-	-	(2,260)	5,975,412
Warwick	50,112,362	1,924,641	247,821	-	(1,339)	293,737	-	-	2,464,859	52,577,222
Westerly	8,761,700	(249,371)	47,462	-	-	29,465	-	-	(172,445)	8,589,256
West Warwick	42,823,516	609,791	315,544	-	42,912	243,987	-	-	1,212,234	44,035,750
Woonsocket	89,505,313	(1,738,357)	1,029,772	-	-	(119,298)	-	-	(827,883)	88,677,429
Bristol-Warren	14,885,027	(218,206)	(60,376)	(139,859)	(121,768)	273,453	-	-	(266,756)	14,618,270
Exeter-West Greenwich	9,607,263	(693,039)	(9,825)	436,337	132,294	222,049	-	-	87,816	9,695,080
Chariho	3,440,265	-	-	-	(157,234)	163,681	-	-	6,448	3,446,712
Foster-Glocester	6,614,764	407,711	(58,660)	(143,931)	(26,731)	164,970	-	-	343,359	6,958,123
Central Falls	54,768,079	(3,096,486)	1,346,330	-	(12,736)	(23,435)	-	865,775	(920,552)	53,847,528
District Total	\$1,090,219,455	\$7,275,953	\$3,996,906	(\$1,139,788)	(\$0)	\$2,401,505	\$34,000	\$865,775	\$13,434,351	\$1,103,653,806
Charter School Total	195,272,457	6,407,376	-	-	-	98,495	-	-	6,505,871	201,778,328
Davies	18,532,152	124,584	-	-	-	-	-	2,426,021	2,550,605	21,082,757
Met School	12,966,926	1,296,405	-	-	-	-	-	405,997	1,702,402	14,669,329
Nowell Academy	2,664,112	(264,592)	-	-	-	-	-	-	(264,592)	2,399,520
Urban Collaborative	2,296,446	(347,093)	-	-	-	-	-	-	(347,093)	1,949,354
Youth Build Academy	1,818,245	144,286	-	-	-	-	-	-	144,286	1,962,532
Total	\$1,323,769,794	\$14,636,921	\$3,996,906	(\$1,139,788)	(\$0)	\$2,500,000	\$34,000	\$3,697,793	\$23,725,832	\$1,347,495,623

¹ Based on final 1/15/2026 report from the Department of Children, Youth and Families. In the FY2026 Revised Budget, a total of 2 beds were added in Providence relative to the enacted level and carried into FY2027.

² Based on October 1, 2025 enrollment adjusted for projected 2025-26 PSOC.

Source: Rhode Island Department of Education

SCHOOL CONSTRUCTION AID

In 1960, the school housing aid program was enacted by the General Assembly to guarantee adequate school facilities for all public-school children in the state, and to prevent the cost of constructing and repairing facilities from interfering with the effective operation of the schools. Applications for aid to support the construction and renovation of school buildings are submitted to and evaluated by the Rhode Island Department of Elementary and Secondary Education (RIDE). State aid is provided for approved projects based on a percentage of cost. The percentage provided by the State to the school district is determined based on a share ratio designed to measure a community's need. For FY2027, the minimum state share is 35.0 percent and the maximum is 95.3 percent for Central Falls; the state share for charter schools is 30.0 percent.

The 2010 General Assembly passed legislation increasing the minimum share ratio for traditional school districts from 30.0 percent in FY2011 to 35.0 percent in FY2012 and to 40.0 percent in FY2013. The 2012 General Assembly froze the reimbursement rate at 35.0 percent, but provided that projects completed after June 30, 2010, that received approval from the Board of Regents by June 30, 2012, receive the 40.0 percent minimum.

In FY2027, the Governor recommends \$102.9 million in school construction aid, a decrease of \$17.0 million relative to the FY2026 Budget as Enacted, and a decrease of \$28.8 million relative to the current service level of \$131.7 million provided in the December 2025 school construction aid projections. While the entire amount is expected to be used for housing aid entitlements, pursuant to the changes in Article 7, any surplus will be returned to the general fund instead of deposited into the School Building Authority Capital Fund (Capital Fund) for distribution by the School Building Authority (SBA). Based on December 2025 projections, housing aid entitlements are projected to increase to \$152.3 million in FY2028, \$175.0 million in FY2029, and \$200.0 million in FY2030. It is unclear if the cost saving measures in the Governor's FY2027 Budget recommendation will be applied in future years. The savings initiatives shift \$11.6 million in reimbursement costs into FY2028 and \$11.3 million into FY2029.

To achieve the savings, the Department would utilize current statutory language related to projects funded from capital reserves and bonds to push a portion of the current service reimbursements from FY2027 into FY2028 and FY2029.

Capital Reserve Funded Projects: According to the Department, making the use of local capital reserve funds eligible for reimbursement is intended to reduce costs associated with school maintenance, repair, and construction by reducing financing costs which can increase total project costs by 40.0 to 50.0 percent. Reserve funds are generally used for smaller, more focused projects such as windows and doors, or air quality.

To realize savings from capital reserve funded projects, the Office of Management and Budget (OMB) cites RIGL 16-7-41(a) as authority for the Department to establish the Capital Reserve project repayment schedule provided in the [Housing Aid Reimbursement FY 2026 Guidance and Instructions](#). The statutory language gives the Commissioner of Elementary and Secondary Education the discretion to set up reimbursement cycles when a community fails to "specify or identify the appropriate reimbursement schedule". To achieve the savings in the Governor's FY2027 Budget Recommendation, the Department will group smaller projects by changing the interpretation of "project" to "aggregate", thereby shifting \$7.9 million in current service projections from FY2027 into FY2028 and FY2029.

Governor's FY2027 School Construction

Savings Initiatives

Current Service Level	\$131.7
Capital Reserve Funded Projects	(7.9)
Bond Funded Projects	(15.1)
Outyear Projection Savings	(5.9)
Total	\$102.9

\$ in millions

FY2026 Capital Reserve Project Repayment Schedule

Project Total Amount	Reimbursement Period
≤ \$1.0 million	1 year
> \$1.0 million and < \$1.5 million	2 years
> \$1.5 million	3 years

Source: Housing Aid Reimbursement FY2026 Guidance and Instructions

Bond Funded Projects: Pursuant to 200-RICR-20-05-4.13.1, no payment of school housing aid can be made before the project is completed; however, since housing aid has historically been fully funded, municipalities have received onetime “catch-up” payments for all prior bond payments in the fiscal year following project completion. As a cost saving initiative, the Governor’s Budget utilizes RIGL 16-7-45 which governs the distribution of funds if the full amount of housing aid is not appropriated. The statute does not allow for the ratable reduction of aid, but does provide that, under this circumstance, aid for debt service paid by a community prior to project completion can be deferred and paid “within three (3) equal installments beginning the fiscal year after project completion.” The deferment of these debt service reimbursement payments is projected to reduce FY2027 current service reimbursements by \$15.1 million.

Outyear Projections Saving: The Governor’s recommendation reduces the current service projection by \$5.9 million based on actual housing aid reimbursements in FY2026; however, the statutory changes in Article 7 of the Governor’s Budget Recommendation do not take effect until FY2027. Article 7 amends current law to provide that any surplus funding will revert to general revenue surplus instead of being deposited into the School Building Authority Capital Fund (Capital Fund) for distribution by the School Building Authority (SBA).

Analyst Note: While the Governor’s savings initiatives would reduce State costs in FY2027, delaying reimbursements to districts could increase local costs and slow school construction progress. For example, deferring state reimbursements to local capital reserve funds may slow the recapitalization of the fund and reduce resources available for repairs in the subsequent years and thus slow progress. In addition, for bond-funded projects, the district is required to make debt service payments while the project is under construction. These debt service payments may be supported by local revenues, or the community may need to utilize bridge funding. If local revenues are used, deferred reimbursements will deplete the resources available for other uses. If bridge financing is used, the deferred reimbursement will likely increase borrowing costs. As noted previously, the Governor has not indicated if the proposed expenditure shifts are the new reimbursement policy or a one-year cost savings.

It is unclear how the outyear projection savings will be realized. The number is based on the FY2026 “surplus”; yet, pursuant to current law and the Governor’s Recommended Budget the FY2026 “surplus” will transfer to the SBA. It is likely that not all the projects included in the current service level projection for FY2027 will be completed as scheduled; however, in FY2020 through FY2025, the average annual transfer to the SBA was \$3.0 million. In FY2023 through FY2025, the annual average transfer was \$2.3 million.

The Department has expressed concerns about meeting the school construction reimbursement obligations within the \$102.9 million provided in the Governor’s recommendation.

Impact of Governor's School Construction Savings Initiatives on Housing Aid to Districts

District	FY2027	FY2028	FY2029
Capital Reserve Projects			
East Greenwich	(\$654,400)	\$327,200	\$327,200
East Providence	(147,039)	73,520	73,520
Foster	(257,000)	257,000	
Foster-Glocester	(793,307)	396,654	396,654
Lincoln	(101,205)	50,603	50,603
Narragansett	(434,700)	217,350	217,350
Pawtucket	(1,540,209)	770,105	770,105
Providence	(3,953,874)	1,976,937	1,976,937
Total	(\$7,881,734)	\$4,069,369	\$3,812,369
Bond-Funded Projects			
Cranston	(1,189,963)	594,981	594,981
Cumberland	(381,580)	190,790	190,790
Exeter-West Greenwich	(335,499)	167,750	167,750
Johnston	(2,660,444)	1,330,222	1,330,222
Newport	(5,644,485)	2,822,243	2,822,243
North Providence	(1,484,930)	742,465	742,465
Providence	(1,524,023)	762,011	762,011
Warwick	(364,265)	182,133	182,133
Westerly	(1,017,131)	508,566	508,566
Segue Institute	(456,774)	228,387	228,387
Total	(\$15,059,094)	\$7,529,548	\$7,529,548

Source: Rhode Island Department of Education

Article 7 of the Governor FY2027 Budget Recommendation repeals the requirement that surplus funds appropriated to the school housing aid program be deposited into the School Building Authority Capital Fund (Capital Fund) for distribution by the School Building Authority (SBA). When the SBA was created, the school construction program funding of \$80.0 million was effectively built into the base budget; however, in the FY2023 Budget as Enacted the aid projection was estimated at \$88.5 million, and a surplus of \$3.8 million was transferred to the SBA. Subsequent transfers include \$2.7 million in FY2024 and \$416,527 in FY2025. According to OMB, in FY2026 the housing aid appropriation is projected to exceed the actual reimbursements by about \$5.9 million due primarily to project delays. OMB asserts that project delays, not permanent cost savings, are primarily responsible for the “excess” appropriations. The change in the article is intended to ensure that funds appropriated for school construction reimbursements are available for reimbursement obligation regardless of project delays.

Prior to FY2023, the school construction program funding of \$80.0 million was effectively built into the base budget; however, with the issuance of state general obligation bonds stimulating increased construction, in the FY2023 Budget as Enacted the aid projection was estimated at \$88.5 million, and a surplus of \$3.8 million was transferred to the Capital Fund.

The 2011 General Assembly enacted legislation that required RIDE to develop recommendations for cost containment strategies in the school housing aid program. The following recommendations were submitted on March 22, 2012:

- Establish capital reserve funds on the state and local level.
- Reduce the minimum share ratio.
- Limit costs associated with bonding by establishing a mechanism to allow districts with poor bond ratings to borrow at a lower interest rate, reduce the State’s reimbursement rate on interest, and provide incentives for districts to refinance bonds.

Article 9 of the FY2019 Budget as Enacted provided temporary incentives to encourage districts to improve the condition of public-school buildings in Rhode Island, established a permanent incentive for school safety and security projects, and established school maintenance expenditure requirements.

The FY2025 Budget as Enacted included \$1.0 million in federal funds and 3.0 new FTE positions to reflect the award of a \$5.0 million, five-year grant from the United States Department of Education to support the Healthy Environments Advance Learning ([HEAL](#)) program in enhancing the indoor environmental conditions in public schools to reduce chronic absenteeism and improve student health. The focus of the program is on the five LEAs with the greatest need: Central Falls, Providence, Pawtucket, West Warwick, and Woonsocket.

Transfers to the Capital Fund from the Foundation Program

FY2017 Actual	\$11.0
FY2018 Actual	10.9
FY2019 Actual	14.7
FY2020 Actual	1.0
FY2021 Actual	1.0
FY2022 Actual	9.0
FY2023 Actual	3.8
FY2024 Actual	2.7
FY2025 Actual	0.4
Total	\$54.5

Source: Budget databases. \$ in millions

HEAL Budget¹ (2023 - 2028)

Category	Five-Year Total
Personnel (3.0 FTE)	\$1,412,374
Fridge Benefits	968,489
Travel	10,050
Supplies	3,900
Contractual	2,343,253
Indirect Costs	220,293
Total	\$4,958,360

¹ The Department is waiting on approval for a revised budget, as the original required substantial changes
source: Rhode Island Department of Education

School Building Authority: Article 9 of the FY2016 Budget as Enacted designated the Department of Elementary and Secondary Education (Department) as the State’s School Building Authority (SBA) and charged the Department with implementing a system of state funding for school facilities, managing the school housing aid program, and developing a project priority system. The Authority oversees two distinct funding mechanisms for school facilities: the Foundation Program, as enumerated in RIGL 16-7-35 through 16-7-47, and the School Building Authority Capital Fund (Capital Fund), as created through the article. Since FY2016, the Office has grown to accommodate increased activity stimulated by the passage of two general obligation bonds to support school construction. Currently, the Office has 5.0 FTE positions. In

FY2027, the Budget provides \$933,072 in salaries and benefits, including \$653,151 in general revenue and \$279,921 in restricted receipts.

Through Article 9, the FY2019 Budget as Enacted shifted a portion of the FTE costs for the administration of the school construction program from general revenue to a new school construction services restricted receipt account. The restricted receipts are funded by the Rhode Island Health and Education Building Corporation (RIHEBC) from the School Building Authority Capital Fund, fees generated from the origination of municipal bonds and other financing vehicles used for school construction, and its own reserves. There is no statutory limit on the amount or type of expenses that can be funded; however, Article 9 limited the fee that RIHEBC can impose on cities, towns and districts to one tenth of one percent (0.001) of the principal amount of the bond.

School Construction Services

	RIHEBC Bond Fee Revenue	Transferred to SBA	Difference
FY2019 Actual	\$681,447	(\$737,735)	(\$56,288)
FY2020 Actual	71,840	(770,946)	(699,106)
FY2021 Actual	303,180	(677,945)	(374,765)
FY2022 Actual	222,990	(257,613)	(34,623)
FY2023 Actual	85,000	(255,752)	(170,752)
FY2024 Actual	269,990	(242,491)	27,499
FY2025 Actual	545,450	(254,354)	291,096
FY2026 Projected	381,930	(260,000)	121,930
Total	\$2,561,827	(\$3,456,836)	(\$895,009)

Source: RIHEBC March 9, 2026.

In addition to the transfers to the SBA, since 2006, RIHEBC has transferred \$14.3 million to the state general fund, including \$6.0 million in FY2018. In the FY2016 Revised Budget, the Governor recommends the transfer of \$2.5 million to the general fund.

School Building Authority Capital Fund: In FY2016, the Department received a one-time, pass-through appropriation of \$20.0 million in new general revenue to capitalize the Capital Fund, which is held in trust and administered by the Rhode Island Health and Education Building Corporation (RIHEBC).

The FY2019 Budget as Enacted required the SBA to provide technical assistance and guidance to school districts on the necessity of school construction application process; and provided that for FY2019 and FY2020 the amount transferred from the Foundation Program was to be used for this purpose. According to the SBA, each of the 38 LEA's that requested technical assistance in FY 2019 and FY 2020 were provided with an award for a total of \$3.7 million.

In FY2022, the Budget as Enacted provided \$590,814 in general revenue from the surplus construction aid to the Capital Fund; however, the revised budget provided a total of \$9.0 million in surplus funds. The increase was due to construction delays, caused by the COVID-19 pandemic, and bond refinancing. Several communities refinanced to take advantage of the low interest rates, saving a total of \$8.5 million in total debt service payments that was shared between the municipalities and the State.

In FY2023, in addition to the \$250.0 million school building bond referendum in Article 5, the FY2023 Budget as Enacted provided \$50.0 million in general revenue to the School Building Authority to address high-priority projects including upgrades to lighting, heating, and ventilation systems to create facility equity among Rhode Island students.

Transfers to the Capital Fund

	Foundation Program	Other General Revenue	Total
FY2016 Actual	\$0.0	\$20.0	\$20.0
FY2017 Actual	11.0	-	11.0
FY2018 Actual	10.9	-	10.9
FY2019 Actual	14.7	-	14.7
FY2020 Actual	1.0	-	1.0
FY2021 Actual	1.0	-	1.0
FY2022 Actual	9.0	-	9.0
FY2023 Actual	3.8	50.0	53.8
FY2024 Actual	2.7	-	2.7
FY2025 Actual	0.4	-	0.4
FY2026 Projected	5.9	-	5.9
Total	\$60.4	\$70.0	\$79.5

Source: Budget databases. \$ in millions

In FY2024, \$104.2 million was appropriated to the foundation program; however, \$101.5 was spent leaving \$2.7 million to be transferred to the Capital Fund in the FY2024 Revised Budget. Of these funds \$1.7 million was used for the [Get the Foam Out!](#) program and \$995,610 went toward the [WELL Initiative](#).

Facility Equity Initiative Pilot Program: At the January 11, 2022, meeting, the Council on Elementary and Secondary Education approved funding for the Facility Equity Initiative pilot program to provide pay-go funding for high priority projects in school districts with reimbursement rates over 65.0 percent, including

Central Falls, Pawtucket, Providence, West Warwick, and Woonsocket. This project would focus on high priority projects to improve the health and safety of students and promote equity across the State. The new Capital Fund will provide up-front funding instead of increasing the school construction allocation in the annual budget and reduce costs by eliminating interest payments on the funded projects.

The projects approved by the Council for FY2022 are supported with the \$9.0 million, from construction delays and bond refinancing, plus an additional \$3.0 million from prior year surpluses, and \$1.5 million in support from the Office of Energy Resources (OER) fund to the Facility Equity Initiative pilot program. The funding was distributed, in partnership with OER and the Division of Equity, Diversity, Inclusion (DEDI). After evaluating 53 applications from 5 LEAs, the funds were awarded to 5 districts on a priority basis designed to have the greatest impact on facility gaps between districts.

**FY2022 SBA Capital Fund
Facility Equity Initiative**

Central Falls	\$3.6
Pawtucket	4.4
Providence	4.5
West Warwick	0.5
Woonsocket	0.5
Total	\$13.4

\$ in millions

While this program was only a pilot, with the approval of the \$250.0 million school construction bond in November 2022, Article 10 of the FY2023 Budget provided that \$50.0 million be transferred to the School Building Authority Capital Fund to address high-priority projects including upgrades to lighting, heating, and ventilation systems to create facility equity among Rhode Island students. The SBA expanded the pilot program to include the ten LEAs with a base reimbursement rate over 45.0 percent, thus doubling the number of eligible schools.

Of the \$50.0 million appropriated in FY2023, \$49.1 million was distributed as follows:

- \$26.0 million funded the Facility Equity Initiative, an additional \$4.0 million was contributed by the Office of Energy Resources.
- \$14.0 million (plus \$1.0 million from the career and technology school fund) was distributed through the 21st Century Technology and Equipment Funds to provide LEAs funds to ensure that learning spaces are equipped with technology, furniture, and equipment that support science technology, engineering, and math project-based learning.
- \$7.5 million was used for the Inside Out program to provide outdoor classrooms.
- \$1.6 million was awarded through the Menu for Success program providing students with the opportunity to design and operate food trucks.
- \$850,000 is being used toward the new W.E.L.L. Initiative to meet the holistic needs of student in the wake of the pandemic. Local education agencies will be eligible for up to \$150,000 depending on enrollment. LEAs will be provided with \$5,000 to conduct professional development to support the award. Additional funding for this initiative includes \$1.6 million in federal ESSER II funds and \$500,000 in Opioid Settlement funding.

**FY2023 SBA Capital Fund
Facility Equity Initiative Program**

Burrillville	\$0.3
Central Falls	4.2
Coventry	3.2
Cranston	1.9
East Providence	2.2
North Providence	2.8
Pawtucket	2.8
Providence	9.3
West Warwick	0.6
Woonsocket	2.9
Total	\$30.2

\$ in millions

FY2026 Supplemental Budget

DEPARTMENT OF ADMINISTRATION

Debt Service -General Obligation Bond Changes

(\$13.2 million)

The Budget includes general revenue of \$114.7 million for debt service expenses, reflecting a decrease of \$13.2 million from the FY2026 Budget as Enacted.

General Obligation Bonds	FY2026 Enacted	FY2026 Governor	Change
G.O. Bond New Bond Issue Projected Costs	\$26,310,000	\$0	(\$26,310,000)
RI School Buildings	17,986,896	23,234,896	5,248,000
DOA - Quonset Point Debt Service	9,884,151	15,221,524	5,337,373
All Other G.O. Bond Adjustments	73,675,134	76,205,184	2,530,050
Total	\$127,856,181	\$114,661,604	(\$13,194,577)

- **G. O. Bond New Bond Issuance:** The variance includes a reduction of \$26.3 million from delaying the issuance of new bonds. The FY2027 Capital Budget assumes a Spring 2026 issuance for \$224.0 million in previously approved bonds.
- **RI School Buildings:** The FY2026 Revised Budget includes \$23.2 million in general revenue debt service for the Rhode Island School Construction bond program. This is a general revenue increase of \$5.2 million in general revenue for debt service payments as compared to the FY2026 Budget as Enacted.

The Capital Budget includes \$500.0 million general obligation bond proceeds authorized by voters in November 2018 and November 2022 for the construction, renovation, and rehabilitation of the State's public schools. The bond proceeds fund the foundational school housing aid program and the School Building Authority Capital Fund. Funds from other sources, including local sources, will combine to fund \$1.0 billion in school construction and renovation projects. The Budget includes \$141.2 million in Pre-FY2026 - FY2027 issued general obligation bond proceeds, and \$108.8 million in unissued general obligation bond proceeds from FY2026 – FY2027.

- **DOA – Quonset Point Debt Service:** The FY2026 Revised Budget includes \$15.2 million in general revenue debt service related to the increase in Quonset Point debt service due to the 2025 general obligation bond issuance that closed on June 25, 2025. This reflects an increase of \$5.3 million in general revenue (\$4.5 million for additional principal and \$877,373 for interest debt service) as compared to the FY2026 Budget as Enacted. The related Quonset Point projects included in the 2025 general obligation bond issuance are:
 - **\$15.8 million for the RIReady Statewide Industrial Site Development:** Authorized under P.L. 2020 Chapter 80 for the purpose of preparing sites for development for manufacturing, assembly, distribution, and other commercial endeavors for employment creation.
 - **\$3.2 million for Port of Davisville Infrastructure:** Authorized under P.L. 2020 Chapter 80 to support the Quonset Point Business Park waterfront expansion including channel dredging, construction of Terminal 5 pier (which opened in September 2025), and modernization upgrades to Piers 1 and 2.
 - **\$5.0 million for Port of Davisville Landside Improvements:** Authorized under P.L. 2024 Chapter 117 to fund the construction of the Terminal 5 Access Road and 33 acre laydown yard to allow large project cargo, such as items related to the offshore wind work) to unload and be transported to a laydown yard without interfering with overhead wiring or right-of-way obstructions.

Primary Care Health Assessment State Cost **(\$750,000)**

The Budget decreases general revenue by \$750,000 that was included in the FY2026 Budget as Enacted as a statewide placeholder for the Primary Care Health Assessment but subsequently incorporated into updated health insurance rates and thus no longer needed. This also reflects reductions of \$477,295 in other funds, \$100,500 in federal funds, and \$44,575 in restricted receipts.

Tort Awards **(\$250,000)**

The Budget includes \$1.5 million in general revenue for court tort awards, a decrease of \$250,000 from the FY2026 Budget as Enacted. Funding in the tort account is used to pay for tort/court award judgments against the State of Rhode Island. According to the Department of Administration, “the requested increase is contingency for possible increases, as indicated by the Office of the Attorney General.” However, the Department does not have further details regarding potential awards. The State’s Enterprise Resource Planning (ERP) accounting lists total FY2026 expenditures of \$204,537 as of February 27, 2026.

	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2026	
Torts - Court Awards	Actual	Actual	Actual	Actual	Actual	Enacted	Governor	Change
Taxable Claims/Settlements	\$504,116	\$940,130	\$389,681	\$746,588	\$1,240,950	\$1,750,000	\$1,500,000	(\$250,000)

Wrongful Conviction Awards **(\$100,000)**

The Budget includes \$900,000 in general revenue for the payment of awards to those who were wrongfully convicted of a crime. This reflects a decrease of \$100,000 from the enacted budget. Authorized under Public Law 2021 Chapter 235 and 236, the law allows anyone who was wrongfully sentenced to prison for more than one year to petition the presiding justice of Rhode Island Superior Court for compensation and damages. If the court finds that the claimant was wrongfully imprisoned, the court will grant an award of \$50,000 for each year served in a correctional facility. If the individual was imprisoned for less than one year, the claimant will receive 1/365 of \$50,000 for each day served. The award can include damages such as attorney’s fees no greater than \$15,000, plus compensation for reasonable costs including housing, transportation, subsistence, re-integrative services, and mental and physical health care costs. The request for the \$100,000 reduction in Wrongful Conviction Awards is based on updated projections provided by the Office of the Attorney General.

ARPA CPF: Municipal and Higher Education Matching Grant (federal funds) **\$83.2 million**

The FY2026 Revised Budget includes \$83.2 million in federal American Rescue Plan Act (ARPA) funds for the ARPA Capital Project Funds (CPF) Municipal and Higher Ed Matching Grant Program, reflecting an increase of \$83.2 million from unspent ARPA CPF funds from FY2024.

The FY2024 Budget as Enacted included these funds, of which \$35.0 million was added from repurposed ARPA Capital Project Funds (CPF) originally planned for the construction of a Student Services Center at Rhode Island College, to the ARPA CPF Municipal and Higher Ed Matching Grant Program, to renovate or construct community wellness centers that meet the U.S. Treasury’s guidance for workforce development, education, and health maintenance.

ARP ERA: Emergency Rental Assistance (federal funds) **(\$14.6 million)**

The Budget includes federal funds of \$18.4 million for emergency rental assistance, known as RentReliefRI in FY2026 resulting in a reduction of federal funds of \$14.6 million as compared to the FY2026 Budget as Enacted. The State received \$352.0 million from two federal Emergency Rental Assistance authorizations (ERA1 and ERA2) to provide rent and utility assistance. The program distributed over \$200.0 million before its original funding had been either depleted or hit its federal expiration date.

- ERA1 (Consolidated Appropriations Act, 2021): This was originally set to expire earlier but was extended to September 30, 2022.
- ERA2 (American Rescue Plan Act): These funds had an expiration date of September 30, 2025.

Funding for the Rhode Island Federal Emergency Rental Assistance (ERA) program was appropriated past initial expiration dates primarily due to federal legislative extensions and reallocation rules that shifted deadlines. In addition, allocations were shifted over FY2024 and FY2025 so that federal obligation timelines were met while allowing actual spending to continue through December 2026.

ARPA SFRF: Municipal Public Safety Infrastructure (federal funds)

\$4.4 million

The Budget includes the reappropriation of \$4.4 million in federal ARPA SFRF funding to support improvements to municipal public safety infrastructure. The FY2024 Budget as Enacted includes \$11.0 million in matching support to cities and towns to make undertake new construction, prioritizing projects based on readiness. The maximum grant award is \$1.0 million to any municipality, or limited to \$5.0 million for projects that serve a regional purpose.

The Department of Administration (DOA) began accepting grant proposals from municipalities on December 14, 2023, and closed the process on February 2, 2024. A total of 16 communities with 19 projects totaling \$18.9 million was submitted to DOA. An evaluation committee was and reviewed the proposals. On March 15, 2024, DOA announced the award decisions to 9 municipalities.

Actual expenditures as of December 31, 2025, in FY2024 totaled \$8.3 million, any balance is reappropriated into FY2026 for the same purpose. No further funding is expected for this item in FY2027.

ARPA SFRF: Community Learning Center Grants (federal funds)

\$2.0 million

The Budget includes \$2.0 million for the Community Learning Center Operating Support Grant. This is the reappropriation of unspent federal funds from FY2025. The reappropriation does not reflect reclassified SFRF underspend. As of December 31, 2025, the unspent balance is \$1.6 million and approximately \$383,838 was spent by December 31, 2025.

Analyst Note: The Budget Office used the program balance as of July 1, 2025, when preparing the FY2026 Revised Budget.

ARPA SFRF: Public Health Response Warehouse Support (federal funds)

\$1.0 million

The Budget includes the reappropriation of \$1.0 million in federal ARPA SFRF funding for the storage of personal protection equipment (PPE) and other necessary COVID-19 response related supplies. This reflects an increase of \$1.0 million from unspent ARPA CPF funds from FY2024, reappropriated into FY2026. No further funding is expected for this item in FY2027.

The FY2025 Budget as Enacted included \$778,347 in federal ARPA SFRF funding for the storage of personal protection equipment (PPE) and other necessary COVID-19 response related supplies. In addition, \$1.6 million was transferred into the account, for a total FY2024 Final appropriation of \$3.0 million. The State originally leased two warehouses; one located at 2700 Plainfield Pike, in Cranston, and owned by EIM Plainfield Pike LLC; and the other is located at 100 Higginson Avenue, in Lincoln, and owned by Waterloo Way LLP. The costs of the warehouse, including lease payments, etc., are no longer eligible for FEMA reimbursement at 90.0 percent. The current plan is to use the appropriation to cover the warehouse costs until the funds are exhausted.

ITRR Enterprise Resource Planning – IT Improvement Projects (restricted receipts)

\$32.0 million

The Governor's Revised Budget increases restricted receipts by \$32.0 million from the Information Technology Restricted Receipt (ITRR) account for the continued implementation and support of the Enterprise Resource Planning system supporting statewide payroll, human resources management, and financial management functions. The FY2026 - FY2031 Capital Budget includes total funding of \$45.1 million in FY2026, of which \$10.1 million is internal service funds. Internal service fund charges are included in FY2026 for the first year of implementation. This does not include maintenance and operating expenses after FY2026, which will be an annual cost.

Information Technology Restricted Receipt Account (restricted receipts)**\$3.0 million**

The Budget includes \$4.1 million in restricted receipts for the Information Technology Restricted Receipt Account (ITRR), formerly known as the Information Technology Investment Fund (ITIF), which is a restricted receipt account for the State's technology initiatives and improvement projects. This reflects an increase of \$3.0 million in restricted receipts from the FY2026 Budget as Enacted.

Capital Projects (RICAP)**\$102.5 million**

The FY2026 Revised Budget includes \$170.7 million in Rhode Island Capital Plan (RICAP) reflecting an increase of \$102.5 million from the FY2026 Budget as Enacted. The most significant increases occur with the various Pastore Campus projects (\$38.7 million) and the Zambarano Buildings project (\$37.4 million).

RICAP Project - Summary	FY2026 Enacted	FY2026 Governor	Change
Pastore Center Capital Projects	\$25,750,000	\$64,428,383	\$38,678,383
Capital Hill Campus Projects	5,609,000	13,895,361	8,286,361
Miscellaneous Capital Projects	14,982,000	29,254,424	14,272,424
Group Home Projects	10,350,000	14,254,045	3,904,045
RI Convention Center Authority Venues	6,980,000	6,980,000	-
Zambarano and Hospital Projects	4,500,000	41,891,525	37,391,525
Total	\$68,171,000	\$170,703,738	\$102,532,738

OFFICE OF ENERGY RESOURCES**Electric Leaf Blower Rebate Program****\$219,200**

The Budget includes the general revenue reappropriation of \$219,200 for the Electric Leaf Blower Rebate Program. The program encouraged commercial landscapers to use zero-emission technology to reduce air and noise pollution. The program provides a standard rebate between \$1,500 or 75.0 percent (whichever is less) of the purchase price of an electric leaf blower and two associated battery packs; and can receive an additional \$250 rebate if a business is located in a municipality with a high rate of asthma. There is a limit of two rebates per applicant in total. As of February 25, 2026, OER has issued 54 rebates totaling \$42,997.

E-Bike Program**\$56,111**

The Budget includes a general revenue reappropriation of \$56,111 for the Erika Niedowski Memorial E-Bike Rebate Program. The FY2025 Final Budget required any unexpended balances from this program be reappropriated into FY2026. The Erika Niedowski Memorial E-Bike Program provided a standard rebate between \$350 or 30.0 percent (whichever is less) of the final purchase price of an electric bike, or if a person is eligible for an income qualified rebate, between \$750 or 75.0 percent (whichever is less) of the final purchase price. There is a limit of two rebates per household.

The initial \$500,000 in funding for the program in FY2024, was derived from the federal State Energy Plan program and through restricted receipt proceeds from the Executive Climate Change Coordinating Council (EC4). The FY2025 Budget as Enacted includes \$250,000 in general revenue to maintain the Erika Niedowski Memorial E-Bike Rebate Program.

As of March 18, 2026, the program awarded 1,915 rebates using \$1.0 million in existing funding sources, including OER Federal Funds (State Energy Funds and Petroleum Violation Escrow Funds), however, federal funding ran out in July 2023. The Executive Climate Change Coordinating Council (EC4) provided one-time funding in the interim.

National Electric Vehicle Infrastructure Formula Program – OER Share (other funds)**\$9.8 million**

The Budget includes \$14.6 million in other funds reflecting an increase of \$9.9 million as compared to the FY2026 Budget as Enacted. The increase includes \$9.8 million for grant funding. This is an operating transfer of federal fund awards to the State under the National Electric Vehicle Infrastructure Formula

Program (NEVI Formula), to provide funding to strategically deploy electric vehicle (EV) charging infrastructure and to establish an interconnected network to facilitate data collection, access, and reliability.

Analyst Note: Funding is appropriated in RI Department of Transportation's (RIDOT) federal grants budget from the Federal Highway Administration (FHWA). Expenditures are made by OER and billed back to RIDOT quarterly for reimbursement. The reimbursement triggers the drawdown of the grant funds. The reimbursements are carried out via journal entry.

CANNABIS CONTROL COMMISSION

Marijuana Trust Fund Transfer

(\$5.0 million)

The Governor recommends a one-time transfer of \$5.0 million to general revenue from the Marijuana Trust Fund, which has generated revenues exceeding what is required to administer the adult-use cannabis market. These funds will support initiatives put forth by the Governor including:

- **988 Lifeline (\$1.0 million)**
- **Certified Community Behavioral Health Centers (\$4.0 million)**

DEPARTMENT OF LABOR AND TRAINING

Skills for Rhode Island's Future

\$565,780

The Governor recommends \$565,780 of general revenue reappropriated from FY2025 for the Skills for Rhode Island's Future (Skills RI) program. Skills RI partners with Rhode Island healthcare systems to address the heightened need for healthcare services in the State by facilitating the outreach, recruitment, screening, placement, onboarding, supportive services, training curriculum assistance, and outcome reporting of medical personnel. The funding was a one-time appropriation in FY2023. Real Jobs RI is the primary workforce development and training program offered by the Department.

Firefighters' Relief Fund

\$150,671

The Governor recommends \$3.0 million in general revenues to support the Firefighters' Relief Fund in FY2026, reflecting an increase of \$150,671 from the enacted level. The increase includes an \$80,000 reappropriation and reflects the payment of an unanticipated one-time-death benefit.

Unemployment Insurance Benefits (all funds)

\$19.2 million

The Governor recommends \$268.4 million in other funds and \$71,741 in federal funds for unemployment insurance benefit payments excluding centralized services, reflecting a net increase of \$19.2 million from the FY2026 enacted level. The adjustment includes a \$19.9 million increase to unemployment insurance benefits offset by a \$1.0 million reduction in reimbursable employers' benefits. The following table compares the funding recommended by the Governor in FY2026 with the FY2026 Budget as Enacted.

Unemployment Insurance Benefits	FY2026 Enacted	FY2026 Governor	Change
Unemployment Insurance (other funds)	\$229,100,000	\$249,000,000	\$19,900,000
Reimbursable Employers UI Benefits (other funds)	11,000,000	10,000,000	(1,000,000)
Payments to Other States (other funds)	6,500,000	6,500,000	-
Federal and Veteran Employment (other funds)	1,500,000	1,700,000	200,000
State Employees (other funds)	1,100,000	1,200,000	100,000
Trade Readjustment Act (federal funds)	100,000	71,741	(28,259)
Total	\$249,300,000	\$268,471,741	\$19,171,741

ARPA SFRF Funded Projects (federal funds)

\$66,704

The Governor recommends \$66,704 in American Rescue Plan Act State Fiscal Recovery Funds (ARPA SFRF) reappropriated from FY2025 to FY2026, including \$65,508 for the Enhanced Real Jobs program

and \$1,196 for the Unemployment Trust Fund Contribution. Funding provided by ARPA SFRF must be fully expended by December 31, 2026.

DEPARTMENT OF REVENUE

Lottery Division (other funds)

(\$15.1 million)

The Governor recommends \$15.1 million less in Lottery funds in FY2026 than the enacted level. The net decrease of \$15.1 million in Commissions and Prize Payments is based on the November 2025 Revenue Estimating Conference (REC) estimates of video lottery terminal (VLT) net terminal income and other lottery games. Net terminal income from VLTs is estimated to total \$525.6 million, net table game revenue (NTGR) is estimated to total \$122.8 million, the combined handle for sports betting is estimated at \$475.5 million, and combined gaming revenue for iGaming is estimated to be \$70.9 million. Gross revenue from these activities is deposited in the State lottery fund for administrative purposes with commissions distributed to Twin River and deductions made for casino operating expenses. The balance is remitted to the general fund.

Mobile DMV

(\$750,000)

The Governor recommends the reappropriation of \$750,000 in general revenue to support the mobile delivery of Division of Motor Vehicles (DMV) services in the municipalities of Warren and Westerly. State law requires that DMV services be available in Warren three times a week and once in Westerly. The State has contracted to have mobile motor vehicle registry designed and manufactured to accomplish this. According to the Department the unit is planned to be delivered in Spring 2026. Once received, all of the information technology equipment, data lines, and security measures will be installed, with services going live in Summer 2026.

Tax Increment Financing Disbursement to Pawtucket (restricted receipts)

(\$2.9 million)

The FY2026 Revised Budget includes a reduction of \$2.9 million in restricted receipt funds related to the economic activity taxes collected Pawtucket. The reduction reflects adjusted receipt collections information.

Legislation enacted in 2019 established several geographical districts within downtown Pawtucket in which any incremental tax revenues generated by new economic development would be made available to the City. CommerceRI is charged with certifying these new “economic activity tax” revenues and the Division of Taxation segregates them into their own account. Taxation disburses these Pawtucket Redevelopment Activity Funds as directed by General Assembly appropriation. In 2021, prior to any new development taking place, DOR calculated the baseline revenues occurring within the district to be \$8.9 million.

Pawtucket Redevelopment Activity Funds are in turn used to make payments on bond debt issued by the Pawtucket Redevelopment Agency (PRA). Bond proceeds are used to finance economic development projects within the district. This method of financing is called tax increment financing (TIF). CommerceRI approves which economic development projects are to receive TIF funds and in what amount. It also has the authority to pledge “baseline” revenue in addition to new economic activity tax revenue.

OFFICE OF THE GENERAL TREASURER

Medical Debt Relief Program

\$880,899

The FY2025 Budget as Enacted included \$1.0 million in general revenue for the Medical Debt Relief Program administered by the Office of the General Treasurer for the purpose of contracting with a non-profit corporation (Undue Medical Debt) to purchase, cancel, or otherwise forgive medical debt for people meeting certain requirements, including that the individual be a citizen of the State and has a federal adjusted gross income is 400.0 percent or less of the federal poverty line, or whose debt is more than 5.0 percent of the individuals’ adjusted gross income. A total of \$119,101 was expended by Undue Medical Debt in FY2025, leaving the balance of \$880,899 to be reappropriated into FY2026.

The latest information regarding the effectiveness of the program was released by the Office of the General Treasurer in September 2025. According to Treasury, the program erased approximately \$12.0 million in medical debt for 6,855 residents.

BOARD OF ELECTIONS

Election Adjustments

\$562,575

The Budget increases general revenue expenditures by \$562,575 to reflect personnel, contracted services, and operating expenditures for voter operating supplies and expenses. This increase includes a reappropriation of \$454,067 to upgrade the election poll pads, \$70,508 for the Public Financing of Campaigns, and \$40,000 to reflect actual expenditures in FY2026.

Election Costs	FY2026 Enacted	FY2026 Governor	Change
Public Finance of Campaigns	\$0	\$0	\$0
Seasonal Staff	35,000	75,000	40,000
Equipment Delivery	-	-	-
Electronic Poll Pads	2,000	454,067	452,067
Software Maintenance	65,000	135,508	70,508
Other Professional Services	1,226,497	1,226,497	-
Program Supplies	75,000	75,000	-
Printing - Outside Vendors	6,000	6,000	-
Total	\$1,409,497	\$1,972,072	\$562,575

PUBLIC UTILITIES COMMISSION

Windows Replacement (restricted receipt)

\$134,826

The FY2026 Revised Budget provides a total operating budget of \$15.7 million, including \$14.9 million in restricted receipts. This represents a net restricted receipt increase of \$180,481 from the FY2026 Budget as Enacted. The most significant adjustment includes a restricted receipt increase of \$134,826 for window replacement and upgrades.

EXECUTIVE OFFICE OF COMMERCE

ARPA CPF - Broadband (federal funds)

\$24.0 million

The Budget includes the reappropriation of \$24.0 million of unspent ARPA Capital Projects Funds for Broadband initiatives within the EOC's Commerce Programs in FY2026.

ConnectRI is the State's primary broadband development program. Administered by the Commerce Corporation in concert with the State's Broadband Advisory Council, it coordinates the planning, and implementation of expanded internet capacity in the State. It has created a statewide strategic plan and is in the process of engaging federal agencies to access funding; create grant and other programs; and coordinate stakeholder and governmental organizations. ConnectRI finished taking public comment on its draft proposals for the federal Broadband Equity, Access, and Deployment (BEAD) Program and its Digital Equity Plan in December and February, respectively. Final proposals informed by the public comment period are currently being completed. The proposals are the first steps required to securing nearly \$110.0 million in federal Infrastructure and Jobs Act and Digital Equity Act funding.

ARPA SFRF Bioscience Investments (federal funds)

\$24.2 million

The Budget includes the reappropriation of \$24.2 million of unspent State Fiscal Recovery Funds for Bioscience Initiatives within the EOC's Commerce Programs in FY2026. The FY2024 Budget as Enacted appropriated \$45.0 million from SFRF funds to finance bioscience wet lab development and the creation of the Rhode Island Life Sciences Hub (RILSH). The Hub is a quasi-public agency with a 15 member board. According to the RISLH, all SFRF funds are committed at this time.

State Small Business Credit Initiative (federal funds)**(\$19.3 million)**

The Governor recommends \$694,437 in federal American Rescue Plan Act (ARPA) Direct Funds for the State Small Business Credit Initiative in FY2026, \$19.3 million below the enacted level. The program supports Rhode Island-based small businesses and entrepreneurs by providing capital and technical assistance to assist in growth and sustainability. Capital is made available through loan participation and guarantees, collateral support, equity and venture capital arrangements, and other capital access programs.

Rhode Island was awarded \$67.1 million in Direct Funds under ARPA for the program. This funding is available under three tranches. EOC indicates that the first tranche has been fully expended and that there is approximately \$700,000 left in the second. The FY2026 Budget as Enacted included a \$20.0 million placeholder for the third tranche.

ARPA SFRF Aid to Tourism, Hospitality, and Event Industries (federal funds)**\$1.3 million**

The Governor recommends \$1.3 million in federal State Fiscal Recovery Funds (SFRF) to support activities related to the tourism, hospitality, and events. This funding represents the final funding programmed under SFRF for this category. Funding is being used to support outdoor and public space capital improvements and event/placemaking programming.

EXECUTIVE OFFICE OF HOUSING**ARPA SFRF Housing and Homelessness Initiatives (federal funds)****\$95.3 million**

The Governor recommends the reappropriation of \$95.3 million in federal American Rescue Plan Act (ARPA) State Fiscal Recovery Funds (SFRF) in FY2026 within the Executive Office of Housing. Between FY2022 and FY2024 the General Assembly authorized the creation of 16 housing and homelessness programs and appropriated \$332.2 million in SFRF funds to support them. The General Assembly was compelled to appropriate all of the State's ARPA allocations in FY2024 to meet U.S. Treasury obligation and spending deadlines. Because many of the housing and homelessness programs take several years to complete, the General Assembly required that any unspent ARPA funds at the end of any given fiscal year be reappropriated for the same purposes. The status of these various projects may be found at the state's Pandemic Recovery Office's reporting page here: [SFRF Quarterly Reports](#). The following table summarizes the reappropriations.

ARPA SFRF Initiative	FY2022 Actual*	FY2023 Actual*	FY2024 Actual	FY2025 Actual	FY2026 Enacted	FY2026 Revised	Total Appropriation
Development of Affordable Housing	\$14.7	\$0.0	\$25.2	\$20.1	\$0.0	\$40.0	\$100.0
Homelessness Infrastructure	-	3.7	23.7	13.4	-	4.2	45.0
Targeted Housing Development	-	-	-	8.0	-	18.0	26.0
Down Payment Assistance	-	10.0	20.0	-	-	-	30.0
Site Acquisition	6.0	9.0	10.0	-	-	0.0	25.0
Home Repair and Community Revitalization	-	-	7.0	7.8	-	9.7	24.5
Homelessness Assistance Programs	-	5.6	10.1	14.1	-	9.0	38.8
Workforce and Middle-Income Housing	-	-	3.7	8.0	-	8.3	20.0
Affordable Housing Predevelopment Program	-	2.5	7.5	-	-	-	10.0
Housing Related Infrastructure	-	-	-	1.1	-	1.9	3.0
Municipal Homelessness Support	-	-	0.3	1.2	-	0.7	2.2
Municipal Planning	-	-	-	0.3	-	1.7	2.3
Statewide Housing Plan	-	-	0.0	0.9	-	1.0	2.0
Predevelopment and Capacity Building	0.1	0.5	0.6	0.2	-	0.0	1.5
Proactive Housing Development	-	-	-	0.7	-	0.7	1.4
Preservation of Affordable Housing Units	-	-	-	0.5	-	-	0.5
Total	\$20.8	\$31.3	\$108.2	\$76.2	-	\$95.3	\$332.2

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

* FY2022 and FY2023 levels reflect the amount included for the Office of Housing and Community Development

EXECUTIVE OFFICE OF HEALTH AND HUMAN SERVICES

Executive Office of Health and Human Services: The Budget includes \$1,477.2 million from general revenues (\$4,255.3 million all funds) for the Executive Office of Health and Human Services (EOHHS) in FY2026. This represents a general revenue decrease of \$13.2 million in general revenue (\$1.2 million all funds) when compared to the FY2026 Budget as Enacted. The major changes include the following:

- **November 2025 Caseload Estimating Conference:** The FY2026 Revised Budget includes a net general revenue decrease of \$13.7 million (\$40.2 million all funds) to reflect the results of the November 2025 Caseload Estimating Conference (CEC). The estimates project total Medicaid spending of \$3,900.8 million in FY2026, including \$1,412.7 million from general revenues. More detailed information is provided in the [November 2025 Caseload Estimating Conference Report](#).
- **Medicaid Management Information System (MMIS):** The Budget includes a \$1.7 million increase in general revenue (\$4.8 million all funds) to support the Medicaid Management Information System. The State's existing MMIS was originally implemented in 1993. Over the years, the State's MMIS has continued to be adapted to meet the needs of the State, but in order to come into compliance with the Centers for Medicare and Medicaid Services (CMS) requirements, the State must adopt a modular system. The existing MMIS system will run in tandem with the new MES modules until the transition is completed.
- **Government Efficiency Grant:** The Budget includes \$2.0 million in federal funds to facilitate capacity building for SNAP and Medicaid beneficiaries to meet the volunteering, educational, and/or work requirements required to meet the new federal HR-1 community engagement requirements.

DEPARTMENT OF CHILDREN, YOUTH, AND FAMILIES

DCYF FTE Correction

\$449,829

The Budget provides a general revenue increase of \$449,829, with a corresponding federal funds increase of \$242,180 to restore 6.0 FTE Social Worker II positions within two Divisions, Central Management and Child Welfare, that the Agency had removed and replaced with Social Service Analysts. The Department had repurposed these positions to accommodate staffing that was required by the consent decree. However, since the Budget recommends 6.0 new FTE positions specifically for the consent decree, these positions are able to revert to Social Worker II.

DCYF Consent Decree

\$317,230

The Budget includes \$317,230 in general revenue, and \$100,186 in federal funds to implement changes necessary for the consent decree and support 6.0 new FTE positions. These positions include 5.0 social service analysts and 1.0 caseload worker supervisor II and cost \$864,639 in all funds in FY2027. This budget initiative is funded through two divisions in the Department, Central Management and Child Welfare. Central Management houses all FTE positions while Child Welfare is appropriated funding for implementation and activities.

DEPARTMENT OF HEALTH

Laboratory Facility

\$1.1 million

The Governor recommends a \$1.1 million general revenue increase (\$2.4 million in all funds) for the new State Health Laboratory operating expenses. Programs within the new facility includes shellfish testing, clinical and forensic toxicology, wastewater testing, and pathogen genome sequencing. Previously, operational support has been funded through DCAMMS ISF funds. However, these services will now be contracted through a building administrator, Cushmen and Wakefield. The Chapin building, the States' previous health laboratory, required a total of \$1.0 million in general revenue for operating expenses, which has been removed from the Department's budget.

Center for Health Facilities Regulation (HFRC) Centers for Medicare and Medicaid Services (CMS)***Funding Deficit*** ***\$735,185***

The Governor recommends a restricted receipt increase of \$735,185, derived from the Organization's indirect cost recovery account, to cover the anticipated gap in federal funding support from CMS. The Department utilizes indirect cost recovery funds for state-supported operational costs to federal programs or activities.

In accordance with RIGL 34-4-23.1, the Department applies for federal indirect cost recoveries through an indirect cost proposal, which is submitted directly to the U.S. Department of Health and Human Services (DHHS). To receive this reimbursement, the DOH submits an indirect cost proposal requesting federal approval of the indirect rate for the upcoming fiscal year.

Reappropriation – Primary Care Training Sites ***\$502,422***

The Governor recommends \$502,422 in general revenue for the reappropriation of unspent funds from FY2025 to support the implementation of primary care training sites. These funds support the implementation of the Office of Primary Care and grants of up to \$90,000 for participating training sites. Article 11 also charges the Department with the authority to enter into contracts with participating primary care sites so long as they focus on a curriculum based on the patient-centered medical home model, a model of care placing patients at the forefront of care. PCMH build better relationships between patients and physicians, resulting in high quality and efficient care, improving both patient and staff experience.

Reappropriation – RI Rental Registry ***\$364,000***

The Governor recommends \$364,000 in general revenue for the reappropriation of unspent funds from FY2025 for the implementation and public outreach necessary for full scaling and compliance of the Statewide rental registry. In FY2023, the General Assembly enacted 2023-S-0804 – the Residential Landlord and Tenant Act, which charged the Department with creating and maintaining a registry pertaining to leased homes. The Act also mandates that all residences built before 1978 register as lead safe – specifying that owners of these units must supply the Department with certification of conformance in accordance with Rhode Island's lead hazard mitigation laws. The law mandates that the registry consists of information related to contact and business information for each rental unit as well as a certificate of conformance to lead hazard mitigations for properties built before 1978. The law also mandates that all landlords/properties must be registered by October 1, 2024.

According to the Department, there have been significant struggles with creating and maintaining the registry as the FY2024 Budget did not provide any funding for the creating of the landlord registry. To accommodate the additional expenditures, the General Assembly provided an additional \$1.3 million in revenue.

Opioid Crisis Response Funding (restricted receipts) ***\$10.6 million***

The Governor recommends \$10.6 million in restricted receipts for continued support of existing and new initiatives in Rhode Island's response to opioid and substance abuse crisis. This includes \$2.0 million from Opioid Stewardship Funds, \$8.5 million in abatement funds, and \$91,530 in McKinsey Settlement Funds. These funds support street outreach initiatives, naloxone distribution, harm reduction centers, harm reduction mobile outreach projects, overdose death detection, substance exposed newborn interventions, and other mitigation strategies.

DEPARTMENT OF HUMAN SERVICES***Child Support Enforcement Case Management System Transition*** ***\$513,744***

The Budget includes \$513,744 in general revenue to support the transfer of RIKidsBridge, the primary mainframe utilized by the Office of Child Support Enforcement, off the mainframe and into a web-based platform. While the mainframe is utilized by the Office, it has become outdated (designed in the early 1990s). Additionally, by CY2028, the Office will be the only tenant following the end of the current contract. The system supports approximately 70,000 child support cases, collecting about \$93.0 million in child support annually.

Digitalization Project Reappropriation ***\$250,000***

The Governor recommends the reappropriation of \$250,000 in general revenue for the digitization project in the Office of Veterans Services. The Department is scanning and storing DD-214 documents in an online database that is only accessible to RIVETS personnel.

H.R.1 Response ***Informational***

The Budget includes \$1.6 million in all funds to support activities related to H.R.1, but offsets these expenses with \$1.6 million in projected personnel surplus. These funds finance 10.0 FTE positions and technology upgrades to begin work to lower the State's SNAP payment error rate (PER).

FTEs for H.R.1 (\$130,820): The Budget includes a general revenue increase of \$130,820 and \$38,770 in corresponding federal funds to support 4.0 new FTE positions and additional funding required to implement new eligibility and training activities related to H.R. 1 to ensure a reduction in the SNAP Payment Error Rate. The positions include:

- 2.0 FTE Eligibility Technician Specialist
- 2.0 FTE Interdepartmental Project Manager

H.R.1, passed in July 2025, made several changes to human service programs including Medicaid, SNAP, and Health Exchange. The eligibility verification of these programs is housed within the Department of Human Services. To effectively handle increased call volume and ensure equitable and effective access to these services, the Department requires additional FTE positions.

SNAP AI Training Platform (\$240,028): The Budget includes a general revenue increase of \$240,028, with a corresponding federal funds increase of \$230,930, to finance technology modernization, new training support roles, and increased accuracy. These funds support 2.0 FTE Principal Human Services Policy and Systems Specialist positions to create and administer targeted training in high-error areas, build out a unified statewide training program for all DHS programs, and utilize real-life dashboards to monitor and adjust staff-training.

SNAP Chat Bot (\$388,524): The Budget includes a general revenue increase of \$388,524 with a corresponding federal funds increase of the same amount, to improve customer service. These funds will finance technological improvements to existing phone systems. AI-powered chat bots will handle immediate customer questions, call recording, and analytics, improving customer services.

SNAP Quality Control (\$80,217): The Budget includes a general revenue increase of \$80,217, with a corresponding federal funds increase of \$82,679 to support the creation of the Office of Program Integrity. This proposal spans across the agency and additional funds appear in the Division of Individual and Family Support. The Office of Program Integrity houses 4.0 FTE positions and will oversee corrective training and oversight of the Department's eligibility technician to prevent errors and control the State's payment error rate.

DEPARTMENT OF BEHAVIORAL HEALTH, DEVELOPMENTAL DISABILITIES, AND HOSPITALS***November 2025 Caseload Estimating Conference******\$4.8 million***

Each November and May, the Caseload Estimating Conference (CEC) estimates expenditures for human services and medical entitlement programs for the current and budget years. These adopted expenditure levels determine the appropriations for the Governor's and Enacted Budgets. The November 2025 CEC projected general revenue expenditures of \$259.7 million in the Services for the Developmentally Disabled program, or \$4.8 million more than the FY2026 Budget as Enacted. This increase captures continued expenditure growth in Residential and Community Based Services.

GOVERNOR'S COMMISSION ON DISABILITIES***Livable Home Modification Grant Program Reappropriation******\$890,565***

The FY2026 Revised Budget continues funding for the Livable Home Modification Grant Program and includes \$1.4 million in general revenue to support the program. The FY2026 Revised Budget includes the \$890,565 reappropriation from the previous fiscal year, as the FY2025 Budget as Enacted included proviso language requiring all unexpended or unencumbered funds be reappropriated to the ensuing fiscal year (FY2026).

DEPARTMENT OF CORRECTIONS***Operating Supplies Adjustment******\$1.1 million***

The Governor recommends \$52.6 million in general revenue for operating supplies and expenses, reflecting an increase of \$1.1 million from the enacted level, excluding statewide expenditures. The adjustment includes increases of \$761,705 for pharmaceuticals and \$720,758 for building repairs, offset by reductions of \$160,600 for computer equipment maintenance and \$160,163 for janitorial supplies.

FY2025 Reappropriation***\$581,138***

The Governor recommends a general revenue reappropriation of \$581,138 for nursing services at the Department of Corrections in FY2026. The reappropriation includes \$429,638 for training consultants and \$151,500 for personnel expenditures. The Department's request indicates that these funds will serve as an incentive to work for the agency and will support equipment allowances, recruitment incentives and training support.

Transport Vehicle Grant (federal funds)***\$1.2 million***

The Governor recommends \$1.2 million of federal funds awarded as Congressional Earmarks to replace aging, unsafe, and unusable transport vehicles. The Department notes that their vehicles are utilized daily and that the funding will replace those with the most use. The funds were included in the FY2025 Final Budget the Governor recommends reappropriation to FY2026.

MILITARY STAFF***Miscellaneous Minor Construction (federal funds)******\$30.2 million***

The Budget includes \$37.5 million in federal funds for numerous miscellaneous minor capital and asset protection projects that are partially or fully paid with federal funds. This is an increase of \$30.2 million from the FY2026 Budget as Enacted, resulting from the completion of multiple projects.

Aviation Readiness Center (RICAP)***\$3.0 million***

The Budget includes \$7.5 million of RICAP funds in FY2026, reflecting an increase of \$3.0 million from the FY2026 Budget as Enacted. This along with an appropriation of \$7.6 million in FY2027 are needed to complete the construction of a \$62.0 million, 73,788 square foot training and readiness center at the Quonset

Air Base for the Rhode Island National Guard 1/126th Aviation Unit. Approximately, 75.0 percent of the project cost is paid through the federal National Guard Bureau.

Quonset Air National Guard Headquarters Facility (RICAP)

\$1.9 million

The Budget includes \$1.9 million in RICAP funds in FY2026, reflecting an increase of \$1.6 million from the FY2026 Budget as Enacted. This construction project is one of the largest expenditures within the Military Staff budget. The structure at the Rhode Island Air National Guard facilities at Quonset will house a new Air Wing headquarters, as well as new medical and dining facilities. The total project cost is \$40.0 million, of which \$36.9 million (93.0 percent) of the cost is federally funded while the State share of \$3.0 million (7.0 percent) is funded through RICAP.

Counter Drug Facility (RICAP)

\$1.6 million

The Budget includes \$2.6 million in RICAP funds and \$4.5 million in federal funds in FY2026, reflecting an increase of \$1.6 million in RICAP funds from the FY2026 Budget as Enacted. The counter drug facility is projected to be completed during FY2026. The \$8.4 million Counter Drug Facility capital project used \$5.4 million in federal Counter Drug Asset Forfeiture funds and \$3.0 million in RICAP funds to construct a 15,722 square foot Counter Drug Training Facility at Camp Fogarty in the Town of East Greenwich.

Asset Protection (RICAP)

\$1.7 million

The Budget includes \$4.3 million in RICAP funds in FY2026 for general asset protection projects. This reflects an increase of \$1.7 million from the FY2026 Budget as Enacted. The project lists out-year funding of \$21.0 million in RICAP funds through post-FY2031.

RHODE ISLAND EMERGENCY MANAGEMENT

Disaster and Emergency Preparedness Grants (federal funds)

\$14.0 million

The Budget includes \$37.3 million in federal funds for various federal grants and reimbursements received for storm and natural disaster events. This appropriation is \$14.0 million more than the FY2026 Budget as Enacted. These funds also reimburse preparedness efforts for terrorist threats, active shooters, hazardous material containment, and other emergency events. The preparedness efforts are intended to improve and enhance the State's ability to prevent, deter, respond to, and recover from threats and incidents. Federal grant funds vary from year to year depending upon the number and severity of natural disasters and the availability of federal funds for non-disaster grants. The following table highlights the more significant changes in FY2026.

RIEMA Federal Grants	FY2026 Enacted	FY2026 Governor	Change
FEMA 4505 Hazard Mitigation	\$63,090	\$12,719,882	\$12,656,792
SLCGP 2024 State and Local Cybersecurity Grant Program	-	3,335,047	3,335,047
SHSP 2025 State Homeland Security Grant	-	1,933,255	1,933,255
NSGP 2024 Supp Non-Profit Security Grant Program	-	1,702,507	1,702,507
SHSP 2023 State Homeland Security Grant	2,616,299	1,688,972	(927,327)
BRIC 2023 - Building Resilient Infrastructure and Communities (Projects)	345,000	1,562,430	1,217,430
EMPG 2022 Emergency Management Preparedness Grant	1,422,558	419,937	(1,002,621)
SHSP 2022 State Homeland Security Grant	1,195,186	605,890	(589,296)
NPSG 2022 Non Profit Security Grant	1,021,804	234,833	(786,971)
SLCGP 2023 State and Local Cybersecurity Grant Program	4,243,868	1,000,000	(3,243,868)
All Other Grants	12,357,435	12,077,260	(280,175)
Total	\$23,265,240	\$37,280,013	\$14,014,773

Personnel, Contract Services, Operating, and Capital Adjustments (federal funds)

(\$1.2 million)

The Budget includes \$10.5 million in federal funds for personnel, contract services, operating, and non-RICAP capital costs, reflecting a decrease of \$1.2 million in federal funds from the FY2026 Budget as Enacted. The largest decreases include a reduction of \$1.6 million for the 2023 Emergency Management Preparedness Grant award and \$1.2 million for FEMA Management Costs. These are largely offset by an increase of \$1.5 million increase for the 2025 State Homeland Security Grant.

Personnel, Contract Services, Operating, and Capital - Federal	FY2026 Enacted	FY2026 Governor	Change
EMPG 2025 Emergency Management Preparedness Grant	\$0	\$1,508,365	\$1,508,365
EMPG 2024 Emergency Management Preparedness Grant	3,109,107	2,799,964	(309,143)
EMPG 2023 Emergency Management Preparedness Grant	1,554,474	-	(1,554,474)
FEMA 4505- Management Costs	1,500,813	284,944	(1,215,869)
SHSP 2025 State Homeland Security Grant	-	248,120	248,120
All Other Personnel, Contract Services, Operating, Capital - Federal	5,476,982	5,625,558	148,576
Total	\$11,641,376	\$10,466,951	(\$1,174,425)

RICAP – RISCON Infrastructure Upgrades (RICAP funds)***\$85,162***

The Budget includes \$400,566 in RICAP funds to upgrade the RISCON system, including an increase of \$85,162 in the revised budget. The project scope includes propane generator replacements, adding propane generators to sites currently without one, and other security and wiring upgrades.

DEPARTMENT OF PUBLIC SAFETY***Statewide Body-Worn Camera Project******\$9.0 million***

The Governor recommends \$9.0 million of general revenue in the FY2026 Revised Budget for the Statewide Body-Worn Camera Project, all of which reflect reappropriations from the previous fiscal year. The FY2025 Final Budget provided \$11.5 million for the project, of which the Department expensed \$2.5 million. The Department plans to disburse the funds over multiple years, as police departments throughout the state fulfill their contracts. The FY2026 Budget as Enacted contained language requiring all unexpended or unencumbered balances to be reappropriated to the next fiscal year.

Current Status: As of March 2025, the Department has expended a total of \$7.4 million for the project, with \$7.6 million remaining obligation. The State Police and City of Providence will receive their final reimbursement in FY2027.

Background: In 2021, the General Assembly authorized a statewide program to put body-worn cameras on every frontline police officer and supervisor in Rhode Island. The statewide program is designed to equip approximately 1,700 of Rhode Island's uniformed patrol officers, across every municipal police department and the Rhode Island State Police, with body-worn cameras.

The FY2023 Budget as Enacted appropriated \$15.0 million to the Department to purchase body-worn cameras and associated equipment, contingent on the creation of the initiative's rules and regulations. The rules and regulations took effect on October 19, 2022, and departments throughout the State began implementing the changes. The FY2024 Budget as Enacted shifted \$13.5 million of the \$15.0 million total to FY2024 and directed any unspent funds to be re-appropriated to FY2024. Similarly, the FY2025 Budget as Enacted shifted \$11.5 million of general revenue from FY2024 to FY2025 and directed any unspent funds to be re-appropriated to FY2025.

Security Services: Motor Vehicles***\$551,500***

The Governor recommends \$551,500 of general revenue for the Capitol Police and Sheriffs to purchase vehicles in FY2026, reflecting an increase of \$26,000 from the enacted level. The Department indicates that they will utilize personnel savings to purchase the vehicles outright. The recommendation includes the outright purchase of 3 Capitol Police vehicles for \$181,500 and 6 Sheriff vehicles \$370,000, as well as removing a \$525,500 transfer of expenditures to the revolving loan fund.

FY2025 Reappropriation***\$256,247***

The Governor recommends \$256,247 of general revenue reappropriations for the Department, including the remaining \$158,088 balance of the legislative grant awarded to the Family Services of RI Go Team in FY2025, \$51,718 for delayed uniforms, workstations, and computer replacements in the Sheriffs Division, and \$46,440 for various equipment and operating costs in the State Police.

Department of Public Safety General Revenue Reappropriations		FY2026 Governor
Central Management	Family Services of RI: Go Team	\$158,089
Security Services	Uniforms, Workstations, and Computer Replacement	51,718
State Police	Operating Costs and Equipment	46,440
Total		\$256,247

State Police: Motor Vehicles (all funds)**\$71,211**

The Governor recommends \$1.2 million of general revenue (\$3.3 million all funds) to outright purchase 29 vehicles for the State Police, reflecting a general revenue reduction of \$1.2 million from the enacted level (\$71,211 increase in all funds). The Governor recommends the Department utilize personnel turnover as well as \$1.2 million in receipts collected through Road Construction Reimbursement, as opposed to the State Fleet Revolving Loan Fund. The Department notes in their FY2025 2nd Quarter Report that the outright purchase eliminates \$835,000 of year-one vehicle loan repayments in FY2026.

DEPARTMENT OF TRANSPORTATION**Rhode Island Highway Maintenance Account (other funds)****\$187.6 million**

The Governor recommends \$301.7 million in Rhode Island Highway Maintenance Account (RIHMA) funds in FY2026, representing an increase of \$187.6 million from the enacted level. Road and Bridge expenditures realized the largest adjustment, increasing by \$183.4 million from the enacted level. The following table compares the HMA expenditures recommended by the Governor in FY2026 with the FY2026 Budget as Enacted.

RIHMA Transfers	FY2026 Enacted	FY2026 Governor	Change
Highway Drainage	\$5,521,606	\$10,000,000	\$4,478,394
RIPTA Transfer	10,270,623	16,319,435	6,048,812
Road And Bridge	78,704,687	262,061,656	183,356,969
State Match	12,800,000	12,800,000	-
EV	829,484	492,462	(337,022)
EV RIPTA Transfer	5,910,966	-	(5,910,966)
Total	\$114,037,366	\$301,673,553	\$187,636,187

Winter Maintenance (other funds)**\$5.4 million**

The Governor recommends \$21.9 million in gas tax receipts for winter maintenance in FY2026, reflecting an increase of \$5.4 million from the FY2026 enacted level. The recommendation increases state fleet overhead charges by \$2.2 million and snowplowing and sanding expenses by \$1.8 million.

The historic “Blizzard of 2026” set the record for the highest single-day snow total in Rhode Island history with 35.5 inches of snow on February 23, 2026. The previous record for was set by the “Blizzard of 1978”, which dropped 28.6 inches of snow. The FY2026 Budget as Enacted provided \$16.5 million to the Department for winter maintenance, which is \$925,914 below the \$17.5 million average actual expenditures from FY2021 - FY2025. The Governor’s Revised Budget increases gas tax by \$5.4 million for a \$21.9 million FY2026 recommendation. A query on the State’s new accounting platform indicates that current FY2026 winter maintenance expenditures and obligations are \$35.8 million. The following table illustrates significant figures related to winter maintenance.

Winter Maintenance Figures

Average of FY2021-FY2025 Actuals	\$17,460,442
FY2026 Enacted	16,534,528
FY2026 Governor	21,921,525
FY2026 Expenditures *	35,800,814

* Includes funds labeled as expenditures, encumbered, and pre-encumbered.

At the RIDOT Senate Finance Committee hearing, the Department indicated that while winter maintenance is running a deficit, the overall maintenance program is not so funds will be reallocated to account for the overspend.

Vehicle Maintenance (other funds)**\$3.9 million**

The Governor recommends \$19.5 million in gas tax receipts for vehicle maintenance in FY2026, reflecting an increase of \$3.9 million from the enacted level. The adjustment primarily reflects a \$5.5 million increase for motor vehicle capital purchases offset by a \$1.8 million reduction in State Fleet ISF operations.

Rhode Island Highway Maintenance Account Revenue Adjustment (other funds)**\$1.5 million**

The Governor recommends collections of \$119.2 million of Rhode Island Highway Maintenance Account (RIHMA) receipts in FY2026, reflecting an increase of \$1.5 million from the FY2026 enacted level. The recommendation reflects the Office of Revenue Analysis (ORA) November 2025 gas tax estimate while the FY2026 Budget as Enacted reflects the ORA's May 2025 estimate.

Overall, the account is projected to collect \$119.2 million of RIHMA receipts in FY2026 with transfers of \$96.9 million to the Department of Transportation, \$16.3 million to RIPTA and \$6.0 million to the general fund, representing respective increases of \$1.2 million, \$137,847, and \$72,551 from the enacted level. The following table compares the RIHMA estimates recommended by the Governor in FY2026 with the FY2026 Budget as Enacted.

Fees and Surcharges	FY2026 Enacted	FY2026 Revised	Change
Licenses Base	\$6,706,443	\$7,281,429	\$574,986
Registrations Base	50,200,803	50,513,955	313,152
Licenses Surcharge	6,114,496	5,805,341	(309,155)
Registrations Surcharge	16,269,068	16,871,418	602,350
Rental Vehicle Surcharge	10,683,141	10,257,683	(425,458)
Emission Inspection Fees	12,938,570	13,863,692	925,122
Motor Vehicle Title Fees	10,703,554	10,124,939	(578,615)
Good Driving Fees	444,405	446,442	2,037
EV Fees	3,640,450	3,987,055	346,605
RIHMA Total	\$117,700,930	\$119,151,954	\$1,451,024
5% Share to General Revenue	\$5,885,047	\$5,957,598	\$72,551
Remaining RIHMA Funds	\$111,815,884	\$113,194,356	\$1,378,473
10.0% Share to RIPTA*	\$11,181,588	\$11,319,436	\$137,847
\$5.0 million Transfer to RIPTA	5,000,000	5,000,000	-
DOT Share	\$95,634,295	\$96,874,921	\$1,240,626

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

Source: Office of Revenue Analysis, November 2025 Estimate.

Motor Fuel Tax Transfers (other funds)

(\$888,854)

The Governor recommends \$175.7 million in gas tax receipts in FY2026, reflecting a decrease of \$888,854 from FY2026 Budget as Enacted. The Office of Revenue Analysis (ORA) projects the motor fuel tax collections and the FY2026 Governor's Revised Budget is based off the Office's November 2025 projection. The ORA projected the FY2026 yield per penny to be \$4.36 million in May 2025, which decreased by \$21,947 to \$4.34 million in the November 2025 estimate. The Department of Transportation receives the largest share of motor fuel tax revenue and is projected to receive \$96.5 million, representing a \$488,321 decrease from the FY2026 Budget as Enacted. The following table illustrates the adjustment.

Motor Fuel Tax Revenue	FY2026 Enacted	FY2026 Governor	Change to Enacted
Department of Transportation	\$96,992,489	\$96,504,169	(\$488,321)
Rhode Island Public Transit Authority*	51,220,753	50,962,876	(257,877)
Rhode Island Turnpike and Bridge Authority	15,257,246	15,180,431	(76,815)
GARVEE Motor Fuel Bond Debt Service	8,718,426	8,674,532	(43,894)
Office of Healthy Aging	4,359,213	4,337,266	(21,947)
Total	\$176,548,127	\$175,659,273	(\$888,854)

* RIPTA figures include the \$0.005/gallon share of the Environmental Protection Fee

Source: Office of Revenue Analysis, November 2025



FY2027 BUDGET ARTICLES

Article 1: Relating to Making Appropriations in Support of FY2027

Article 1 outlines the appropriation amounts from all fund sources for FY2027. In most cases, the appropriations are by fund source at the program level in each department or agency. The article includes the FTE position authorizations by department or agency. Other sections of the article outline the use of contingency funds; out-year appropriation changes in Rhode Island Capital Plan Fund projects; expenditure limits for internal service funds; outlines expenditures from the federal American Rescue Plan Act of 2021 and, disbursements of Lottery, Temporary Disability Insurance, and Employment Security. The article also:

- Sets the airport impact aid formula at \$1.0 million.
- Authorizes 13,330.8 FTE positions reflecting a net decrease of 2,591.0 FTE positions as compared to the authorized level set in the FY2026 Budget as Enacted. These figures reflect the Governor's recommendation to eliminate the authorized FTE cap of 2,292.2 FTE positions for the University of Rhode Island and 378.8 FTE positions for the URI sponsored research positions. If the recommendation is not accepted, then the total authorized cap would be 16,001.8 reflecting a net increase of 80.0 FTE positions.
- Details Community Service Objective grant funding recipients and amounts.
- 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 FY2028. In addition, the Office of the Postsecondary Commissioner shall provide \$8.1 million to the Rhode Island Promise Scholarship program, and \$7.1 million to the Rhode Island Hope Scholarship Program, \$455,000 to support the Onward We Learn, \$100,000 to the Rhode Island School for Progressive Education, \$151,410 to support the State's membership in the New England Board of Higher Education, and \$75,000 to Best Buddies Rhode Island.
- 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 \$500,000 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.
- 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, the Secretary of Housing, State Budget Officer, and the chairs of the House and Senate Finance Committees on the number of housing units produced and funding. The Article amends language regarding whom shall receive the annual report. The chair of the Housing Resources Commission is removed from the list and replaced with the Secretary of Housing.
- Clarifies that the federal funds do not include federal funds or assistance appropriated, authorized, allocated, or apportioned to the State from the State Fiscal Recovery Fund and Capital Projects Fund pursuant to the American Rescue Plan Act of 2021. Requires that all unexpended or unencumbered balances relating to the State Fiscal Recovery Fund and Capital Projects Fund be reappropriated to FY2028 and made available for the same purposes. It also outlines reporting requirements and a process for funding reallocation if projects complete or stall.
- 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 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, the Commerce Corporation 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.

APPROPRIATIONS

Article 1 makes appropriations from general revenues and authorizes expenditures of federal funds, restricted receipts, and other funds for the fiscal year ending June 30, 2027.

Expenditures by Source	FY2025 Actuals	FY2026 Enacted	FY2027 Governor	Change to Enacted
Federal Funds	\$5,045,160,589	\$5,108,485,986	\$5,506,004,485	\$397,518,499
General Revenue	5,534,306,228	5,809,363,121	5,954,722,537	145,359,416
Operating Transfers from Other Funds	283,902,658	591,861,684	465,961,696	(125,899,988)
Other Funds	2,319,970,408	2,368,123,335	2,472,502,344	104,379,009
Restricted Receipts	365,586,324	458,544,467	459,831,598	1,287,131
Total	\$13,548,926,207	\$14,336,378,593	\$14,859,022,660	\$522,644,067

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

In addition, Article 1 provides for the annual appropriation of the Contingency Fund; Temporary Disability Insurance Funds (TDI); Employment Security (UI Trust Fund); CollegeBoundSaver Funds; and Lottery Division funds for award winnings during FY2027.

Section 1 also provides language directing the disbursement of specific appropriations including:

- **Labor and Training – Direct Care Training:** The article requires \$600,000 in general revenue be used for enhanced training for direct care and support services staff to improve the quality of care for nursing facility residents.
- **Labor and Training – Hospitality Industry Training:** The article requires \$150,000 in restricted receipts be used to provide hospitality industry workforce training grants.
- **Housing:** Requires \$100,000 in general revenue be used to support Sojourner House’s supportive housing and rapid rehousing activities.
- **EOHHS - Mobile Response and Stabilization Services:** Includes language requiring that \$900,000 of the general revenue appropriation be used for Mobile Response and Stabilization Services for uninsured and underinsured child and youth.
- **EOHHS – Planned Parenthood:** Provides \$600,000 to Planned Parenthood of Southern New England for a one-time grant to support healthcare services.
- **Health:** Ensures that the Office of Policy, Information, and Communication allocates a total of \$200,000 to support the Professional Loan Repayment Program, specifically targeting primary care physicians and pediatricians.
- **RIDE - Individualized Education Programs (IEPs):** The article provides that \$450,000 and 3.0 FTE positions are allocated to support special education functions that facilitate IEPs and 504 services.
- **RIDE - Rhode Island Vision Education and Services Program:** The article requires that \$684,000 from the Department of Elementary and Secondary Education’s share of federal Individuals with Disabilities Education Act funds, be allocated to the Sherlock Center on Disabilities to support the Rhode Island Vision Services Program.
- **RIDE –** The article includes specific general revenue appropriations of \$2.0 million for the Learn365RI program, \$100,000 for the Rhode Island Afterschool Network, \$100,000 to Teach for America Ignite, and \$100,000 to Onward We Learn.

- **RIDE - Education Aid:** The article prioritizes the allocation of early childhood funds for prekindergarten seats and classrooms for four-year-olds with a family income at or below 185.0 percent of federal poverty guidelines and who reside in communities with higher concentrations of low performing schools.
- **Public Safety:** Provides \$75,000 to the Rhode Island Police Officers Commission on Standards and Training to support administrative, information technology, and operating expenses.
- **Environmental Management:** The article provides \$150,000 for Marine Mammal Response activities to match federal funds.
- **Transportation- Rhode Restore:** The article provides \$10.0 million of gas tax other funds to the Department of Transportation for the Municipal Roads Grant program, now titled the Rhode Restore program. The program provides matching funds to municipalities for maintenance and construction of their roads, sidewalks, and bridges. Requires that sufficient funds from RIPTA's share of the gasoline tax, be allocated to the state paratransit program including the expansion pilot program, "ride anywhere."

INTERNAL SERVICE FUNDS

Article 1 authorizes 16 specific, capped internal service accounts to permit reimbursement of costs for work or other services performed by certain departments or agencies for any other department or agency. This includes a new Accounts and Control internal service fund in FY2027. The FY2018 Budget as Enacted established centralized accounts for each agency and allows the Department of Administration to draw upon these accounts for billable centralized services and deposit the funds into the rotary accounts under the Department of Administration. Reimbursements may only be made up to the expenditure cap for each account, as outlined below:

Internal Service Account	FY2026 Enacted	FY2027 Governor	Change
Accounts and Control	\$0	\$17,696,064	\$17,696,064
State Assessed Fringe Benefits	37,255,808	37,347,585	91,777
Administration Central Utilities	30,366,642	30,366,642	-
State Central Mail	9,020,425	9,226,608	206,183
State Telecommunications	3,426,061	3,489,512	63,451
State Automotive Fleet	21,610,397	21,689,836	79,439
Surplus Property	44,789	44,789	-
Health Insurance	272,933,573	377,363,571	104,429,998
Other Post-Employment Benefits	63,854,008	41,748,856	(22,105,152)
Capitol Police	1,659,403	1,894,861	235,458
Corrections Central Distribution Center	8,679,440	8,819,385	139,945
Correctional Industries	8,477,292	8,587,104	109,812
Secretary of State Records Center	1,231,684	1,167,703	(63,981)
Human Resources Internal Service Fund	18,711,878	14,804,445	(3,907,433)
DCAMM Facilities Internal Service Fund	40,492,965	41,508,177	1,015,212
Information Technology Internal Service Fund	70,587,805	64,137,258	(6,450,547)
Total	\$588,352,170	\$662,196,332	\$73,844,162

FTE POSITIONS

Article 1 establishes the authorized number of full-time equivalent (FTE) positions for each State department and agency. Departments and agencies may not exceed in any pay period the number of authorized FTE positions shown. Statewide, the Budget has a net increase of 80.0 FTE positions* from the FY2026 Budget as Enacted. The following table lists the FTE amounts by budget function:

FTE Positions by Function	FY2026 Enacted	FY2027 Governor	Change to Enacted
General Government	2,595.3	2,602.3	7.0
Human Services	3,859.5	3,923.5	64.0
Education*	4,348.8	2,057.6	(2,291.2)
Public Safety	3,347.4	3,352.4	5.0
Natural Resources	471.0	472.0	1.0
Transportation	755.0	757.0	2.0
Subtotal	15,377.0	13,164.8	(2,212.2)
<i>Higher Ed. Sponsored Positions</i>	<i>544.8</i>	<i>166.0</i>	<i>(378.8)</i>
Total FTE Positions	15,921.8	13,330.8	(2,591.0)

***Analyst Note:** The Governor recommends the elimination of the FTE cap for the University of Rhode Island (URI). The numbers included above reflect the Governor's FY2027 Recommended Budget amount of FTE positions for URI. However, including the URI FTE positions results in a total FTE authorization of 16,001.8 reflecting an increase of 80.0 FTE positions over the amount in the FY2026 Budget as Enacted.

COMMUNITY SERVICE OBJECTIVES

The FY2017 Budget as Enacted changed the Community Service Objective (CSO) Grants program. Previously, CSO grants were funded in executive agency budgets, but were not specifically delineated in the appropriations act. The program now consists of two components: line-item grant awards, and pool grants. Line-item grants are identified in the appropriations act and include a brief description of the grant purpose. Pool grants will be allocated by executive branch agencies either by formula, or through a competitive process. State agencies will manage the application, award, and reconciliation processes for the awards. Consistent with previous practice, the awards may be subject to audits by the Bureau of Audits.

The FY2026 Budget as Enacted includes \$15.5 million in general revenue for CSO grant awards across 15 state agencies. The FY2027 Budget includes \$16.9 million in general revenue in FY2027, an increase of \$1.4 million from the previously enacted budget. The following table lists the Community Service Objective grant:

Agency	Grant Recipient	FY2026 Enacted	FY2027 Governor	Change
Executive Office of Commerce	Polaris Manufacturing Technical Assistance Program	\$500,000	\$500,000	\$0
Executive Office of Commerce	Chafee Center at Bryant	476,200	476,200	-
Executive Office of Commerce	Urban Ventures	140,000	140,000	-
Executive Office of Commerce	East Providence Waterfront Commission	50,000	50,000	-
Executive Office of Commerce	Blackstone Valley Visitor Center	75,000	75,000	-
Secretary of State	Rhode Island Historical Society	125,000	125,000	-
Secretary of State	Newport Historical Society	18,000	18,000	-
Secretary of State	RI Council for the Humanities	100,000	100,000	-
Secretary of State	We the People Civics Challenge	50,000	50,000	-
Secretary of State	RI Black Heritage Society	25,000	25,000	-
OHHS	Thundermist	500,000	-	(500,000)
OHHS	Planned Parenthood	-	600,000	600,000
Health	Gloria Gemma Breast Cancer Research	50,000	50,000	-
Health	Psychiatry Resource Network	750,000	750,000	-
Housing	Sojourner House	100,000	100,000	-
Human Services - Healthy Aging	Diocese of Providence - Elder Services	325,000	325,000	-
Human Services - Healthy Aging	Alliance for Long Term Care Ombudsman Services	40,000	40,000	-
Human Services - Healthy Aging	Elderly Nutrition	50,000	50,000	-
Human Services - Healthy Aging	Meals on Wheels	680,000	680,000	-
Human Services - Healthy Aging	Senior Center Support	1,600,000	1,800,000	200,000
Human Services	Coalition Against Domestic Violence	400,000	400,000	-
Human Services	Project Reach - Boys and Girls Club	450,000	450,000	-
Human Services	Day One	300,000	300,000	-
Human Services	RI Community Food Bank	950,000	1,950,000	1,000,000
Human Services	New Bridges for Haitian Services	-	25,000	25,000
Human Services	Crossroads Rhode Island	500,000	500,000	-
Human Services	Crossroads Women's Shelter	360,000	360,000	-
Human Services	Institute for the Study and Practice of Nonviolence	250,000	250,000	-
Human Services - Veterans Services	Operation Stand Down	50,000	50,000	-
Human Services - Veterans Services	Veterans' Organizations	200,000	200,000	-
Human Services - Veterans Services	Veterans Services Officers Program	100,000	100,000	-
Human Services	Community Action Fund	600,000	600,000	-
Human Services	United Way's 211 System	200,000	200,000	-
Human Services	Higher Ground International	125,000	150,000	25,000
Human Services	Oasis International	-	25,000	25,000
Human Services	Refugee Dream Center	50,000	50,000	-
Human Services	Substance Use and Mental Health Leadership Council of RI	150,000	150,000	-
Human Services	Center for Southeast Asians	25,000	25,000	-
Education	Hasbro Children's Hospital - Hospital School	90,000	90,000	-
Education	Child Opportunity Zones	395,000	395,000	-
Education	City Year - Whole School Whole Child Program	130,000	130,000	-
Office of Postsecondary Commissioner	Onward We Learn	455,000	455,000	-
Office of Postsecondary Commissioner	Best Buddies Rhode Island	75,000	75,000	-
Office of Postsecondary Commissioner	RI School for Progressive Education	100,000	100,000	-
University of Rhode Island	Small Business Development Center	700,000	700,000	-
University of Rhode Island	Institute for Labor Studies and Research	125,000	125,000	-
University of Rhode Island	Special Olympics Rhode Island	50,000	50,000	-
Arts Council	WaterFire Providence	400,000	400,000	-
Arts Council	Other Grants	200,000	200,000	-
Historical Preservation	Fort Adam's Trust	30,000	30,000	-
Historical Preservation	Rhode Island Slave History Medallions	25,000	25,000	-
Historical Preservation	Other Grants	17,000	17,000	-
Corrections	Crossroads Rhode Island	1,050,000	1,050,000	-
Judicial	Rhode Island Coalition Against Domestic Violence	500,000	500,000	-
Judicial	Rhode Island Legal Services	90,000	90,000	-
Public Safety	Family Services of RI GO Team Program	400,000	400,000	-
Environmental Management	Wildlife Rehabilitators Association of RI	100,000	100,000	-
Environmental Management	Marine Mammal Response Activities	-	-	-
Environmental Management	Conservation Districts	180,000	180,000	-
Total		\$15,476,200	\$16,851,200	\$1,375,000

CAPITAL APPROPRIATIONS

Article 1 authorizes amounts from the Rhode Island Capital Plan (RICAP) Fund, not otherwise appropriated, to be expended during the fiscal years ending June 30, 2028, June 30, 2029, June 30, 2030, and June 30, 2031. These amounts supersede appropriations provided for FY2027 within the FY2026 Budget as Enacted.

Subject to final General Assembly approval, any unexpended or unencumbered funds from the RICAP Fund project appropriations in excess of \$500 may be reappropriated to the next fiscal year and made available for the same purpose. Any remaining funding less than \$500 may be reappropriated at the discretion of the State Budget Officer.

STATE FISCAL RECOVERY FUNDS

Sections 17, 18, and 19 of this article pertain to the authorization and appropriation of the State Fiscal Recovery Fund (SFRF) and Capital Projects Fund (CRF) federal funds.

- Section 17 clarifies that the federal funds do not include federal funds or assistance appropriated, authorized, allocated, or apportioned to the State from the State Fiscal Recovery Fund and Capital Projects Fund pursuant to the American Rescue Plan Act of 2021 for FY2027. The purpose of this language is to specify that these federal funds are not part of the generic federal fund line items and that a specific SFRF or CPF line item, by project, constitutes the authority to expend the SFRF or CPF. The Budget generally does not appropriate federal funds at an individual or specific level. This language ensures that state agencies are not expending the SFRF or CPF funds under the authority of a general federal fund line item. The section also specifies and describes the SFRF appropriations.
- Section 18 requires that all unexpended or unencumbered balances relating to the SFRF and Capital Projects Fund, be reappropriated to the ensuing fiscal year and made available for the same purposes, subject to the approval of the General Assembly through the supplemental appropriations act.
- Section 19 maintains the Pandemic Recovery Office within the Department of Administration is to oversee and ensure compliance with the rules, regulations, and guidance issued by the United States Department of the Treasury of expenditures from the SFRF and Capital Projects Fund. This section extends the quarterly reporting period to October 31, 2026, for the Pandemic Recovery Office to identify programs that are at risk of significant under spending or noncompliance with federal or state requirements.

The reports are provided to the Speaker of the House, the Senate President, and the chairpersons of the House and Senate Finance Committees. Commencing with the report due on April 30, 2025, the report will be made on a biannual basis until October 31, 2026. The report must include an assessment on how programs that are at risk can be remedied.

In the event, that any State Fiscal Recovery Fund program underspends its appropriation or receives program income as defined by U.S. Treasury and that would put the state at risk of forfeiture of federal funds, the Governor may propose to reclassify funding from the at-risk program to other eligible uses as determined by U.S. Treasury. This proposal shall be referred to the General Assembly. If the amount of underspend and/or receipt of program income for a state fiscal recovery fund program is less than or equal to \$1.0 million and less than or equal to 20.0 percent of its total appropriation, the Governor's proposed reclassification shall take effect immediately. If the amount of underspend and/or receipt of program income for a state fiscal recovery fund program is greater than \$1.0 million or 20.0 percent of its total appropriation, the Governor's proposed reclassification shall go into effect thirty days hence after its referral to the General Assembly by the Governor, unless rejected by formal action of the House and Senate acting concurrently within that time.

Article 2: Relating to State Funds

This article amends various statutes related to state funds and financing. Specifically, the article:

- Exempts the Rhode Island Uninsured Protection Fund from the State’s 15.0 percent indirect cost recovery assessment.
- Increases RIPTA’s fixed statutory allocation of Highway Maintenance Account funds from \$5.0 million per year to \$14.3 million per year.

FISCAL IMPACT

Initiative	FY2026		FY2027	
	Revenues	Expenditures	Revenues	Expenditures
Exempting the Uninsured Protection Fund	-	-	-	-
Increasing RIPTA's HMA Funding by \$9.3 million	-	-	-	(\$9,300,000)*
Total	\$0	\$0	\$0	(\$9,300,000)*

** Increasing RIPTA's HMA funding by \$9.3 million would reduce the Department of Transportation's share by an equivalent amount.*

ANALYSIS AND BACKGROUND

Uninsured Protection Fund

Section 1 of the article exempts the Rhode Island Uninsured Protection Fund from the State’s 15.0 percent indirect cost recovery assessment. The Office of Management and Budget indicates that exempting the fund will not have a fiscal impact.

Background: Pursuant to RIGL 28-53-2, the Department of Labor and Training administers a special restricted receipt account titled the Rhode Island Uninsured Protection Fund (UPF), which provides workers’ compensation benefits to employees injured on the job while working for an employer that fails to carry workers’ compensation insurance. The fund is capitalized from liens and fees levied against uninsured employers as well as general revenue provided by the General Assembly. Pursuant to RIGL 35-4-27, the fund is subject to the 15.0 percent Indirect Cost Recovery (IRC) charge assessed on restricted receipt accounts in the State.

Article 2 of the FY2026 Enacted Budget increased the IRC from 10.0 percent to 15.0 percent, exempted the Workers’ Compensation Administrative Account Fund (WCAF), but did not exempt the UPF. When preparing the fiscal note for that change, the Office of Management and Budget and the Department of Labor and Training exempted the UPF from the IRC and assumed a 10.0 percent IRC rate, which was current law at the time. The Office of Management and Budget indicates that, “The Department of Labor and Training has traditionally considered the UPF as operating under the overall umbrella of the WCAF. Therefore, the fiscal note included the UPF within the group of accounts under the WCAF.”

Article 2 Changes: The article amends RIGL 35-4-27 to add the Rhode Island Uninsured Protection Fund to the list of restricted receipt accounts that are not subject to the 15.0 percent Indirect Cost Recovery assessment. Upon passage, the article will take effect retroactively on July 1, 2025.

Fiscal Impact: The Office of Management and Budget (OMB) indicates that passage of the section will not impact FY2026 or FY2027, indicating, “assuming the Legislative intent included the UPF in the group of accounts under WCAF exempted from indirect cost recovery, no fiscal impact is reported in accompanying budget documentation.

HMA Funding Increase to the Rhode Island Public Transit Authority

Section 2 of the article increases the Rhode Island Public Transit Authority's annual fixed share of Highway Maintenance Account (HMA) funding by \$9.3 million, from the current amount of \$5.0 million to \$14.3 million. The increased funding in the article is part of a package of initiatives included by the Governor that resolves the Authority's \$13.8 million deficit in FY2027.

Background: The State supports the Rhode Island Public Transit Authority (RIPTA) with two primary subsidies, receipts collected through taxes on motor fuel and receipts collected through the Highway Maintenance Account (HMA). Current law imposes a \$0.405 tax on each gallon of gasoline and provides \$0.1175 to RIPTA. The November 2025 estimate from the Office of Revenue Analysis (ORA) projects the State will collect \$174.5 million in motor fuel tax receipts in FY2027 and transfer \$50.6 million to the Authority.

The HMA is created in RIGL 39-18.1-4 and capitalized with various fees and surcharges primarily collected by the Division of Motor Vehicles (DMV), including vehicle registration fees, vehicle inspection fees, and licensing fees. The statute requires 5.0 percent of collections to be transferred to the general fund to partially offset the cost of collections to the DMV. The proceeds are deposited to the HMA and distributed pursuant to RIGL 39-18.1-5, which currently provides RIPTA with 10.0 percent of the available proceeds and a fixed \$5.0 million. The remaining funds are provided to the Department of Transportation. The November 2025 estimate from the ORA projects the State will collect \$128.2 million of HMA receipts in FY2027 and transfer \$17.2 million to the Authority.

RIPTA's FY2027 Board Approved Budget includes a \$13.8 million deficit, which the Authority indicates in their FY2026-FY2031 Financial Plan is "Due to salary increases, healthcare increases and expiration of one-time federal revenues." The Authority has struggled to receive sufficient funding in recent years and has been utilizing federal pandemic aid, which has since expired. The FY2026 Budget as Enacted increased the Authority's percentage share of HMA funds from 5.0 percent to 10.0 percent, which reduced the deficit but did not resolve it.

Article 2 Changes: The article amends RIGL 39-18.1-5 to increase RIPTA's fixed share of HMA funding by \$9.3 million, from the current amount of \$5.0 million to \$14.3 million, effective July 1, 2026.

Fiscal Impact: Passage of the article will not impact net HMA collections but will reduce the receipts transferred to the Department of Transportation by \$9.3 million in FY2027. The increase to RIPTA reduces the Authority's deficit to \$4.5 million, which is further resolved through initiatives included in Article 5 and Article 1. The Governor recommends \$3.5 million of RICAP funds to serve as the state match towards bus purchases in Article 1. This funding is recommended annually in the capital budget through FY2031. The following table illustrates the initiatives and funding recommended by the Governor to resolve the Authority's deficit.

RIPTA's Anticipated FY2027 Budget Deficit (\$13,833,078)	
Article 2 HMA Fixed Share Increase	9,300,000
Article 1 RICAP Increase for Bus Purchases	3,500,000
Article 5 Newport Cruise Fees	1,000,000
Balance	(\$33,078)

Article 3 – Relating to Government Reform and Reorganization

Article 3 makes several changes to the organization of state government. Specifically, the article:

- **Executive Veto Power:** Requires the General Assembly to submit a proposition to the voters of the State to approve an amendment to the State Constitution pursuant to Section 1 Article XIV to allow the Governor the power of line-item veto to reduce or eliminate expenditures in the budget, as well as to disapprove non-appropriation items such as articles, sections, or subsections, with certain limitations. It also changes the required vote counts to override a veto.
- **RI Paint Recycling Program:** Modifies the paint recycling program to require the representative organization to submit an updated plan for review and approval every five years, beginning with an update due December 31, 2026. Currently, a third-party organization, known as PaintCare, represents paint manufacturers in operating the paint recycling program, and setting recycling fees to fund operating expenses as well as cash reserve. PaintCare operates in twelve states and in the District of Columbia. The program in Rhode Island began in June 2014. The fee is \$0.35 on pint and quart containers, \$0.75 on gallon containers, and \$1.60 on five-gallon containers.
- **Green Buildings Advisory Council:** Amends RIGL 37-24-5 to transfer the administrative authority for the Green Buildings Advisory Council (GBAC) and the Green Buildings Act (GBA) from the Department of Administration (DOA) to the Department of Business Regulation (DBR). The article requires the DOA to commission a report to analyze costs and benefits of Leadership in Energy and Environmental Design (LEED) certification compared to equivalent standards.
- **Weatherization Assistance Program:** Transfers the administration and management of the Weatherization Assistance Program (WAP) and 4.0 FTE positions, as well as a portion of the federal Low-Income Home Energy Assistance Program (LIHEAP) from the Department of Human Services to the Office of Energy Resources.
- **Economic Development Incentive Changes:** Increases the maximum aggregate amount of combined Rebuild Rhode Island tax credits and sales tax exemptions from \$225.0 million to \$250.0 million. Sections 8 through 15 and Section 18 reauthorize the Executive Office of Commerce’s (EOC) various incentive programs for an additional year, by extending the statutory sunset provisions placed on them from December 31, 2026, to December 31, 2027.
- **Big River Management Area:** Transfers administrative and regulatory authority over the Big River Reservoir lands from the Water Resources Board (WRB) to the Department of Environmental Management (DEM). Language is included to clarify that the transfer does not affect the WRB’s authority over freshwater resource management as provided in RIGL 46-15, entitled “Water Resources Management”, and 46-15.1, entitled “Water Supply Facilities”.
- **Energy Benchmarking:** Amends RIGL 42-140-13, the Rhode Island Energy Resources Act, to establish new implementation and reporting requirements for energy benchmarking and performance standards of state-owned buildings. Beginning March 29, 2029, and recurring annually afterwards, state departments shall report to the Office of Energy Resources (OER) on energy use data for each state-owned building and facility listing the fuel used and total emissions. The article requires the OER to provide technical and financial assistance to municipalities implementing energy benchmarking of municipal-owned public buildings
- **RI Energy Resources Act:** Amends RIGL 42-140-13, the Rhode Island Energy Resources Act, to include new responsibilities for the Office of Energy Resources (OER) including the administration of the federal Weatherization Assistance Program (WAP) and other similar State or other funded weatherization programs. Section 4 of the article would transfer the administration and management of the WAP, as well as a portion of the federal Low-Income Home Energy Assistance Program (LIHEAP)

from the Department of Human Services to OER. The article authorizes OER to administer all approved state energy bonds.

- **Rhode Island Bays, Rivers and Watersheds Fund, and Freshwater Management:** Amends RIGL 46-33-1 repealing language referencing a nonexistent Rhode Island lake management fund and adds language to the Freshwater Lake Management Program under RIGL 46-33-2, authorizing the use of sums allocated by the General Assembly from the Fund for use in providing financial assistance for lake management.

In addition, the article amends RIGL 46-31.1, regarding the legislative findings section of the Bays, Rivers and Watersheds Fund's authorizing statute, to include lakes and add a definition for the terms lake and pond. The article adds language authorizing the use of the Bays, Rivers and Watersheds Fund to support the Freshwater Lake Management Program.

FISCAL IMPACT

Passage of Article 3 will impact both general revenue and federal fund expenses of the State.

- **Green Buildings Advisory Council:** Amends RIGL 37-24-5 to transfer the administrative authority for the Green Buildings Advisory Council (GBAC) and the Green Buildings Act (GBA) from the Department of Administration (DOA) to the Department of Business Regulation (DBR). The article requires the DOA to commission a report to analyze costs and benefits of Leadership in Energy and Environmental Design (LEED) certification compared to equivalent standards and includes an appropriation of \$50,000 in general revenue within DBR to fund the report.

ANALYSIS AND BACKGROUND:

Executive Veto Power

The article requires the General Assembly to submit a proposition to the voters of the State to approve an amendment to the State Constitution pursuant to Section 1 Article XIV to allow the Governor the power of line-item veto to reduce or eliminate expenditures in the budget, as well as to disapprove non-appropriation items such as articles, sections, or subsections, with certain limitations. Currently, the Constitution requires the Governor to approve or disapprove (veto) a bill in its entirety. Passage of this amendment would transfer a portion of the constitutional power of the purse from the General Assembly to the Executive.

There are only six states that do not have Gubernatorial line item veto power. They are Indiana, Nevada, New Hampshire, North Carolina, Rhode Island, and Vermont.

The amendment allows a Governor to reduce or eliminate an appropriation item or requirement but would still prohibit a Governor to add or redirect an appropriation.

Current law requires both houses of the General Assembly to override each line-item veto separately by a vote of three-fifths of the members present. If all members were present at the time of the vote, the override would require an affirmative vote of 45 members in the House of Representatives and 23 members in the Senate.

The proposal adds new language impacting the override vote on an appropriation item. The proposed revision requires both houses of the General Assembly to override each line-item veto separately by a vote of two-thirds of the members elected for appropriation items. If approved, such an override would require an affirmative vote of 50 members in the House of Representatives and 26 members in the Senate.

Article 3 Proposed Change	House	Senate
Total # of Members	75	38
Current 3/5 of Members Present Veto Requirement*	45	23
Proposed 3/5 of Members Elected Veto Requirement on a Non-Appropriation Item	45	23
Proposed 2/3 of Members Elected Veto Requirement on an Appropriation Item	50	26
<i>* Assumes all members present during a veto override</i>		

Furthermore, passage of this amendment may grant the Governor the power over the budgets of the General Assembly and of the Judiciary, which is currently prohibited under RIGL 35-3-5. Language within the resolution states that “any bill presented to the Governor shall address the appropriation of money, the Governor may” reduce, eliminate, or disapprove using the line-item veto. Lastly, such veto power could impact on the intent of an appropriation that was not approved by the General Assembly.

Rhode Island Paint Recycling Program

The article modifies the paint recycling program to require the representative organization to submit an updated plan for review and approval every five years, beginning with an update due December 31, 2026. Under current law, the representative organization is only required to submit a new plan or amendment to the Department of Environmental Management (DEM) when there is a:

- change to the amount of the fee charged on the paint collected;
- an addition to the products collected; or
- a revision of the stewardship organization’s goals.

The proposed implementation of the five-year review and approval cycle is intended to ensure that the fees charged will be sufficient to cover the program costs while allowing Rhode Island paint vendors to remain competitive with Massachusetts where no paint recycling fee is charged.

Currently, a third-party organization, known as PaintCare, represents paint manufacturers in operating the paint recycling program, and setting recycling fees to fund operating expenses as well as cash reserve. PaintCare operates programs in twelve states and in the District of Columbia. The program in Rhode Island began in June 2014. The fee is \$0.35 on pint and quart containers, \$0.75 on gallon containers, and \$1.60 on five-gallon containers. Based on the 2024 Annual Report, the program has 27 drop-off sites around the State, including 23 retailers and four transfer stations, which collected 71,573 gallons of paint. The program collected \$820,714 in revenue from the fee on approximately 1.4 million gallons of paint sales, while expenses including paint transportation and processing, communications, and administration totaled \$794,938. The program ended the year with net assets totaling \$771,938.

Green Buildings Advisory Council

The article amends RIGL 37-24-5 to transfer the administrative authority for the Green Buildings Advisory Council (GBAC) and the Green Buildings Act (GBA) from the Department of Administration (DOA) to the Department of Business Regulation (DBR). When the Green Buildings Advisory Council was established, the State Building Code Commission was within the Department of Administration but has since transferred to the Department of Business Regulation. The Department of Administration no longer possesses staff to facilitate the needs of the GBAC. The article requires the DOA to commission a report to analyze costs and benefits of Leadership in Energy and Environmental Design (LEED) certification compared to equivalent standards and includes an appropriation of \$50,000 in general revenue within the DBR budget.

Weatherization Assistance Program

Article 3 transfers the administration and management of the Weatherization Assistance Program (WAP) and 4.0 FTE positions, as well as a portion of the federal Low-Income Home Energy Assistance Program, (LIHEAP) from the Department of Human Services to the Office of Energy Resources. The WAP program was originally under the OER when the Office was a program in the Department of Administration and was transferred to DHS in 2013.

OER manages and implements all the U.S. DOE energy grant programs except for WAP. This budget proposal would shift the U.S. DOE WAP program and 4.0 WAP FTE positions to OER. OER's goal and objective with the WAP proposal (also proposed and supported by DHS) is to have a wholistic energy program structure for income eligible households with the federal Home Efficiency and Appliance Rebate Program, federal Home Efficiency Rebate Program, RGGI and Clean Heat RI (heat pump rebates) program that OER administers. There are only six states in the U.S that administers WAP in a state Department of Human Services type agency.

To implement the transfer, OER and DHS would enter an interagency memorandum of understanding (MOU) to transfer the LIHEAP funds specifically for the U.S. Department of Energy (DOE) WAP components. Approximately 12.0 percent of the LIHEAP grant is allocated to WAP. These funds are used for state administration (10.0 percent of the total), Community Action Agency personnel, health & safety measures, equipment, training & technical assistance, program supplies, and indirect costs.

This proposal reflects a transfer of \$10.9 million in federal funds and 4.0 federally funded FTE positions to OER.

Programs	Federal Funds
Weatherization Assistance Program	\$4.8
LIHEAP	4.6
DOE/DHS Weatherization	1.5
Total	\$10.9
<i>\$ in millions</i>	

Economic Development Incentive Changes

Article 3 includes several changes to the State's economic development incentives:

- **Reauthorization of Incentives:** Sections 8 through 15 and Section 18 reauthorize the Executive Office of Commerce's (EOC) various incentive programs for an additional year by extending the statutory sunset provisions placed on them from December 31, 2026, to December 31, 2027. The Incentive programs are:
 - Rebuild Rhode Island Tax Credit Act RIGL 42-64.20
 - Rhode Island Tax Increment Financing RIGL 42-64.21-9
 - Tax Stabilization Incentive RIGL 42-64.22-15
 - First Wave Closing Fund Act RIGL 42-64.23-8
 - I-195 Redevelopment Project Fund Act RIGL 42-64.24-8
 - Stay Invested in RI Wavemaker Fellowships RIGL 42-64.26-12
 - Main Street Rhode Island Streetscape Improvement Fund RIGL 42-64.27-6
 - Innovation Initiative RIGL 42-64.28-10
 - Rhode Island New Qualified Jobs Incentive Act RIGL 44-48.3-14

- **Rebuild RI:** Section 8 of Article 3 increases the maximum aggregate amount of combined Rebuild Rhode Island (Rebuild RI) tax credits and sales tax exemptions from \$225.0 million to \$250.0 million.

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. Total credits and exemptions are limited to \$225.0 million, and the per-project cap is set at \$15.0 million.

- **Status:** Commerce’s board has approved \$188.7 million in Rebuild RI tax credits and \$44.8 million in sales tax exemptions across 56 projects, for a combined total of \$233.5 million, or 103.8 percent over the current \$225.0 million statutory program cap. In its testimony at the November 2025 Revenue Estimating Conference, Commerce indicated that the actual estimated use of the awarded credits and exemptions amounts to only \$218.5 million (or 97.1 percent of the cap). According to Commerce the lower amount reflects projects electing to redeem credits at 90.0 percent of their cash value (which is allowed by the program) and anticipated unused sales tax exemptions.

The following table shows estimated future appropriations needed to cover projected drawdowns from the Rebuild RI fund.

Estimated Cash Flow Summary for Rebuild RI									
	2025	2026	2027	2028	2029	2030	2031	2032	2033
Beginning Balance	\$94.0	\$84.9	\$80.6	\$74.6	\$66.9	\$50.8	\$43.9	\$40.9	\$40.7
Combined Draw Downs*	(19.2)	(14.4)	(12.1)	(17.7)	(26.1)	(16.9)	(13.0)	(10.2)	(4.7)
Estimated Appropriation^	10.1	10.1	6.1	10.0	10.0	10.0	10.0	10.0	10.0
Ending Balance	84.9	80.6	74.6	66.9	50.8	43.9	40.9	40.7	46.0

*Includes tax credits and sales tax exemptions. Amounts take into consideration all projects as of November 2025.

^ Appropriation levels for FY2028 through FY2033 have been chosen for demonstration purposes only.

Consideration was given to keeping annual appropriations below \$25.0 million, while covering the drawdowns, and leaving a reasonable ending balance (Senate Fiscal Staff estimates).

Big River Management Area

The article transfers administrative and regulatory authority over the Big River Management Area (BRMA) reservoir lands from the Water Resources Board (WRB) to the Department of Environmental Management (DEM). Language is included to clarify that the transfer does not affect the WRB’s authority over freshwater resource management as provided in RIGL 46-15, entitled “Water Resources Management”, and 46-15.1, entitled “Water Supply Facilities”. Currently, DEM is managing the property through a Memorandum of Understanding (MOU) with the WRB and is thereby responsible for issues with the property including access and public safety. Given DEM’s current role with the management areas and their experience with land management across the State, the Governor recommends the transfer of administrative and regulatory authority. The Budget also includes the transfer of 1.0 FTE position and \$148,296 in general revenue to support the administration of the property.

Rhode Island Energy Resources Act

Article 3 amends RIGL 42-140-3, the Rhode Island Energy Resources Act, to include new responsibilities for the Office of Energy Resources (OER) such as the administration of the federal Weatherization Assistance Program (WAP) and other similar State or other funded weatherization programs, as previously described under the Weatherization Assistance Program section. Section 4 of this article transfers the administration and management of the WAP, as well as a portion of the federal Low-Income Home Energy Assistance Program (LIHEAP) from the Department of Human Services to OER. This section of the article authorizes OER to administer all approved state energy bonds.

Analyst Note: Question 5 under Article 6, if approved, would provide a \$10.0 million bond for activities for energy efficient infrastructure.

Rhode Island Bays, Rivers and Watersheds Fund, and Freshwater Management

The article amends the authorized uses of the Bays, Rivers and Watersheds Fund to include freshwater lake management, except for commercial or industrial lakes or ponds that are created to provide cooling water or as dewatering basins or are concrete or poly-lined. The amendment is intended to make resources available for the Freshwater Lake Management Program. The program was enacted in 2024 through RIGL 46-33 to address issues with water quality, invasive species, and algae blooms; however, no funding was provided at the time. The article does not specify a funding amount or limit but does allow for the Department of Environmental Management (DEM) to use the fund for the program.

Other changes to the lake management program include eliminating the definition for “Rhode Island lake management fund”, since RIGL 46-33-3 does not exist and the program was never funded, and expanding eligible projects to include the “control” of existing aquatic species in addition to mitigation.

The Bays, Rivers and Watersheds Fund (BRWF) is a restricted receipt account within DEM created pursuant to Article 16 of the FY2016 Budget as Enacted. Funding decisions are made by the Director of DEM within the limited purposes of The Comprehensive Watershed and Marine Monitoring Act (RIGL 46-23.2-1); Water Pollution (RIGL 46-12); the Resilient Rhode Island Act of 2014 – Climate Change Coordination Council (RIGL 46-6.2); and, through this article, the Freshwater Lake Management Program (RIGL 46-33). The BRWF is supported with receipts from septage disposal fees, totaling over \$700,000 annually in recent years, collected pursuant to RIGL 46-12.11. A disposal fee of \$1.00 per every 100 gallons of septage delivered to a disposal facility is paid by septage transporters and collected by disposal facility operators.

According to DEM, the BRWF is used primarily to leverage federal funds in support of ambient water monitoring programs essential to water quality management. For example, the BRWF supports the on-going fixed-site monitoring in Narragansett Bay, in partnership with the University of Rhode Island Graduate School of Oceanography; monthly water quality monitoring of the State’s largest rivers; and continuous operation of 21 streamflow gages, in cooperation with the federal United States Geological Survey. The fund has also been used to address high-priority, short-term projects, consistent with the purposes authorized by legislation, such as an initial survey of invasive hydrilla in Worden Pond in South Kingstown to characterize the infestation and plan future treatment, the replacement of the DEM vessel used for shellfish area monitoring, and for investments in other monitoring equipment. In FY2027, DEM plans to use the funds to support projects related to stormwater management, including an update of the state stormwater manual. A portion of the funds has been utilized to support select staffing in the DEM Office of Water Resources.

Bays, Rivers, and Watersheds Fund

	FY2023	FY2024	FY2025
Beginning Balance	\$948,923	\$1,109,463	\$1,405,125
Revenue	966,279	725,283	922,251
Expenditures	(805,739)	(429,622)	(1,461,605)
Net Income (loss)	160,540	295,661	(539,353)
Ending Balance Carry Forward	\$1,109,463	\$1,405,125	\$865,771

Bays, Rivers, and Watersheds Fund Percentage of Expenditures by Category

	FY2023	FY2024	FY2025
Grants and Aid	0.0%	16.6%	2.6%
Operating and Capital	2.0%	22.2%	2.6%
Contract Services	50.8%	61.2%	50.9%
Salaries and Benenfits	47.2%	0.0%	43.9%

Article 4: Relating to Debt Management Act Joint Resolutions

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

Rhode Island College – Residential Life Renovations

The article approves financing of up to \$20.6 million for the renovation of five residence halls. The project addresses critical infrastructure improvements that will enhance the on-campus experience for the student residents. Debt service payments will be supported by revenue derived from the College's residential life auxiliary student fees. Total debt will not exceed \$36.5 million over a 20-year term, and annual debt service payments are estimated to be \$1.8 million.

The residential life project provides for the renovation of dormitories on the RIC campus. The college offers a variety of housing options across six buildings which include:

- Browne Hall – Constructed in 1967
- Penfield Hall – Constructed in 2007
- Sweet Hall – Constructed in 1991
- Thorp Hall – Constructed in 1959
- Weber Hall – Constructed in 1964
- Willard hall – Constructed in 1971 and closed due to aging infrastructure.

Currently, RIC lacks sufficient capital in the Residential Life auxiliary fund for necessary improvements to provide a safe and welcoming experience for residential students. These improvements include the modernization of dormitories through critical infrastructure improvements and aesthetic upgrades that will maximize capacity and enable the college to meet housing demand. RIC will soon retire the Penfield Hall debt service payments, which will free up auxiliary funding for the proposed revenue bonds. The College expects the Architectural and Engineering phase of the project to begin in the latter half of FY2027 and use bond funding of \$5.0 million in FY2028, \$10.0 million in FY2029, and \$5.0 million in FY2030.

University of Rhode Island – Repaving Hardscape Improvements

The article approves financing of up to \$20.0 million to support the re-pavement and reconstruction of major parking facilities, roadways, walkways, and associated infrastructure on the University's Kingston, Narragansett Bay, and Alton Jones campuses. Total debt service payments will not exceed \$34.9 million over a 20-year term, and annual debt service payments are estimated to be \$1.7 million. Debt service payments will be supported by revenue raised through the University's parking services.

In the last ten years, URI has made progress in the improvement of its inventory of paving projects, but due to ongoing wear and deterioration from seasonal weather conditions, road and walkway repairs are an ever-present need and the scope of needed campus work is still substantial. This project includes \$1.0 million in FY2027, and \$9.5 million in both FY2028 and FY2029.

University of Rhode Island – Automotive and Administrative Services

The article approves financing for up to \$14.4 million to support proper working space for automotive services and new space for mail and printing services by building an addition to the central warehouse for mail/printing and providing a new automotive repair building to replace the existing one. Total debt service repayments will not exceed \$25.2 million over a 20-year term and annual debt service payments are estimated to be \$1.3 million. Debt service payments will be supported by revenue raised through the University's unrestricted general revenues.

The University's unrestricted general revenue is comprised of tuition and fee revenues and State general revenue appropriation.

The automotive repair shop currently resides in an old animal barn and does have the capacity to support the duties of the shop. According to the University, the building lacks the space necessary to lift the vehicles to a working height that is ergonomically correct, and the electrical and ventilation systems do not meet modern standards. According to the University, the current issues with the structure are OSHA and building code related, further emphasizing the need to replace the building. Furthermore, the current location of the shop infringes on the new residential district which is needed to increase capacity for URI's growing housing demand. Pursuant to a 2023 study, the planning team recommended moving the shop to the Mail and Printing Services building and consolidating the mailing and printing operations for a more efficient use of the space. The Governor proposes \$1.3 million in funds to be expended in FY2027, \$4.9 million in FY2028, and \$8.1 million in FY2029.

Article 5: Relating to Taxes and Fees

This article establishes an additional personal income tax bracket, phases out the taxation of social security income, provides for a refundable child tax credit, makes certain changes to tobacco-related excise taxes including increasing the cigarette tax, and makes several other additional tax and fee changes. Specifically, the article:

- **New High Earner Tax Bracket:** Establishes a fourth personal income tax bracket beginning tax year 2027 that taxes income over \$1.0 million at a rate of 8.99 percent.
- **Tax Amnesty:** Provides a tax amnesty program for a 75-day period ending February 15, 2027.
- **Decoupling from R&D Expensing:** Decouples State's policy from certain new federal rules related to how a business' income is determined for tax purposes.
- **Refundable Child Tax Credit:** Establishes a new refundable child tax credit for certain eligible taxpayers to be used to offset personal income taxes or, in certain circumstances, increase personal income.
- **Cigarette and Other Tobacco Initiatives:** Includes several tobacco-related revenue initiatives including increasing the excise tax on cigarettes.
- **Phase-out of Social Security Taxation:** Phases out the taxation of social security income over the course of three tax years.
- **State Aid to Municipalities – Car Tax – Sales Tax Adjustment:** Eliminates the annual sales tax growth adjustment that is provided to municipalities as part of the Motor Vehicle Excise Tax State Aid program.
- **Newport Cruise Fee:** Increases the landing and boarding fees imposed on cruise vessels landing in Newport by \$5.00 per passenger and dedicates the additional revenue to the Rhode Island Public Transit Authority (RIPTA).

FISCAL IMPACT

The fiscal impact of Article 5 general revenue changes is summarized in the table below. For more details see below in the analysis and background section.

Initiative	FY2027		FY2028	
	Revenues	Expenditures	Revenues	Expenditures
New Higher Earner Tax Bracket	\$67.1	-	\$135.3	-
Tax Amnesty	26.3	-	-	-
Decoupling of R&D Expensing	22.6	-	10.9	-
Refundable Child Tax Credit	(14.7)	-	(29.7)	-
Cigarette and Other Tobacco Initiatives	8.0	-	6.4	-
Phase-out of Social Security Taxation	(3.0)	-	(17.8)	-
State Aid - Car Tax - Sales Tax Adjustment	-	(4.8)	-	(9.7)
Total	\$106.3	(\$4.8)	\$108.3	(\$9.7)

\$ in millions

In addition to the general revenue impact summarized above, the increase in the passenger fee on cruise ships in Newport Harbor (section 8) is estimated to generate \$1.0 million in FY2027 and FY2028.

ANALYSIS AND BACKGROUND

New High Earner Tax Bracket

Article 5 amends Rhode Island's tax statutes to establish a high earner tax bracket beginning tax year 2027.

Personal Income Tax Bracket Established: Section 6 of the article amends RIGL 44-30-2.6(c)(3)(A)(I) and (II) by adding a fourth tax bracket with a rate of 8.99 percent on personal income over \$1.0 million and trust/estate income of over \$17,852.

Analyst Note: The statute RIGL 44-30-2.6(c)(3)(A) is constructed in such a way that requires the amendment to state the new top bracket income thresholds in tax year (TY) 2011 dollars. The TY2011 income thresholds included in Article 5 (\$648,398 and \$7,022 for personal income and trusts/estates, respectively) were selected so that when adjusting for inflation results in at top threshold of \$1.0 million for personal income tax (and \$17,852 for trusts/estates) in TY2027

The following tables illustrate how the tax brackets are adjusted under the article.

Article 5 Tax Rate Schedule (personal income)*

Taxable Income

Over	But not over	Pay	Plus percent on excess	of the amount over
\$0	\$82,050	\$0	3.75%	\$0
82,050	186,450	3,077	4.75%	82,050
186,450	1,000,000	8,036	5.99%	186,450
1,000,000	-	56,768	8.99%	1,000,000

* This table is for illustrative purposes only and is based on the existing TY2026 adjusted thresholds. The new bracket does not go into effect until TY2027, at which time the threshold amounts for the first three brackets will have been adjusted for inflation.

Article 5 Tax Rate Schedule (trusts and estates)*

Taxable Income

Over	But not over	Pay	Plus percent on excess	of the amount over
\$0	\$3,200	\$0	3.75%	\$0
3,200	10,200	120	4.75%	3,200
10,200	17,852	453	5.99%	10,200
17,852	-	911	8.99%	17,852

* This table is for illustrative purposes only and is based on the existing TY2026 adjusted thresholds. The new bracket does not go into effect until TY2027, at which time the threshold amounts for the first three brackets will have been adjusted for inflation.

Pass-through Entity Changes: Section 2 of the article amends RIGL 44-11-3(a)(2) by increasing the rate, beginning in tax year 2027, that a pass-through entity (PTE) is subject to when members elect to pay their tax liability at the entity level as opposed to their personal income tax. The rate increases from 5.99 percent to 8.99 percent.

A PTE is a type of business organization that does not pay corporation taxes but rather passes income on to its owners who claim it as personal income for federal and state tax purposes. Examples of PTEs are S corporations (S-Corp) and limited liability companies (LLC).

Analyst Note: In 2020, Rhode Island enacted legislation allowing PTE owners to choose whether to pay state tax liability at the individual level or the business entity level (at a rate of 5.99 percent). This was done in response to new federal tax policy beginning in tax year 2018, that limited the amount of itemized state and local taxes deductions (SALT) that PTE owners could claim to \$10,000. This cap has since been raised to \$40,000. Providing this option allows PTEs with larger SALT liabilities to determine the most advantageous way for them to file either at the individual level or the business entity level.

Fiscal Impact: ORA estimates the fiscal impact of a new high earner tax bracket to be \$67.1 million in FY2027 (one-half year impact). The following table summarizes the out-year revenue growth from the new tax rate.

Fiscal Year	Fiscal Impact
FY2027	\$67,090,404
FY2028	135,345,519
FY2029	138,411,784
FY2030	142,323,432
FY2031	146,626,622

- **Methodology:** When developing a fiscal impact estimate on complicated changes to personal income tax policy, the ORA utilizes a simulation model that applies the policy change to complete sets of actual tax data. The results of modeling are then adjusted to the conditions of the proposed policy and the effective tax years. The last complete set of tax data available for modeling is TY2023.

Using the TY2023 data, the ORA determined that the high earner bracket would apply to roughly 2,300 resident filers and 5,500 non-resident filers. According to ORA, since non-residents only pay tax on the portion of their income sourced in Rhode Island, most of the increase will be paid by residents (80.0 percent).

For the simulation the ORA applied TY2026 tax laws to the TY2023 data to establish a baseline tax collection figure for TY2026 of \$1.65 billion. The simulation then applied the high earner bracket to the collection figure, adjusting the \$1.0 million threshold to TY2023 dollars (\$865,900 and over).

To ensure a conservative estimate and to account for uncertainty around taxpayer behavior in the wake of significant tax policy changes, ORA took the extraordinary approach of using an elasticity of income (ETI) calculation in determining the fiscal impact of the high earner tax bracket. Typically, ORA's analyses are done on a static basis without considering economic or behavioral changes. ORA notes that in this instance, the outstanding debate on taxpayer behavior and Rhode Island's susceptibility to cross-border impacts are relevant considerations. ORA used an academic study of marginal tax rates over a 66-year period ending 2012 and estimated an ETI of 1.0 percent. The elasticity factor is meant to take into consideration taxpayer migration, deliberate reductions in realized income, or other steps lower tax liabilities through greater use of credits and deductions.

Background

State Wealth Taxes: According to the non-profit, non-partisan publication *Tax Notes*, a wealth tax can take many forms. Some wealth taxes take the form of ad valorem taxes on property, assets, or net worth. Others may simply be a surplus or higher tax rate on realized income exceeding a certain higher income. *Tax Notes* indicates that there are five states with established wealth taxes, four of which have either added additional tiers to their tax rate schedules or just increased the tax rate of their existing tiers for higher-income taxpayers. The fifth state has added an excise tax for high-value asset transactions.

State	Year Adopted	Rate on Income over \$1.0M
New Jersey	2020	10.75%
New York	2009	9.65% (w/10.3% over \$5M, 10.9% over \$25M)
California	2005	13.30%
Massachusetts	2022	9.00% (w/ 5.0% flat tax and 4.0 percent surcharge on marg. income over \$1.0M)
Washington DC	2021	10.75%

According to the State's Office of Revenue Analysis there exists considerable debate about the impacts of higher income tax rates on how taxpayers choose to realize their income and where they choose to locate.

ORA notes that some studies show taxpayer migration out of high tax jurisdictions while other studies have shown little to no effect.

ORA indicates that the top 1.0 percent of earners in Rhode Island pay 4.6 percent of their income as personal income tax (compared to 5.8 percent in Connecticut and 6.6 percent in Massachusetts) and that 0.3 percent of the Rhode Island tax returns in TY2022 reported AGI of \$1.0 million or more (12.5 percent of all AGI reported that year).

Rhode Island Tax Brackets: Rhode Island has three brackets of personal income tax rates that are applicable to taxable income of residents and non-residents. These brackets are also applicable to estates and trusts, but with different income thresholds. The current tax rates and income thresholds for tax year 2026 (these are adjusted annually for inflation) are:

Tax Rate Schedule of Tax Year 2026 (personal income tax)

Taxable Income

Over	But not over	Pay	Plus percent on excess	of the amount over
\$0	\$82,050	\$0	3.75%	\$0
82,050	186,450	3,077	4.75%	82,050
186,450	-	8,036	5.99%	186,450

Tax Rate Schedule of Tax Year 2026 (trusts and estates)

Taxable Income

Over	But not over	Pay	Plus percent on excess	of the amount over
\$0	\$3,200	\$0	3.75%	\$0
3,200	10,200	120	4.75%	3,200
10,200	-	453	5.99%	10,200

This three-tiered structure was established in 2010, when the General Assembly reduced the top marginal tax rate from 9.9 percent to 5.99 percent, eliminated an alternative flat rate income tax, disallowed the use of federal itemized deductions in the computation of Rhode Island taxable income, and eliminated numerous credits, deductions, and some other modifications.

Pass-Through Entities: Many businesses in the United States are not subject to the corporate income tax at the state or federal level. The business' profits flow through to owners (or members) and are taxed as part of their personal income. Examples of these "pass-through entities" include limited liability companies, S-Corporations, partnerships, and sole proprietorships.

Starting in TY2019, Rhode Island began permitting partners of pass-through entities to file returns at the entity level at the highest personal income tax rate (5.99 percent) and authorized a tax credit (worth 100.0 percent of their pro rata share of the entity tax) which partners could then claim on their individual returns. This credit has subsequently been reduced to 90.0 percent. As noted above these changes were made to provide PTEs with significant state and local tax liabilities to potentially reduce their tax burden at the federal level.

The Internal Revenue Service's Statistics of Income (most recent data from TY2022) report provides some insight into the pass-through entity activity in Rhode Island. The report shows the following tax filing information related to pass-through entities.

Rhode Island Tax Filers by Entity - TY2022

Filers	All AGI	\$1M+AGI	Percent of Total
All Filers	563,800	1,870	0.3%
Sole Proprieterships (pass-through w/ only 1 member)	91,190	540	0.6%
Pass-through Entities/S-Corps	28,550	1,400	4.9%
Total	683,540	3,810	0.6%

Source: IRS 2022 Statistic of Income per ORA

Analyst Note: The impact of Article 5 on pass-through entities is complicated to determine. ORA offers an example to illustrate the complexity: a dental practice has \$5.0 million in annual revenue. Initially it looks like they're well into the new fourth bracket. But pass-through entities pass through income net of expenses. Say this firm has \$4M in expenses, so they're still passing through \$1M of income. But the practice includes two dentists who are partners, so each receives \$500,000 in income. At this level the income does not qualify for the new bracket. But each dentist pays themselves a salary of \$100,000 (still not over the \$1.0 million threshold). Let's also say one of the dentists owns a real estate LLC that provides \$300,000 in annual income and has \$100,000 in capital gains and dividend earnings in a typical year. In this example, one dentist has earned \$600,000, and the other dentist has earned \$1.0 million. How many pass-through entities should be counted as "impacted" by the millionaire's tax? One for the dental practice, two including the dental practice and the real estate LLC, or zero because none of those entities pass through \$1M of income to any one partner? According to ORA, every Rhode Island millionaire has some pass-through income, although most filers with pass-through income are not millionaires.

New England Comparisons: New Hampshire is the only state in New England without an income tax. Rhode Island has the lowest upper bracket. In 2022, Massachusetts instituted its "millionaire's tax" by imposing a 4.0 percent surcharge on a taxpayer's income over \$1.0 million (this is additive to the state's 5.0 percent flat tax, creating effective rate of 9.0 percent. According to ORA, the State collected \$3.0 billion from the surcharge).

Highest Tax Bracket Rate - New England

State	Rate
Massachusetts	9.00%
Vermont	8.75%
Maine	7.15%
Connecticut	6.99%
Rhode Island	5.99%
New Hampshire	0.00%

Tax Amnesty

Article 5 includes a tax amnesty program for a 75-day period ending February 15, 2027.

Background: A tax amnesty program is an initiative that state and local jurisdictions may periodically use to incentivize voluntary compliance with tax laws. Amnesty programs are typically for a defined period during which individuals with outstanding tax liabilities are permitted to settle the debt without facing criminal or civil penalties. In addition, the rate of interest on back taxes is typically reduced and payment plans may be offered. The amnesty may apply to some or all tax types. Amnesty programs are typically beyond the scope of a tax administrator's authority and therefore are usually initiated through legislation.

Amnesty programs benefit taxpayers with delinquent liabilities because of the reduction in penalties. Governments may benefit by improving ongoing voluntary compliance and by increasing collected revenue. Amnesty programs, however, may also be seen as unfair by taxpayers who are timely with paying their liabilities. According to the Federation of Tax Administrators, 47 states have enacted amnesty programs at some point in time, with some doing so multiple times.

Rhode Island Tax Amnesty: Rhode Island has implemented tax amnesty programs five times, with the most recent being in 2017. That amnesty ran for 75 days (ending on February 15, 2018) and was open to non-filers and to those who had a record of a tax debt with the Division of Taxation. All major tax types were included. The initiative was authorized by the FY2018 Budget as Enacted and was estimated at the time to generate \$12.5 million. It ultimately collected \$22.0 million (with \$11.0 million coming from personal income tax receipts). According to Taxation 10,828 amnesty applications were received. Known tax debts accounted for approximately 62.0 percent of the revenue collected, while “new debts” from non-filers accounted for approximately 38.0 percent.

RI Tax Amnesty History		
Period		Revenue
15-Oct-86	- 12-Jan-87	\$0.7
15-Apr-96	- 28-Jun-96	7.9
15-Jul-06	- 20-Sep-06	6.5
2-Sep-12	- 15-Nov-12	22.3
1-Dec-17	- 15-Feb-18	22.0
<i>\$ in millions</i>		

The amnesty waived all penalties and reduced owed interest by 25.0 percent. Taxation indicated that the total amount of penalties erased and interest reduced totaled approximately \$9.9 million. Administrative costs totaled approximately \$480,866.

Article 5 Changes: Section 1 of Article 5 authorizes a 75-day tax amnesty period ending February 15, 2027, by adding a new chapter, “6.6 – The Rhode Island Tax Amnesty Act of 2026” to Title 44 of the general laws.

- **Definitions:** A new proposed statute, 44-6.6-2, sets forth relevant definitions to implement the tax amnesty, including “Taxable Period” (any period for which a return is required) and “Taxpayer” (any person, corporation, or entity subject to any state tax).
- **Amnesty Program Established:** A new proposed statute, 44-6.6-3, provides the Tax Administrator with the authority to establish the amnesty program.
 - The program shall be conducted for a 75-day period ending February 15, 2027 (begins December 2, 2026),
 - For those Taxpayers that apply to Taxation and make payment of all tax and interest due from the taxpayer to the State for any taxable period ending on or before December 31, 2025, the Tax Administrator is directed to not seek applicable penalties or criminal or civil prosecution. This is also true for those taxpayers that enter a payment plan (for reasons of financial hardship) through the same process and during the same period. Amnesty is not granted to those taxpayers under existing criminal or civil investigation or are party to existing court proceedings.
- **Interest Under Tax Amnesty:** A new proposed statute, RIGL 44-6.6-4, calculates the interest to be paid on taxes paid during the amnesty period by applying the statutory rate (18.0 percent on trust fund taxes such as sales tax, and 12.0 percent for all other taxes), and then reducing the amount by 25.0 percent.
- **Administration:** The remaining proposed statutes under Article 5 provide the Tax Administrator with the typical authorization necessary to implement a tax-related program. These include the ability to promulgate rules and regulations, create forms, designate where funds are to be deposited, and reporting requirements.

Fiscal Impact: The tax amnesty program is estimated to generate \$26.3 million in general revenue. The Office of Revenue Analysis (ORA) used collections data from the 2007, 2013, and the 2018 amnesty periods to develop the FY2027 fiscal impact. These programs reported data on how much known tax liability and interest revenue was collected by each tax type. They also reported data on how much new revenue (not in the known tax liability receivable amount) was collected by tax type. ORA assumed that the difference between new revenues from total revenues represents the revenue collected against the current receivable for each tax type.

- **Amnesty Receivable Estimate:** In calculating how much is estimated to be collected against the tax receivables, ORA looked at the receivable collections two years prior to the date of the amnesty programs and compared it to that which took place during the amnesty and came up with a collection rate for each tax type and for each amnesty year. ORA then averaged the rates from each amnesty year and applied them to known tax receivable for each tax type as of June 2025.
- **Amnesty New Revenue Estimate:** In calculating an estimate for new revenue under the proposed amnesty program ORA averaged the new revenue collections by tax type as reported out from the FY2018 and FY2013 amnesty programs and calculated a collections rate (FY2007 was excluded due to elapsed time and the overall growth in collections since then). ORA used this rate, unadjusted for growth, to create a conservative estimate for new revenue collection under the proposed amnesty.
- **Existing Debts (Receivable)/New Revenue Estimate:** The following table summarizes ORA's estimated collections by tax type and by debts collected against the receivable and new revenue:

Revenue Category	Existing Debts	New Revenue	Total
Personal Income Tax	\$6,972,864	\$1,824,616	\$8,797,480
Sales and Use Tax	2,034,759	2,327,362	4,362,121
Business Corporations Tax	1,403,749	1,084,599	2,488,348
Other Tax Types	1,670,930	1,026,415	2,697,345
Interest Payments	5,372,987	2,629,712	8,002,699
Total	\$17,455,289	\$8,892,704	\$26,347,993

The Governor recommends \$750,000 in operating and contract services expenditures to implement the program in FY2027.

Decoupling from R&D Expensing

Article 5 includes provisions that decouple the State's tax code from certain portions of the federal tax code that were amended with the passage of HR 1.

Rhode Island's tax code is linked to the federal tax code. This is a common policy choice among states because it simplifies tax filings for both taxpayers and the Division of Taxation, by allowing state returns to be supported by the same documents and assumptions used at the federal level. States also benefit by relying on the federal Internal Revenue Service to draft rules, make liability determinations, provide guidance, and monitor compliance. This conformity, however, is not required or automatic, it is a choice. States typically enact legislation to incorporate changes made to the tax code at the federal level either in whole or in part.

A key component of conformity relates to what constitutes taxable income. Rhode Island tax filings start with a taxpayer's federal "adjusted gross income" (AGI) as the basis for an individual's state tax liability and with "federal taxable income" (FTI) for businesses. Federal policy changes that impact AGI or FTI will generally flow through and impact state revenue.

HR1: In 2025, Congress enacted legislation, known as HR1, that included sweeping tax changes estimated to significantly impact state revenue collection in Rhode Island. In anticipation of these changes, the General Assembly enacted several preemptive protections in its FY2026 Budget. First, it preserved the pre-HR1 definitions of taxable income for tax year 2025. It also required the Department of Revenue (DOR) to do an analysis of the likely fiscal impact HR1 would have on out-year revenue.

DOR's Analysis: The DOR issued its report in October 2025. According to the report, absent the decoupling from HR1 definitions as directed by the FY2026 Budget as Enacted, Rhode Island would have realized a revenue loss of \$65.8 million. HR1 permanently codified the tax provisions under the federal Tax Cuts and Jobs Act (TCJA) of 2017 that had been set to sunset at the end of 2025. The report looks at the fiscal impact of the continuation of these provisions as well as all new tax changes. Of all the HR1 provisions, the

research and development expensing policy has the highest estimated fiscal impact. This and the other fiscal impact estimates from the report are summarized in the following table:

TCJA Extensions with Modifications	FY2026	FY2027	FY2028	FY2029	FY2030
Business Interest Limitation	(\$3.7)	(\$4.0)	(\$2.5)	(\$2.6)	(\$2.4)
Expensing Limitation	(2.9)	(3.6)	(2.5)	(2.3)	(1.8)
Miscellaneous Business	(0.2)	(0.2)	(0.1)	(0.1)	(0.2)
R&D Expensing	(22.6)	(22.6)	(10.9)	(8.0)	(2.8)
SALT Deduction Cap	(5.2)	(5.2)	(5.2)	(5.2)	(5.2)
H.R. 1 New Provisions					
Agriculture	(0.6)	(2.1)	(1.9)	(0.9)	(0.4)
Charitable Deductions	0.9	1.6	1.8	1.7	1.6
Child Care and Adoption	(0.5)	(1.4)	(1.6)	(1.5)	0.0
Energy Efficiency	0.0	0.0	0.0	0.0	0.0
Energy Production	0.0	0.1	0.1	0.0	(0.1)
Housing	(0.4)	(0.5)	(0.3)	(0.2)	5.2
International Miscellaneous Healthcare	0.7	2.1	3.3	4.7	(1.1)
Small Business Stock Gains	(0.2)	(0.6)	(0.9)	(1.0)	(0.9)
Total	(\$34.7)	(\$36.4)	(\$20.6)	(\$15.2)	(\$9.3)

\$ in millions

Totals may vary due to rounding

Source: [Analysis of HR1 Provisions - RI Department of Revenue](#)

Article 5 Changes: Sections 2 and 6 of Article 5 amend the State's tax statutes in a manner that formally decouples the state tax code from the research and development expensing provisions of the federal tax code.

- **Business Corporation Tax Changes:** Section 2 of the article amends the business corporation tax statutory definition of net income for purposes of calculating a business's tax liability by adding language that preserves the pre-HR1 treatment of R&D expenses for tax years 2026 and beyond. It also adjusts the statute to preserve the decoupling originally provided for tax year 2025 in the FY2026 Budget as Enacted.
- **Personal Income Tax Changes:** Section 6 of the article similarly amends the personal income tax statutory definition of income of a resident individual for purposes of calculating tax liability by adding language that preserves the pre-HR1 treatment of R&D expenses for tax years 2026 and beyond. This is primarily for members of pass-through entities that elect to pay taxes at the individual level.

Fiscal Impact: The Office of Revenue Analysis (ORA) based its fiscal impact estimate on the October 2025 DOR report and that the sections take effect upon passage. According to ORA the report utilized the revenue loss estimates for the R&D expensing policy change calculated by Congress' Joint Committee on Taxation. These were proportionately reduced based on size of Rhode Island's corporate tax base and adjusted for federal and state fiscal years. The original revenue losses were included in the November 2025 revenue estimates. The ORA assumes that by reverting to pre-HR1 treatment of R&D expensing, the estimate would simply add back the original forecasted loss. The following shows the impact through FY2030.

	FY2026	FY2027	FY2028	FY2029	FY2030
R&D Expensing	\$22.6	\$22.6	\$10.9	\$8.0	\$2.8

\$ in millions

Research and Development Expensing Background: An important aspect of the federal tax code impacted by HR1 is how a business' expenses related to domestic research and development (R&D) activity are

treated when determining taxable income. Historically, the federal tax code (26 USC §174A) allows a business to deduct qualified research expenses in the year it incurred those costs. These include such costs as researcher wages, research supplies, and research facility operational expenses. The rationale is encouraging innovation, especially by smaller, newer firms. Also, the benefits of such investment can take time to be realized, if at all.

In 2017, the federal TCJA Act ended immediate deduction of R&D expenses and required businesses to amortize the expenses over a five-year period beginning in 2022. HR1 reverses this, once again allowing the expensing of qualified R&D costs in the year they occurred, beginning in 2025. HR1 allows taxpayers to accelerate expensing costs from tax years 2022-2024 over a one-year period beginning with tax year 2025. Smaller businesses (\$31.0 million gross receipts or less) are allowed to file amended returns going back to tax year 2022.

According to the DOR, this policy change impacts taxable income levels, and thereby state revenue, several ways. In year 1 of HR1, when 100.0 percent of R&D expenses are permitted to be deducted, taxable income and the related state revenue decrease dramatically compared to the previous year when only 20.0 percent was allowed. The out-year revenue is also impacted because previously amortized expenses fade away over five years.

According to DOR's report, the change in R&D expensing policy results in the largest estimated revenue loss for Rhode Island of all the tax provisions in HR1. In both FY2026 and FY2027, the State is estimated to lose \$22.6 million (with this tapering in the out-years).

Refundable Child Tax Credit

Article 5 establishes a new refundable child tax credit (CTC) valued at \$325 per child in TY2027 for certain eligible taxpayers. The credit value is subject to an annual adjustment for inflation.

Child Tax Credit: Section 5 of the Article provides the codifies a new child tax credit within the State's personal income statute (RIGL 44-30).

Definitions: A new proposed statute, RIGL 44-30-104, sets forth relevant definitions for the child tax credit. A "child" is defined as an individual who is 18 or younger as of December 31 of the tax year. An "eligible taxpayer" is a person domiciled in the state who filed a Rhode Island state personal income tax return for the tax year.

- **Credit Established:** Section 5 provides that for tax years beginning on or after TY2027 a tax credit on the resident tax return of the eligible taxpayer in the amount of \$320 (TY2026 dollars) shall be allowed for each child where the dependent exemption amount is zero.

*Analyst Note: According to budget documents the \$320 amount is equal to the current dependent exemption (TY2026=\$5,250) multiplied by the top income tax rate of 5.99 percent. For TY2026, the calculation would be \$314, which in Article 5 is rounded. Since the effective date is TY2027, the \$320 would be increased by inflation to **\$325**.*

- **Phase Out Thresholds:** Section 5 further provides that for an eligible taxpayer with modified federal adjusted gross income above \$261,000, the credit will be reduced by 20 percentage points for each \$7,450 (or fraction thereof) of income above \$261,000.
- **Inflation Adjustment:** Section 5 provides for an annual inflation adjustment (using the Consumer Price Index for Urban Consumers) to the credit amount, with a base year of 2026.

Refundability: Section 6 authorizes the child tax credit to be used on personal income tax return filings for tax years 2027 and beyond. The credit is fully refundable, meaning that it reduces tax liability dollar for dollar and results in refund payments even if the filer's tax liability is zero.

Dependent Exemption: For tax years beginning on and after January 1, 2027, section 6 of the article eliminates the exemption for dependents for that taxpayer claiming the new child tax credit, by setting the amount to zero.

Rhode Island provides taxpayers with dependents an exemption for each dependent. The base amount of the exemption is adjusted annually for inflation and is currently \$5,250 (TY2026). The value of the exemption is determined by the taxpayer's marginal tax rate multiplied by the base amount. According to ORA, the exemption has a higher value for those taxpayers at higher-income tax brackets than lower-income taxpayers. The following table illustrates this for TY2026:

Dependent Exemption Benefit (TY2026)			
Income	Tax Rate	Dependent Exemption	Reduces Taxable Income By
\$0 and \$82,050	3.75%	\$5,250	\$196.88
\$82,050 and \$186,450	4.75%	5,250	249.38
\$186,450 and above	5.99%	5,250	314.48

The exemption phases out between \$261,000 and \$290,800 with a 20.0 percent decrease per \$7,500 increments.

Fiscal Impact: ORA estimates the revenue loss associated with the child tax credit in FY2027 to be \$14.7 million. The out-year impact is summarized in the following table:

Initiative	FY2027	FY2028	FY2029	FY2030	FY2031
Child Tax Credit	(\$14,701,176)	(\$29,657,570)	(\$30,329,465)	(\$31,186,604)	(\$32,129,540)

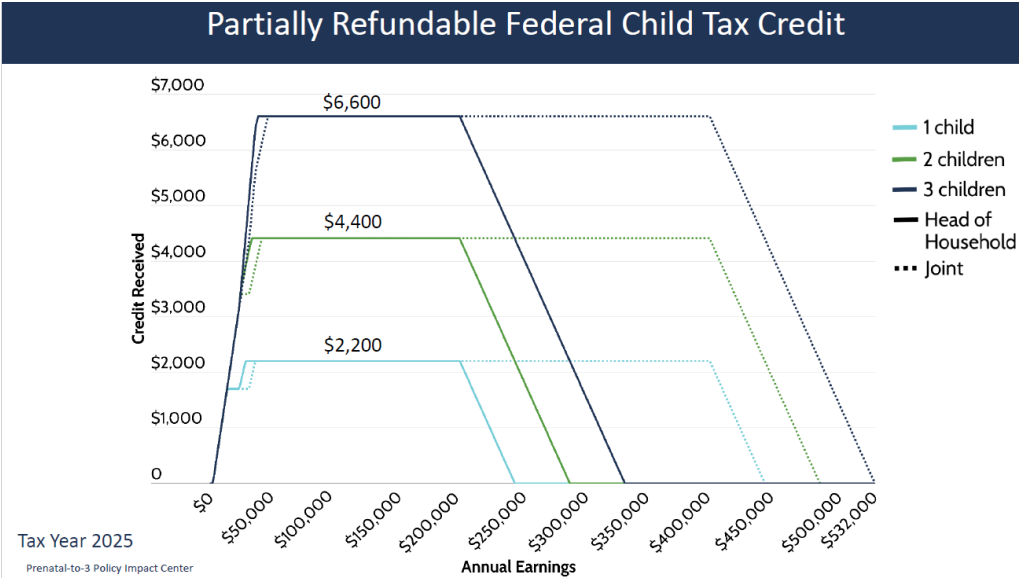
When evaluating the fiscal impact of the child tax credit, ORA used a personal income tax simulation model that uses the latest full set of tax return data (TY2023). TY 2023 dependent exemption data shows that there were 196,600 total dependents 18 years old or younger claimed on resident personal income tax returns (overall total of 120,900 resident tax returns claimed at least one dependent 18 or younger). The simulation model indicates that 110,500 filers would benefit from how the child tax credit is structured.

ORA also indicates that the amount of tax relief will vary greatly under the new structure. It will vary on the number of dependents and the level of benefit received from the current exemption. In TY2023 there were 31,200 resident tax returns with at least one child dependent who received no benefit from the current dependent exemption, meaning they even without the exemption, the taxpayer's liability was zero. The refundability of the credit provides these individuals with the greatest benefit, with the credit increasing their household income.

Background: Budget documents indicate that according to the National Conference of State Legislatures, there are 17 states that provide child tax credits. In New England a credit is offered in Massachusetts, Maine, and Vermont.

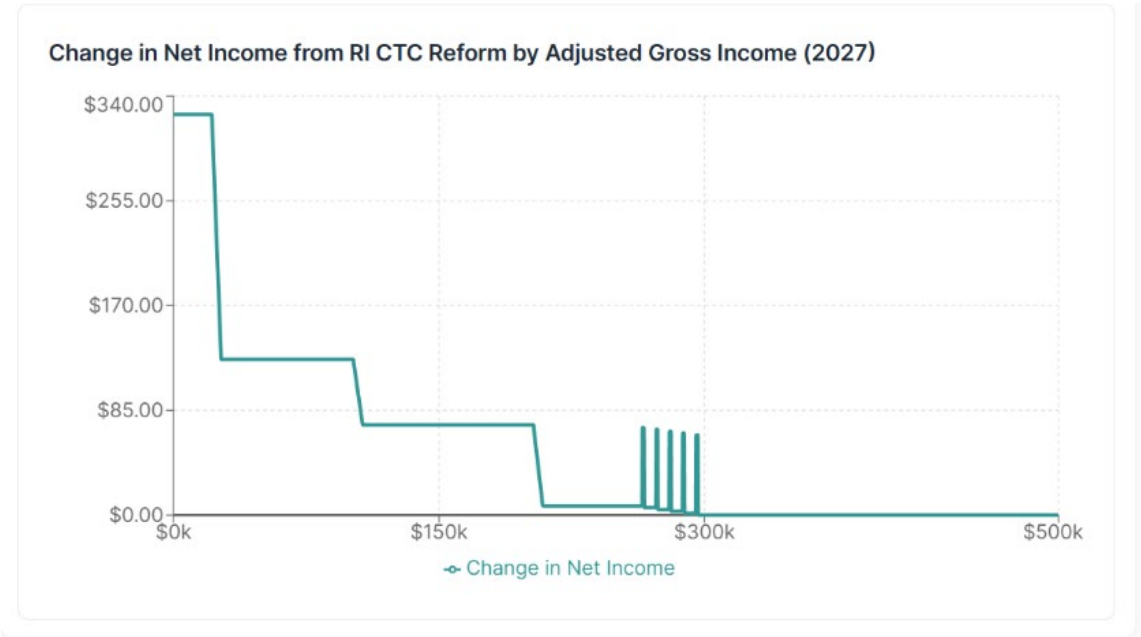
Impact of CTC on Incidence of Child Poverty: Proponents of using tax policy as a method of reducing child poverty often cite child tax credits as an effective tool. According to Vanderbilt University's Prenatal-to-3 Policy Impact Center, research and evidence supporting this is primarily around the federal credit. The federal tax credit in TY2025 is up to \$2,200 per child under the age of 17. The credit phases out at higher incomes and is only partially refundable (with a maximum of \$1,700 per child).

The following graphs (*Source: Vanderbilt University, Prenatal-to-3 Policy Impact Center*) show the income impact that the federal CTC:



According to the Prenatal-to-3 Policy Impact Center, the research around state child tax credits is considerably less but increasing. The most common structure of a state CTC is a per-child credit that decreases in value above a certain income threshold. Many state CTCs are targeted at income levels, having phase-in and phase-out income levels, or tiered step downs. States vary in the age of the child eligible under the credit program. Washington D.C. and Minnesota set the eligible age at 18. Seven states set it at age 17 with another 7 setting it at age 6. Another variable is the CTC value per child. Five states set their refundable CTCs at \$1,000 or above. Six states have CTCs set between \$261 and \$630.

The Prenatal-to-3 Policy Impact Center modeled the CTC as proposed in Article 5. The following¹ shows the change in net income for taxpayers:



¹ According to the Center, the phase-out of the CTC does not perfectly align with the personal exemption, leading to instances where net income jumps suddenly. This may be due to the inflation adjustment of the CTC's phase-out parameters being rounded to a different number than the personal exemption.

Cigarette and Other Tobacco Initiatives

Sections 3 and 4 of Article 5 include excise tax changes related to cigarettes and other tobacco.

Cigarette and Other Tobacco Initiatives - Fiscal Impact	
Initiative	Fiscal Impact
Cigarette Tax Increase	\$4,540,374
Floor Tax	2,467,926
Eliminate Stamp Discount	762,064
Cigar Tax Cap Increase	621,090
Sales Tax Elasticity	(433,335)
Total	\$7,958,119

Cigarette Excise Tax Increase: Sections 3 and 4 of the article amends RIGL 44-20-12 to increase the excise tax on packs of cigarettes by \$0.75, from \$4.50 to \$5.25. Additionally, the article adds RIGL 44-20-12.8 which assesses an equivalent floor stock tax of \$0.75 for each pack held in inventory by dealers and distributors. The article's effective date is September 1, 2026. At \$5.25 per pack, Rhode Island would have the second-highest state excise tax in the nation.

- **Fiscal Impact:** The ORA estimates that passage of this section will increase revenue by \$6.6 million in FY2027, of which \$4.5 million represents excise tax revenue and \$2.5 million reflects revenue collected from the floor stock tax. The collections are offset by a \$433,335 reduction in sales and use tax, related to consumer behavior from increased pricing. The estimate reflects a partial year, as the effective date of September 1, 2026, occurs late in the first quarter of FY2027.

For budget out-year FY2028, the legislation is expected to increase collections by \$4.5 million, representing a \$2.1 million reduction from the FY2027 estimate. The reduction is primarily due to the floor stock revenue occurring in FY2027 and an applied growth rate of -10.7 percent. The following table illustrates the fiscal impact of the section for FY2026-FY2028.

Revenue Type	FY2026	FY2027	FY2028
Cigarette Excise	\$0	\$4,540,374	\$4,966,883
Sales and Use	-	(433,335)	(474,042)
Floor Stock	-	2,467,926	-
Total	\$0	\$6,574,965	\$4,492,841

Source: Office of Revenue Analysis

- **Background:** Rhode Island levies taxes on cigarettes sold or held in the State. Cigarettes are currently taxed at \$4.50 per pack, equivalent to \$0.23 per cigarette. Dealers and distributors are required to purchase cigarette stamps, which are affixed to packages of cigarettes and provide proof of tax payment. The State discounts stamp rolls for bulk purchases as a means of compensation for the costs associated with affixing the tax stamps.

The excise tax was last increased in FY2025 by \$0.25 per pack, from \$4.25 to \$4.50. When tax increases occur, existing stocks of cigarettes that remain unsold in stores may be assessed a floor stock tax. Taxes are due upon purchase of the tax stamps. Sales and use taxes are also assessed on tobacco products, applied after inclusion of the tobacco taxes into the price.

At \$4.50 per pack, Rhode Island is tied with Washington DC for the third highest cigarette excise tax in the nation, trailing New York and Maryland, which assess respective taxes of \$5.35 and \$5.00 per pack. However, the total cost of a pack of cigarettes can vary based upon minimum markup, local excise taxes and other pricing provisions. The following table compares the excise tax assessed on cigarettes in Rhode Island with the other New England states.

Cigarette Excise Taxes in New England (per pack)

State	Tax	Ranking	
		New England	National
Rhode Island	\$4.50	1	3
Connecticut	4.35	2	5
Massachusetts	3.51	3	7
Maine	3.50	4	8
Vermont	3.08	5	10
New Hampshire	1.78	6	27

Source: Campaign for Tobacco Free Kids, January 2026

Cigar Tax Cap: The article increases the maximum amount of excise tax the state may assess on a single cigar by \$1.50, from the current amount of \$0.50 per cigar to \$2.00, effective September 1, 2026. The Office of Revenue Analysis (ORA) estimates that passage of this section will increase revenue by \$621,090 in FY2027, reflecting partial year collections due to the September 1, 2026, implementation date. The proposal will have no impact in FY2026.

- **Article 5 Changes:** The article amends RIGL 44-20-13.2 to increase the maximum excise tax assessed on cigars by \$1.50, from the current amount of \$0.50 to \$2.00 for each cigar. Currently, any cigar with a wholesale cost of \$0.63 or greater is assessed an excise tax of \$0.50. The Governor's proposal subjects any cigar with a wholesale cost above \$0.63 and below \$2.50 to the State's 80.0 percent excise tax. Cigars with a wholesale cost of \$2.50 or above, would be subject to the maximum amount of \$2.00. The following table compares the excise tax currently assessed on cigars with the Governor's proposal.

Wholesale Price	Current Tax Assessment	Governor's Proposed Assessment
\$0.62 or Less	80%	80%
\$0.63 - \$2.49	\$0.50	80%
\$2.50 or Above	\$0.50	\$2.00

- **Fiscal Impact:** Assuming the implementation date of September 1, 2026, the Office of Revenue Analysis estimates that passage of this section will increase general revenue by \$621,090 in partial year FY2027 and \$974,262 in budget out-year FY2028. The proposal will not impact FY2026.

To estimate the fiscal impact, the Office of Revenue Analysis (ORA) utilized data from Vermont's tiered tax structure. Vermont classifies cigars with a wholesale price of \$2.17 or below as Category 1, cigars with a wholesale cost above \$2.17 and below \$10.00 as Category 2, and cigars with a wholesale cost above \$10 as Category 3. ORA's calculations indicate that 98.1 percent of cigar sales in Vermont reflect Category 1 cigars and assumed equivalent behavior amongst the two populations.

- **Background:** Pursuant to RIGL 44-20-13.2, Rhode Island assesses an 80.0 percent excise tax on the wholesale cost of cigars, chewing tobacco, nicotine pouches, pipe tobacco, and other products classified as Other Tobacco Products (OTP). The statute has a special provision for cigars, capping the excise tax at \$0.50 per cigar. Therefore, all cigars with a wholesale value equal to or above \$0.63, are assessed an excise tax of \$0.50, regardless of their face value.

Capping the excise tax for cigars is not an uncommon practice and is utilized by other states in New England. Connecticut caps the excise tax for each cigar at \$0.50, which is assessed at 50.0 percent of the wholesale value. Vermont has a tiered system, which assesses a 92.0 percent tax on cigars with a wholesale cost of \$2.17 or less and a flat tax on cigars with a cost of \$2.18 or above. Cigars with a cost below \$10.00 are taxed at \$2.00 each and cigars with a cost of \$10.00 or more are taxed at \$4.00 each. Maine, Massachusetts, and New Hampshire do not cap the excise tax for cigars. Massachusetts imposes

a 40.0 percent tax on each cigar's wholesale value and Maine imposes a 75.0 percent tax on each cigar's cost price. New Hampshire does not tax premium cigars, which are handmade from all-natural tobacco and imposes a 65.03 percent tax on the wholesale price for non-premium cigars. The following table compares the current law in Rhode Island with

State	Excise Tax	Price Assessed	Maximum Excise Tax
Connecticut	50.0%	Wholesale Price	\$0.50 per cigar
Maine	75.0%	Cost Price	No maximum assessment
Massachusetts	40.0%	Wholesale Price	No maximum assessment
New Hampshire	65.03%	Wholesale Price	No tax on premium cigars
<i>Rhode Island</i>	<i>0.8</i>	<i>Wholesale Price</i>	<i>\$0.50 per cigar</i>
Vermont*	92.0%	Wholesale Price	Cigars priced at \$2.17 or below are taxed at 92.0%
Vermont*	\$2.00 Flat	Wholesale Price	Cigars priced above \$2.17 and below \$10.00
Vermont*	\$4.00 Flat	Wholesale Price	Cigars priced above \$10.00

Source: Campaign for Tobacco Free Kids, January 2026

* Vermont has a tiered excise tax structure and the assessment is based on the wholesale price of the

Cigarette Stamp Discount Elimination: The article eliminates the provision that allows licensed distributors to purchase cigarette stamps at 98.75 percent of face value, effective September 1, 2026. The Office of Revenue Analysis (ORA) estimates that passage of this section will increase revenue by \$762,064 in FY2027.

- **Article 5 Changes:** The article amends RIGL 44-20-19 to direct the Tax Administrator to sell cigarette stamps at face value, effective September 1, 2026. The article eliminates the discount on cigarette stamps provided to licensed distributors and requires that 100.0 percent of the revenue is transferred to the general fund.
- **Fiscal Impact:** Passage of this section will generate an estimated \$762,064 in FY2027 and \$974,262 in budget out-year FY2028. The section will not have an impact on FY2026 due to the implementation date. To estimate the revenue forgone through the discount in FY2027, the Office of Revenue Analysis (ORA) first estimated the forgone revenue in FY2026. The ORA utilized a -10.6 percent growth rate, which was determined at the November 2025 Revenue and Estimating Conference for FY2026 (REC), and collections data from FY2025 to determine that \$1.2 million of revenue was forgone in FY2026. For FY2027, the ORA applied the -9.2 percent year over year growth rate determined at the REC to the \$1.2 million forgone in FY2026, resulting in a \$1.1 million full-year estimate for FY2027. The ORA downwardly adjusted the \$1.1 million to account for increased sales before the discount's elimination and to pro-rate for the implementation date, resulting in an estimate of \$762,064.
- **Background:** Pursuant to RIGL 44-20-19, the Rhode Island tax administrator sells cigarette tax stamp rolls in bulk to licensed distributors at a 1.25 percent discount. The stamps serve as evidence that both the cigarette excise tax and sales and use tax have been paid and the discount compensates distributors for affixing the stamps to the cigarette package. Revenue collected through the sale of cigarette stamps is transferred to the general fund.

All New England States except New Hampshire currently offer discounts to distributors or wholesalers on cigarette stamp rolls. Maine is currently phasing out the discount, which was reduced from 1.15 percent to 0.66 percent in January 2026 and will be eliminated in April 2026. Massachusetts' discount ranges from 1.0 percent to 3.0 percent and is determined by the size of the stamp roll purchased. Rolls of 1,200 stamps include a \$12.00 discount (1.0 percent) and rolls of 30,000 stamps include a \$600 discount for the first 50 rolls purchased and \$200 for each additional 30,000 stamp roll. The following table illustrates the discounts provided throughout New England.

State	Excise Tax	Discount	Savings (per pack)
Connecticut	\$4.35	1.00%	\$0.044
Maine*	3.50	0.66%	0.023
Massachusetts†	3.51	Varies	-
New Hampshire	1.78	0.00%	-
Rhode Island	4.50	1.25%	0.056
Vermont	3.08	2.30%	0.071

Source: Federation of Tax Administrators, November 2025

*Maine eliminates the discount in April 2026.

†Massachusetts' discount ranges from 1-3% and is determined by the amount purchased.

Phase-Out of Social Security Taxation

Current Social Security Tax Modification: RIGL 44-30-12(c)(8) provides a modification to certain qualified taxpayers that exempts some or all social security benefits from being included in their taxable income for state income tax purposes. Rhode Island's state tax code uses a taxpayer's federal adjusted gross income (AGI) as the starting point in determining state taxable income. For tax year 2025, the modification to federal AGI for purposes of determining state personal income tax liability is available to taxpayers if they:

- Have attained the age used for calculating full or unreduced Social Security retirement benefits (typically 66 or 67), and
- Are filing as an unmarried individual, a head of household, or as married but filing separately and having a federal adjusted gross income (AGI) for the tax year of less than \$107,000, or
- Are married and are filing jointly and have a federal AGI of less than \$133,750, and
- Have federal AGI that includes Social Security retirement benefit income.

Analyst Note: the income thresholds for this modification are required statutorily to be adjusted annually for inflation. RIGL 44-30-12(c)(8) states these thresholds in the tax year 2016 values of \$100,000 for joint filers, and \$80,000 for all other taxpayers (TY2016 being the first year the modification was made available). The values listed above reflect the TY2025 inflation adjusted amounts.

Taxpayers meeting these requirements can reduce their federal AGI for purposes of determining state tax liability by the *entire* amount of the Social Security retirement benefit income taxed at the federal level.

Ending State Taxation of Social Security Benefits: Section 6 of Article 5 eliminates the State's taxation of social security benefits by tax year 2029. It accomplishes this in phases over three consecutive tax years beginning January 1, 2027, and utilizes the State's existing social security income tax modification as the mechanism to do so.

- **Phase 1:** For tax year 2027, Section 6 of the article amends the eligibility requirements for the current modification by eliminating the need to have reached full Social Security retirement age.
- **Phase 2:** For tax year 2028, Section 6 further amends the eligibility requirements by increasing the income thresholds stated in TY2016 values from \$100,000 to \$206,550 for married couples filing jointly, and from \$80,000 to \$165,200 for all other filers.

According to budget documents these threshold values, when adjusted for estimated inflation growth for TY2028, will make the modification available to approximately half of the remaining taxpayers that would otherwise have had their benefits taxed.

- **Phase 3:** For Tax Year 2029 and after, Section 6 amends the eligibility requirements by eliminating the income thresholds for all taxpayers. This has the practical effect of eliminating state taxation of Social Security retirement benefits in Rhode Island.

Article 5 - Eligibility Requirement Changes *

		TY2027	TY2028	TY2029
	Current	Phase 1	Phase 2	Phase 3
<i>Income Thresholds</i>				
Single	\$107,000	\$161,566	\$165,200	-
Married Filing Jointly	133,750	202,006	206,550	-
Head of Household	107,000	161,566	165,200	-
Married Filing Separately	107,000	161,566	165,200	-
<i>Age Requirement</i>				
	67	-	-	-

**Thresholds are estimates based on ORA inflation methodology*

Pension and Annuity Income Tax Exemption – Inflation Index: Section 6 of Article 5 also amends (RIGL 44-30-12(c)(9)) which allows qualified taxpayers to reduce federal AGI used to determine state tax liability by \$50,000 of federally taxed pension and annuity income. The eligibility qualifications are identical to the current Social Security modification, including income thresholds and age requirements. The income thresholds are also required to be annually adjusted for inflation. However, the way the statute is constructed, the inflation adjustment for the pension and annuity modification is tied to the Social Security inflation adjustment. The article eliminates the latter adjustment by TY2029. Section 6 provides for a distinct inflation adjustment to the income thresholds for this modification and bases the starting thresholds in TY2025 dollars).

Fiscal Impact: The revenue loss associated with the phased ending of the taxation of Social Security retirement benefits is summarized in the following table.

Initiative	FY2027	FY2028	FY2029	FY2030	FY2031
Phase-out of Taxation on Social Security	(\$2,976,997)	(\$17,799,592)	(\$47,692,579)	(\$66,681,742)	(\$68,697,884)

The Office of Revenue Analysis based its estimates on several assumptions and variables. Using data from the most complete tax return data (TY2023), ORA determined that there will be an estimated 39,700 total taxpayers who will experience relief from the elimination of the tax on benefits. The following table shows the impact by phase:

Taxpayers Experiencing Relief from SS Taxation				
	Phase 1	Phase 2	Phase 3	
Taxpayer	TY2027	TY2028	TY2029	Total
resident	9,200	11,600	11,200	32,000
non-resident	1,400	1,900	4,400	7,700
Total	10,600	13,500	15,600	39,700

Source: ORA, based on data from TY2023 tax returns

The TY2023 data was used by ORA to produce a simulation for each of the phases described above. Estimated threshold amounts similarly were derived from TY2023 levels and adjusted for inflation and policy changes. ORA takes the tax simulation results and then converts them from tax years to fiscal years. For the out-year impacts ORA incorporates data from the November 2025 revenue estimating conference as well as the Governor's Recommended Budget out-year projections.

Background: Social security is a federal program that provides monthly income benefits to most individuals who are retired, qualified disabled persons, and certain qualified surviving spouses. This program, which functions as an income social safety net, is funded through equal employee and employer payroll contributions (payroll taxes). It is available to those that have earned enough credits and have reached at least the age of 62 (for partial benefits). Those who have reached the age of either 66 or 67 (depending on when a person is eligible) receive full benefits.

Social Security and Taxation

- **Payroll Taxes to Fund Social Security Benefits:** Employees are required to pay 6.2 percent of their earned wages in federal insurance contribution act (FICA) payroll taxes as a contribution to their future social security benefit. Employers are required to contribute an equivalent percent.
- **Federal Taxation of Social Security Benefits:** Social security benefits are considered income for purposes of federal income tax under certain conditions. The Internal Revenue Service uses a taxpayers combined income to determine the tax rate on Social Security benefits. Combined income includes adjusted gross income not including Social Security plus non-taxable interest, plus half of Social Security income. The following shows the thresholds by combined income:

Federal Income Tax Rate on Social Security	
Individual	
Combined Income	Tax Rate
\$25,000	n/a
\$25,000 to \$34,000	Up to 50%
\$34,000	Up to 85%
Married filing jointly	
Combined Income	Tax Rate
\$32,000	n/a
\$32,000 to \$44,000	Up to 50%
\$44,000	Up to 85%

- **State Taxation of Social Security Benefits:** Eight states tax social security benefits to some degree - Colorado, Connecticut, Minnesota, Montana, New Mexico, Utah, Vermont, West Virginia (in the process of phasing-out), and Rhode Island. How the benefits are treated for tax purposes varies greatly, with states providing an array of exemptions based on different qualifications.

Sales Tax Adjustment – Motor Vehicle Excise Tax State Aid Program

Section 7 of Article 5 makes statutory changes that permit the sales tax adjustment to take place and be distributed through FY2026 only and then locks in the reimbursement to the FY2026 amount.

Fiscal Impact: The annual sales tax growth adjustment first has a fiscal impact in FY2026. The out-year impact is summarized in the following table.

Fiscal Impact Relative to FY2026 Current Law vs. Article 5						
Scenario	FY2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Motor Vehicle Aid w/Adjustment	\$239.6	\$244.4	\$249.3	\$254.3	\$259.3	\$264.5
Motor Vehicle Aid w/o Adjustment	239.6	239.6	239.6	239.6	239.6	239.6
Change from FY2026	-	(\$4.8)	(\$9.7)	(\$14.7)	(\$19.7)	(\$24.9)
<i>\$ in millions</i>						

Background: In FY2023, the General Assembly eliminated local motor vehicle excise taxes (“car taxes”) throughout the State. This was the culmination of an extended phase-out period that began with the Motor Vehicle and Trailer 4 Tax Elimination Act of 1998 (MVET Act), was paused for seven years, was reinstituted in FY2018, and then finally completed in FY2023, a year earlier than originally contemplated. Throughout the phase-out, the State has provided municipalities with general revenue-funded formula aid that increasingly offset losses in local revenue. The final annual aid distribution amounts by municipality total \$234.7 million (equal to the FY2024 levy) and are codified in RIGL 44-34.1-2.

Current law (RIGL 44-34.1-2 (c)) also provides that beginning in FY2026, the car tax reimbursement provided to municipalities will include an annual adjustment indexed to growth in the state sales tax and subject to a cap of 2.0 percentage point increase from the previous year. This adjustment was originally enacted to mitigate potential foregone revenue loss subsequent to the elimination of the car tax due to changes in the economy. As sales tax revenue grows (or decreases), the State reimbursement to municipalities grows (or decreases), proportionately. The estimated final annual aid distribution in FY2026, inclusive of the sales tax adjustment totals \$239.6 million.

Newport Cruise Passenger Fee Increase

Section 8 of the article amends RIGL 45-2-35.1 to increase the landing and embarking fees that the City of Newport imposes on cruise vessels by \$5.00, from the current amount of \$10.00 per passenger to \$15.00. The article provides the revenue collected through the increase to RIPTA and directs the Authority to utilize the increased funding to support operations in Newport and on Aquidneck Island. The article takes effect upon passage.

Fiscal Impact: Passage of this section will provide RIPTA with an estimated \$1.0 million in FY2027 and have no impact on FY2026. The proposal increases both the landing and embarking fees by \$5.00, or \$10.00 per passenger. The ORA assumed 100,000 passengers will be subject to the \$10.00 increase, providing \$1.0 million of revenue for RIPTA in FY2027.

Background: RIGL 45-2-35.1 authorizes Newport to impose a \$10.00 per-passenger fee on cruise vessels that land in the city, as well as an equivalent passenger fee for each vessel that embarks. Ferries, water carriers, and other vessels doing business as common carriers operating upon waters within the state are exempt from the fees. Tourists arriving on cruise ships differ from traditional tourists, as they tend to sleep and dine aboard the ship. The fees replace revenue that would traditionally be collected by the city through hotel and tourism fees. Boston is introducing a similar fee for cruise passengers arriving in the city's Flynn Cruiseport in 2026. Boston's fee starts at \$3.00 per passenger and increases by \$3.00 annually until it caps at \$15.00 in 2031. The funding supports the various infrastructure improvements occurring at the port due to increased traffic.

The State last authorized an increase for Newport's cruise fees in 2024, from \$3.00 per passenger to \$10.00, all of which is retained by the city. At the hearing for the 2024 increase the Mayor of Newport indicated that the increased fee will support debt service on infrastructure improvements at Perrotti Park, which welcomes passengers from cruise ships upon arrival. The Office of Revenue Analysis (ORA) estimates that 116,530 passengers docked in Newport in CY2024 and 83,228 in CY2025. The reduction in CY2025 is primarily related to several tropical storms that impacted itineraries.

Article 6: Relating to Capital Development Program

This article authorizes the issuance of and outlines terms and processes for various general obligation bonds, totaling \$600.0 million, to be placed on the ballot for voter approval in November 2026. The projects are broken down into the following questions.

Article 6: Relating to Capital Development Program		
Higher Education Facilities		\$215.0
<i>URI Integrated Health Building</i>	105.0	
<i>RIC Adams Library</i>	50.0	
<i>CCRI Workforce Innovation Center</i>	60.0	
Housing and Community Development		\$120.0
Economic Development		\$115.0
<i>Site Development</i>	70.0	
<i>Growth Industry Infrastructure</i>	45.0	
Career and Technical Education		\$50.0
Green Economy and Clean Energy Bonds		\$50.0
<i>Brownfields Remediation</i>	3.0	
<i>Facility Improvements</i>	8.0	
<i>Local Recreation Grants</i>	1.0	
<i>Marine Infrastructure Development</i>	1.0	
<i>Resilient Rhody Infrastructure Fund</i>	20.0	
<i>Narragansett Bay Watershed Restoration</i>	7.0	
<i>Energy Efficiency</i>	10.0	
Cultural Economy		\$50.0
<i>State History Center</i>	45.0	
<i>State Preservation Grants Program</i>	5.0	
Total		\$600.0

FISCAL IMPACT

The article authorizes \$600.0 million in bond referenda to be placed on the November 2026 ballot, including \$215.0 million in bonds for higher education, \$120.0 million for housing and community development, \$115.0 million for economic development, and \$50.0 million each for career and technical education, green economy and clean energy bonds, and cultural economy. Assuming full issuance in bond year 1, and 5.0 percent interest, annual debt service payments are estimated to be \$48.1 million. Total Debt Service over the life of 20-year bonds would be \$962.9 million, including \$362.9 million in interest.

BACKGROUND

Higher Education Facilities

Approval of this Question would allow the issuance of \$215.0 million in general obligation bonds to support projects constructing or improving higher educational facilities including:

- **University of Rhode Island Integrated Health Building (\$105.0 million):** \$105.0 million for the construction of the new integrated health building on the University’s Kingston campus to advance health education, clinical training, and workforce development. The project meets the growing demand for highly trained health care professionals and facilitates greater interdisciplinary collaboration across URI’s health-related disciplines. The project also aligns with URI’s commitment to strengthening the State’s healthcare workforce through health innovation, workforce development, and economic growth.

According to the University, this project is in response to the external public health and workforce needs. The College of Nursing space is too small and the college has experienced an increase in demand in nursing and related health sciences disciplines but is unable to accommodate these students. The project will allow the expansion of the nursing program, and other health disciplines, by providing state-of-the-art training environments to prepare students to enter the workforce.

- **Rhode Island College Adams Library (\$50.0 million):** \$50.0 million for general renovations and the construction of a student success and career readiness center within Adams Library. The renovated space will integrate services like career pathways, academic advising, tutoring, digital learning resources, and employer engagement into a single accessible location. The project reflects the modern use of academic libraries, shifting from traditional print collections to digital platforms and collaborative learning spaces.

The new space will include:

- Career and career readiness development and suites
- Integrated academic support services
- Digital resource access
- Collaborative innovation labs
- Student navigation hub

RIC asserts that co-locating these services will improve student outcomes, increase retention and completion rates, and accelerate pathways to employment. It will also aid in regional economic development, producing graduates who are career ready, and respond to the needs of employers.

- **Community College of Rhode Island Workforce Innovation Center (\$60.0 million):** \$60.0 million to construct a new workforce innovation center at the Knight Campus in Warwick to support workforce readiness and address critical workforce shortages. Many key industries report difficulties in recruiting and retaining personnel due to lack of access to specialized training. The Workforce Innovation Center will help close the skills gap by expanding access to fast-track credentialing programs, apprenticeships, and certificates that directly lead to employment. The Center will provide several strategic advantages including flexible training infrastructure, increased capacity to serve more students, and industry collaboration.

Housing and Community Opportunity

Article 6 includes a \$120.0 million general obligation bond authorization to be placed on the November 2026 ballot to “increase and preserve the availability of affordable and accessible housing” and to “support community revitalization through the redevelopment of existing structures, new construction, property acquisition, and infrastructure improvements. At least \$25.0 million is to be reserved for the development of housing designated for home ownership. Assuming full issuance in bond year 1 and 5.0 percent interest, annual debt service payments are estimated to be \$9.6 million. Total debt service over a 20-year term would be \$192.6 million, including \$72.6 million in interest payments.

According to the Executive Office of Housing (EOH), this bond initiative build upon efforts supported by the 2024 housing bond and will “fill gaps in the system and create opportunities for a broader array of housing development” as informed by the EOH, partners and stakeholders. EOH explains that setting aside \$25.0 million for the development of housing designated for home ownership is part of a strategy to prevent rental and homeownership projects from competing.

Bond Year	Housing Bonds Status	
	Amount	Status
2006	\$50.0	Exhausted
2012	25.0	Exhausted
2016	50.0	Exhausted
2020	65.0	Fully committed, \$10.6M left to spend
2024	120.0	\$106M obligated, \$14M left to obligate
<i>\$ in millions</i>		

In 2024 voters approved a \$120.0 million housing bond. The bond was more prescriptive than the one currently proposed, with the following categories and budgets outlined:

November 2024 Affordable Housing Bond	
Affordable Housing	\$90.0
Acquisition and Revitalization	10.0
Homeownership	10.0
Site Acquisition	5.0
Housing Related Infrastructure	4.0
Municipal Planning	1.0
Total	\$120.0
<i>\$ in millions</i>	

According to the EOH, \$106.0 million of the 2024 bond has been released through competitive solicitations. This includes:

- \$66.0 million has been incorporated into a joint One Stop development funding application process with RI Housing.
 - EOH indicates that \$176 million in funding was requested by developer applicants under the One Stop process.
- \$8.0 million for housing-related infrastructure was released in an RFP in October 2025.
- \$1.0 million for municipal architecture and engineering was released in an RFP in October 2025.
- \$6.0 million for home repair was awarded to the Providence Revolving Fund to administer. The program was announced in November 2025.
- An RFP to select an administrator for the \$5.0 million Site Acquisition Program was released in October 2025. The EOH is currently in negotiations for a vendor.
- An RFP for the \$10 million affordable homeownership funds was released in February 2026
- EOH released \$10 million for Public Development in February 2026

EOH anticipates that \$100.00 million from the 2024 bond will be awarded by the end of 2026.

Economic Development

Article 6 includes a \$115.0 million general obligation bond authorization to be placed on the November 2026 ballot to fund industrial facilities infrastructure improvements. Assuming full issuance in bond year 1 and 5.0 percent interest, annual debt service payments are estimated to be \$9.2 million. Total debt service over a 20-year term would be \$184.6 million, including \$69.6 million in interest payments. The bond proceeds would be allocated as follows:

Site Development (\$70.0 million): \$70.0 million for land acquisition, remediation, infrastructure and utility construction, and industrial site preparation and development. Eligible uses include, but are not limited to, large scale industrial development within Quonset Business Park and the I-195 District.

Growth Industry Infrastructure (\$45.0 million): \$45.0 million for infrastructure, projects, and investments in Rhode Island’s ocean, defense, life sciences, data analytics, and related industries. Eligible uses include, but are not limited to, facilities and projects that advance business and job growth in life sciences.

The bond funds are planned to be used to support the following categories of economic development projects:

- **Large-Scale Industrial Land Development:** According to EOC, a portion of the bond funds will be used for the preparation of new, pad-ready industrial sites (similar to Quonset Business Park) that are used to support ocean-tech and defense manufacturing growth. Funds are also planned to be used to address a shortage of infrastructure-ready industrial land within the state.
- **I-195 District Land Acquisition and Preparation:** According to EOC, a portion of the bond funds will be used to “position remaining land in the I-195 Redevelopment District and strategically expand available land in order to sustain momentum in Providence’s innovation economy through strategic land acquisition, as well as site preparation and activation, that drives life sciences, other commercial, and mixed-use residential/retail development.”
- **Quonset Business Park Infrastructure:** According to EOC, bond funds will be used to “invest in roads, utilities, site preparation, and infrastructure reconfiguration to unlock major private and federal investments, requiring a match and enabling high-value business expansions.”
- **Life Sciences Capital Investments:** EOC indicates that funds will be used to build on the Rhode Island Life Sciences Hub by “funding labs, facilities, equipment, enabling infrastructure and business/project investments that support company attraction, expansion, commercialization, and workforce growth, with required private or federal matching funds.”
- **On- and Under-Water Test Range and Waterside Innovation Center:** According to EOC, funds will be used to “create a shared, state-of-the-art testing range in Narragansett Bay—paired with on-shore data analytics, and R&D facilities—to position Rhode Island as a national leader in ocean technology, undersea defense, and marine robotics.”

Career and Technical Education

Approval of this question would allow the issuance of \$50.0 million in general obligation bonds to provide upfront capital funding for local education agencies to create new or improve existing career and technical programs. Assuming full issuance in bond year 1 and 5.0 percent interest, annual debt service payments are estimated at \$4.0 million. Total debt service over a 20-year term would be \$80.2 million, including \$30.2 million in interest payments.

The Rhode Island Department of Education (RIDE) expects the requests will greatly surpass the available proceeds and had originally requested \$250.0 million for this bond. To award the funds, RIDE will create an application and scoring rubric based on the type of project, timeline, students served, availability of industry partners, job placement, State priorities, and district needs. Projects aligning with [the Rhode Island 2030](#) will be prioritized. While the number of projects supported will depend on the size and scope of the request, RIDE anticipates funding 20 to 40 projects.

Green Economy and Clean Energy Bonds

The Budget includes a \$50.0 million general obligation bond authorization be placed on the November 2026 ballot for environmental and recreational purposes. Assuming full issuance in bond year 1 and 5.0 percent interest, annual debt service payments are estimated at \$4.0 million. Total debt service over a 20-year term would be \$80.2 million, including \$30.2 million in interest payments. The bond proceeds would be allocated as follows:

- **Brownfields Remediation and Economic Development (\$3.0 million):** Provide funding for matching grants of up to 80.0 percent of project costs to public, private, and/or nonprofit entities for the cleanup, reinvestment, and re-use of brownfield sites to create and attract jobs, protect the urban environment, remove hazards, and reduce the cost of storm water flooding. According to the Department, between 10,000 and 12,000 abandoned industrial sites lie idle across the State. The clean-up and re-purposing of these sites will remove hazards, attract jobs, and protect the urban environment. The program funds will clean up blighted properties, create jobs, open valuable real estate, and promote public health. This

grant program, which helps accelerate redevelopment and supports smart growth, provides critical resources to facilitate the return of these sites to productive use. Grants will provide for both site preparation and redevelopment projects and can be used to fill gaps that exist in supporting data and/or to develop and analyze potential remedial strategies necessary to clean up and develop the site.

Since November 2014, voters have approved \$23.0 million in general obligation bond proceeds for brownfield remediation, including the most recent approval in 2024. As of January 21, 2026, \$6.4 million of these funds were unobligated. The proceeds from the 2022 and 2024 bonds plus unspent funds from previous approvals supported [10 projects](#) in four cities and towns including nine projects in Environmental Justice focus areas.

- **Facility Improvements (\$8.0 million):** Provides funding for the renovation and repair of existing facilities and recreational venues, and the development and construction of new facilities and parks. The Department of Environmental Management is responsible for more than 50 facilities and 25 miles of roadways in state parks. While DEM had requested \$25.0 million in bond proceeds, these funds, if approved by voters, will go toward projects such as improvements to Beavertail State Park, the replacement of sanitary amenities at Colt State Park, and electrical upgrades at Fisherman's Campground.
- **Local Recreation Projects (\$1.0 million):** Provides funding for matching grants of up to 80.0 percent to municipalities to acquire, develop, or rehabilitate local recreation areas. The grants cover the development of sports fields, tennis courts, and playgrounds. The grant applications are evaluated and ranked by the State Recreation Resources Review Committee, which is comprised of state and local government officials and representatives of non-profit agencies. Since 2012, voters have approved \$25.5 million in general obligation bonds for local recreation projects. The most recent approval was in 2022. In April 2024, matching grants were [awarded](#) for projects in 11 communities. As of January 21, 2026, \$1.4 million of these funds were unobligated. Since the implementation of the program in 1988, DEM has awarded over 568 grants totaling more than \$91.0 million worth of investments in all of Rhode Island's 39 cities and towns.
- **Marine Infrastructure Development (\$1.0 million):** Provides funding for "most facilities, including recreational facilities, office space, marine infrastructure, and more." According to DEM, this bond will support boat access and resilience for the public by renovating and repairing state-owned boat ramps and floating docks, many of which are over 20 years old.
- **Resilient Rhody Infrastructure Fund (RRIF) (\$20.0 million):** Provides \$20.0 million for local governments to restore or improve the resilience of infrastructure, vulnerable coastal habitats, and river and stream floodplains. The funds will be prioritized to leverage additional funds to support stormwater abatement and public safety in the event of increased flooding, major storm events, and environmental degradation. In 2025, RIGL 46-12.2-4.4 established the Resilient Rhody Infrastructure Fund within the Rhode Island Infrastructure Bank (RIIB); however, no funds were appropriated to the fund.

In November 2020 voters approved \$7.0 million and in November 2022 voters approved \$16.0 million in general obligation bond proceeds for resiliency projects. With the bond funding and \$1.1 million in Rhode Island Infrastructure Bank operating funds, a total of \$24.1 million has been available for this program. As of January 22, 2026, all of these funds have been awarded to 56 projects around the State. In September 2023, the Rhode Island Infrastructure Bank (RIIB) issued an RFP for projects and received 41 proposals totaling \$52.0 million in grant requests. In 2024, \$10.0 million was approved to help municipalities restore and/or improve resiliency; however, the RFP for these funds is expected to be issued in late Spring 2026 once the regulations for the RRIF are finalized.

In 2018, the voters approved \$5.0 million for climate resilience projects through DEM, only \$11,405 remains unobligated.

- **Narragansett Bay Watershed Restoration (\$7.0 million):** Provides funding to state and local agencies, and nonprofit and for-profit businesses for nonpoint source pollution abatement projects. Funded activities include storm water management, nutrient load abatement, industrial and agricultural pollution abatement, and riparian buffer and ecosystem protection projects. The Department of Environmental Management (DEM) has worked with municipalities and non-profits to complete over 30 projects across the State to improve water quality in Narragansett Bay and other watersheds. The fund generally aids with projects that may not otherwise qualify for Rhode Island's other clean water financial assistance program. Since 2004, voters have approved \$15.5 million in general obligation bond proceeds for Narragansett Bay Watershed Restoration, including the most recent approval in 2022. The most recent [grant awards](#) were announced in August 2024. As of January 21, 2026, \$24,958 of these funds were unobligated.
- **Energy Efficiency (\$10.0 million):** Provides \$10.0 million for activities for energy efficient infrastructure. The Office of Energy Resources would administer the energy efficiency infrastructure bond for use in the state's energy efficiency program efforts. The state bond would support energy efficiency measures, i.e. lighting, HVAC improvements, insulation, and heat pumps, to improve energy usage within households, businesses, schools, non-profits, and municipalities and provide long-term energy bill savings for those respective properties, as well as contribute to the state's ongoing decarbonization efforts with Act on Climate.

Cultural Economy

Approval of this question would allow the issuance of \$50.0 million in Cultural Economy bonds to be allocated as follows:

- **State History Center (\$45.0 million):** The article provides financing of up to \$45.0 million for the construction of a new State History Center. The State History will include exhibit and meeting space as well as storing the State's most valuable documents. The Budget proposes \$5.0 million from the RI Capital Plan Fund in FY2028 and \$45.0 million in general obligation bonds to be placed on the November 2026 ballot for voter approval for the planning and construction of the Rhode Island Archives and History Center. The new building would serve as a permanent home for the State's archives, currently located in leased space in the City of Providence, and would provide for the display of historical documents and artifacts.
- **State Preservation Grants Program (\$5.0 million):** The article provides financing of up to \$5.0 million in general obligation bonds for the State Preservation Grant Program. The State Preservation Grant Program was established to improve and/or repair landmarks and historic facilities such as museums, cultural centers, theatres, and public historic sites. The Historic Preservation and Heritage Commission states that requests for these funds have outstripped available funding in every one of the nine SPG grants cycles that we have run over the past 23 years. The following highlights the status of the last two issuance of the State Preservation Grant Program:
 - In November of 2014, voters approved \$5.0 million in general obligation bonds to recapitalize the State Preservation Grant Program. Through FY2022, the Commission supported 58 projects awarding \$4.6 million in funds.
 - In March of 2021, a statewide bond referendum passed that allocated an additional \$1.0 million to the State Preservation Grant program in general obligation bonds. The Commission is supporting 18 grants for new projects totaling \$1.2 million. According to HPHC the additional funds over the total bond amount reflect a rollover of remaining funds from the previous bond issue, i.e. the previous issue totals \$5.0 million but the awards totaled \$4.6 million.
 - As of February 3, 2026, a total of \$5.5 million has been disbursed to 76 projects leaving a balance of \$332,441, and three ongoing projects.

There is \$36,466 in unspent funds from grantees that have either returned the funding or did not utilize the full amount awarded and are considered closed. The Commission has the option to reallocate those funds to another open grant that requires additional funding for that particular project. The Commission has granted extensions on three awards with projects totaling \$295,975. When grantees request an extension, HPHC’s Commissioners must agree to the extension, or decide if additional information is needed before they can grant an extension.

Article 7: Relating to Education

The article modifies the statutes governing the school housing aid program, increases the student success factor weight in the education aid funding formula from 40.0 percent to 43.0 percent for all districts, and eliminates the sunset of the Hope Scholarship Program at Rhode Island College making the initiative a permanent program.

FISCAL IMPACT

Increasing the threshold for requiring an owner's program manager (OPM) and a commissioning agent (Cx) is expected to generate program savings; however, according to the Office of Management and Budget (OMB) the variability in project completion timelines render the fiscal impact indeterminate. For illustrative purposes only, pursuant to preliminary projections OMB estimates the changes to provide \$1.5 million in annual savings, including \$800,000 in state savings. No savings from this proposal were included in the FY2027 Budget recommendation.

Increasing in the student success factor (SSF) weight from 40.0 percent to 43.0 percent increased the Governor's education aid recommendation, which is based on October 2025 enrollments, by \$14.1 million across all the districts. The largest impact is in Providence with an additional \$4.3 million, while the lowest is in New Shoreham at \$374.

ANALYSIS AND BACKGROUND

School Housing Aid Program

The article makes the following changes to the school housing program.

Consolidation of Prime Contractor Prequalification: In an effort to reduce costs in the face of wide-spread school building deficiencies identified in the 2017 *State of Rhode Island Schoolhouses Report*, Article 9 of the FY2019 Budget as Enacted provided that any project in excess of \$10.0 million, subject to inflation, would require the use of a prime contractor that has been prequalified by the School Building Authority (SBA). According to the Office of Management and Budget (OMB), the prime contractor lists used by the SBA and the Division of Purchasing significantly overlap and consolidating authority for pre-qualification of prime contractors in the Division would eliminate the current duplication of effort. To this end, the article provides that, for projects commencing after July 1, 2026, in excess of \$10.0 million, the prime contractor for the project must receive prequalification from the Division of Purchases to qualify for state funding.

Cost Threshold Requiring Project Manager and Commissioning Agent: Another cost saving item in the FY2019 Budget as Enacted required any project exceeding \$1.5 million, subject to inflation, to use an owner's program manager (OPM) and a commissioning agent (Cx). According to OMB, the average fee for an OPM is 2.5 percent of project costs, while a Cx is 1.0 percent, and, due to high number of school construction projects, the OPMs often assign novices to the smaller projects that could otherwise be managed by the architect and facility director.

To reduce project costs, for projects completing after July 1, 2026, the article increases the project cost threshold requiring a project manager and a commissioning agent from \$1.5 million to \$10.0 million, subject to inflation, and caps the cost at 3.0 percent of total project costs. According to OMB, applying the changes to projects completed after July 1, 2026, ensures the projects completed prior to July 1, 2026, and requesting state reimbursement in FY2027 are exempt from the 3.0 percent cap.

Transfer of Excess Appropriations to the SBA: The article repeals the requirement that surplus funds appropriated to the school housing aid program be deposited into the School Building Authority Capital Fund (Capital Fund) for distribution by the School Building Authority (SBA).

Article 9 of the FY2019 Budget as Enacted provided that any difference between the annual housing aid appropriation and housing aid commitment amounts in a given fiscal year would be deposited into the Capital Fund for distribution by the SBA. Historically, these funds have been used to provide technical assistance and guidance to school districts on the necessity of school construction application process, pay-as-you-go support to reduce borrowing costs, and, more recently, for pay-as-you-go support for high priority projects in higher-need school districts.

Prior to FY2023, the school construction program funding of \$80.0 million was effectively built into the base budget; however, with the issuance of state general obligation bonds stimulating increased construction, in the FY2023 Budget as Enacted the aid projection was estimated to exceed the fixed annual appropriation at \$88.5 million and the aid was estimated to increase in subsequent budgets. The FY2026 Budget as Enacted contained \$119.9 and the FY2027 budget is estimated at \$102.9 million. The table to the right shows difference between annual housing aid appropriations and housing aid commitment amounts that were deposited into the Capital Fund. While funding estimates are based on the best information available at the time, project delays are an unavoidable reality of construction projects that push state reimbursement obligations into future fiscal years. According to OMB, in FY2026 the housing aid appropriation is projected to exceed the actual reimbursements by about \$5.9 million due primarily to project delays. OMB asserts that project delays, not permanent cost savings, are primarily responsible for the “excess” appropriations. The change in the article is intended to ensure that funds appropriated for school construction reimbursements are available for reimbursement obligation regardless of project delays.

**Transfers to the Capital
Fund from the
Foundation Program**

FY2017 Actual	\$11.0
FY2018 Actual	10.9
FY2019 Actual	14.7
FY2020 Actual	1.0
FY2021 Actual	1.0
FY2022 Actual	9.0
FY2023 Actual	3.8
FY2024 Actual	2.7
FY2025 Actual	0.4
Total	\$54.5

Source: Budget

databases. \$ in millions

Education Aid Student Success Factor

Beginning in FY2012, the formula established a per-pupil spending amount and allocated this funding based on student enrollment, adjusting for poverty. The poverty adjustment is a weight, known as the student success factor (SSF), applied to the core instruction per-pupil amount for each child whose family income is at or below 185.0 percent of the federal poverty guidelines. The article increases this weight from 40.0 percent to 43.0 percent. Based on October 2025 enrollments, the increase in the SSF costs \$14.1 million across all the districts. The largest impact is in Providence with an additional \$4.3 million, while the lowest is in New Shoreham at \$374.

Rhode Island Hope Scholarship Program

Article 7 repeals the Hope Scholarship sunset, making the Hope scholarship a permanent, state-funded scholarship program for Rhode Island College juniors and seniors, while maintaining the reporting requirements.

In an effort to increase the number of students enrolling and completing four-year degrees and certificates on time, Article 8 of the FY2024 Enacted Budget established the Hope Scholarship Pilot program. The pilot program began with students who enrolled in Rhode Island College (RIC) in the fall of 2023 and students enrolled in RIC as of July 1, 2021, who have attained junior status as of July 1, 2023. Students who enrolled as of July 1, 2022, and have attained junior status at RIC as of July 1, 2024, are also eligible if they are in compliance with the other requirements such as credit attainment and grade point average.

The scholarship covers the cost of up to two years of tuition and mandatory fees for the junior and senior years of the student, or for adult students who have attained at least 60 credit hours. While the eligibility requirements are very similar to the Promise II Scholarship program at the Community College of Rhode Island, students cannot receive an award under both programs.

Since its inception, the program has been extended once. Rhode Island College reports that enrollment has grown by 7.0 percent for each of the past two fall semesters, partially attributable to the Hope Scholarship.

The College has experienced difficulty recruiting in the current year as many high school seniors are unsure whether they will receive the Hope Scholarship due to the program expiration date. The College reports a 29.0 percent four-year graduation rate for the program's first cohort, which is an increase of 4.1 percentage points (24.9 percent) from the college's previous year graduates. The Budget includes \$7.1 million in general revenue to support the Hope Scholarship, an increase of \$1.6 million from FY2026, and \$3.7 million more than FY2025.

At Rhode Island College, 67.0 percent of undergraduates receive financial aid through grants; 50.3 percent identify as White, 25.4 percent identify as Hispanic or Latino, 10.9 percent identify as Black or African American, 3.29 percent identify as Asian, and 0.6 percent identify as American Indian or Alaska Native.

Throughout all three cohorts, the Hope scholarship reflects similar demographics to what is reported for the College's student population as a whole. Hope has produced a total of 310 graduates and continues to serve 1,328 students. Most of these students are female, Pell eligible, and between the ages of 18 and 24.

Article 8: Relating to Medical Assistance

This article modifies current laws governing the Hospital Licensing Fee (HLF) and nursing home payment; Disproportionate Share Hospitals (DSH); Medicaid rates for hospitals and nursing, and the annual Medicaid Resolution. In addition, the article authorizes EOHHS to implement the Achieving Healthcare Efficiency through Accountable Design (AHEAD) grant and establishes five Family Care Community Partnership (FCCP) catchment regions through the Department of Children, Youth and Families.

FISCAL IMPACT

The article continues the Hospital Licensing Fee (HLF) into FY2027 with the base year for non-governmental hospitals of 2023. In addition, the article freezes rate increases to nursing homes and hospitals at the state revenue growth level of 2.5 percent. Disproportionate Share Hospitals (DSH) payments are carried into FY2027 and capped at \$23.9 million, including a limit of \$12.9 million for government-owned hospitals, consistent with FY2026, and \$11.0 million for other participating hospitals, an increase of \$10.0 million over FY2026. Through the annual Medicaid Resolution, the article directs the Secretary of the Executive Office of Health and Human Services to implement state plan amendments needed to establish an interprofessional consultation (e-Consult) program effective October 1, 2026.

	Article 8 Fiscal Impact	
	Change Relative to November 2025 CEC	
	General	
	Revenue	All Funds
Medicaid Rate Reduction for Nursing Facility	(\$2.1)	\$5.0
Medicaid Rate Reduction for Hospitals	(0.5)	(1.1)
DSH payments	4.2	10.0
Net Impact	\$1.7	\$14.0

\$ in millions. Total may not add due to rounding

In addition, the Budget includes federal funding of \$581,260 in FY2026 and \$1.4 million in FY2027 for the Achieving Healthcare Efficiency through Accountable Design (AHEAD) initiative, reflecting a reduction of \$1.4 million in FY2026 and \$626,361 in FY2027 relative to the FY2026 Budget as Enacted.

ANALYSIS AND BACKGROUND

Hospital Licensing Fee (HLF)

The article includes technical amendments to remove outdated language and continues the fee into FY2027 with no advancement in the base year, thus holding the FY2027 revenue estimate at \$232.5 million, consistent with the FY2026 level and the November 2025 Revenue Estimating Conference.

The federal government allows states to assess taxes on health care provided the taxes are broad-based, uniformly imposed throughout a jurisdiction, and do not violate the hold harmless provisions specified in federal regulation. These taxes include revenue from patient care activity but exclude non-patient enterprises such as research, academic activity, or investment earnings. Rhode Island assesses a number of provider taxes, including a hospital licensing fee (HLF) authorized by RIGL 23-17-38.1. The HLF must be authorized annually.

The FY2024 Budget as Enacted amended the HLF to bring the fee into compliance with federal Centers for Medicare and Medicaid Services (CMS) requirements. The new calculation separates inpatient and outpatient hospital license fees, providing a three-tier structure within each. Pursuant to federal requirements, the total tax revenue from the fees cannot exceed 6.0 percent of net patient services revenue for each of the in-patient and out-patient service types. This limit is often referred to as a “hold harmless” or a “safe harbor” provision. The percentages are applied to a hospital’s inpatient and outpatient net patient-services revenue for the first hospital fiscal year ending on or after January 1, 2023.

Hospital Tax Tiers

	Inpatient	Outpatient	
Tier	Tax Rate	Tax Rate	Hospital Types Included in Tier
I	13.12%	13.30%	Hospitals that do not meet the description of Tiers II or III, including Bradley, Butler, Kent, Newport
II	2.63%	2.66%	• Acute care hospitals with high Medicaid/Uninsured costs, including Landmark, OLF, RIH, RWMC, and W&I • Independent Hospitals not part of a multi-hospital system, such as South County Hospital
III	1.31%	1.33%	Medicaid designate "low volume" hospitals, such as Westerly, Rehabilitative Hospitals, and the Rehabilitative Hospital of RI

Analyst Note: In FY2027, the total aggregate revenue for in-patient and out-patient revenue is estimated at 5.81 percent. Beginning on October 1, 2027, the federal budget reconciliation bill, House Resolution-1 (HR-1), lowers the hold harmless threshold for provider taxes from 6.0 percent to 5.5 percent, resulting in a \$12.2 million reduction in revenue, and continues to lower the threshold by 0.5 percentage points annually until reaching 3.5 percent in SFY2032, with an estimated \$91.3 million reduction in revenue.

Medicaid Rates for Nursing Facilities and Hospitals

As a cost containment measure, section 2 of the article reduces the annual inflationary increases on rates paid to hospitals and nursing facilities to 2.5 percent to match state revenue growth, saving \$2.6 million in general revenue and \$4.0 million in federal funds relative to the November Caseload Estimating Conference (CEC). The CEC adopted estimates based on inpatient and outpatient inflationary rate increases to hospitals of 3.3 percent for fee-for-service and 2.6 percent for managed care, and to nursing facilities of 3.2 percent.

In addition, the article creates a restricted receipt account, entitled “Nursing Facility Rate Adjustment Wage Pass-through Compliance”, to collect penalties from the

wage pass-through penalty provision of the minimum staffing statute and limits appropriations from the account to workforce development and compliance assistance programs. Pursuant to current law, funds not spent in compliance with the minimum staffing statute are subject to clawback and a 25.0 percent penalty of unspent or impermissibly spent funds. Article 10 of the FY2026 Budget as Enacted amended the minimum staffing level compliance and enforcement program, RIGL 23-17.5-33, to require that funds recovered through payment adjustments be allocated to workforce development and compliance assistance; however, the Budget did not create a restricted receipt account to receive the funds for distribution.

Disproportionate Share Hospital (DSH) Payments

The Disproportionate Share Hospitals (DSH) payments are required under federal statute and intended to offset uncompensated care costs for hospitals in order to improve access for Medicaid and uninsured patients, as well as improving the financial stability of safety-net hospitals. The article adds a base year to

Hospitals		Nursing Facilities		State General Revenue Growth	
Date	Rate Increase ¹	Date	Rate Increase	Fiscal Year	Percentage Growth
SFY2021	2.6%	1-Oct-20	2.4%	2021	9.1%
SFY2022	2.4%	1-Oct-21	2.7%	2022	17.4%
SFY2023	5.0%	1-Oct-22	4.0%	2023	0.1%
SFY2024	4.1%	1-Oct-23	6.9%	2024	3.0%
SFY2025	3.3%	1-Oct-24	14.5%	2025	3.5%
SFY2026	3.4%	2-Oct-25	5.3%	2026	3.3%
Average	3.5%		6.0%		6.1%

¹ for Inpatient and Outpatient services

allow payments in FY2027, based on financial data from 2025, in an aggregate amount not to exceed \$23.9 million, including a limit of \$12.9 million to government-owned hospitals and \$11.0 million for other participating hospitals. This represents an increase of \$10.0 million, including \$4.2 million in general revenue and \$5.8 million in federal funds, for nongovernment-owned hospitals over the FY2026 Budget as Enacted. Payments to both government-owned and other participating hospitals must be made by June 30, 2027. This section also removes outdated references for FFY2024 DSH payments.

The Governor recommends the \$10.0 million increase as part of the response to the federal House Resolution-1 (HR-1) bill to offset a portion of the increased costs associated with uncompensated care. Through the narrowing of “qualified alien” categories for Medicaid and CHIP, effective October 1, 2026, and the implementation of Medicaid work and community engagement requirements, effective December 31, 2026, roughly 33,000 individuals are at risk of losing Medicaid coverage.

Achieving Healthcare Efficiency through Accountable Design (AHEAD)

The article requires the Secretary of Health and Human Services to carry out pre- planning and readiness activities and implement the AHEAD Model Grant program, in coordination with the Health Insurance Commissioner, and report to the General Assembly on the program’s activities by October 31, 2026, and annually thereafter. The reports are to outline activities and funding from the previous year; any legislative authority needed for implementation; stakeholder interest and participation; and the long-term value of implementing alternative payment models. The Budget includes federal funding of \$581,260 in FY2026 and \$1.4 million in FY2027 for this initiative.

According to EOHHS, the State entered into a cooperative agreement with the Centers for Medicare & Medicaid Services (CMS); however, the terms are currently being and remain subject to amendment to account for the current federal administration priorities. EOHHS indicated that the intent of the article is to require a detailed overview of grant activities and necessary General Assembly actions moving forward.

Analyst Note: While it is fiscal staff’s understanding that the article is not intended to obligate future general revenue expenditures, it is unclear whether the language of the article could do so by requiring the Secretary to implement the AHEAD Model grant program.

In October 2024, Rhode Island was chosen to participate in the federal [AHEAD](#) model. In September 2023, the Centers for Medicare & Medicaid Services (CMS) announced this voluntary, total cost of care (TCOC) model intended to curb health care cost growth, improve population health, and promote healthier living. According to CMS, the TCOC model holds participating states “accountable for quality and population health outcomes, while constraining costs of health care services delivered in a state or specified sub-state region. As applied by the CMS Innovation Center, this process takes places across all health care payers, including Medicare, Medicaid, and private health insurers and plans.”

The first state chosen to participate was Maryland, followed by a second cohort including Connecticut, Hawaii, and Vermont. As part of Cohort 3, Rhode Island began a pre-implementation and readiness period that goes from January 2025 to December 2026. The first of eight performance years will begin in January 2027. Performance years will begin following the completion of the readiness period, subject to final CMS timelines and state approvals.

Through the program, Rhode Island would analyze and plan for potential participation in the following:

- Implementation of state accountability targets, such as TCOC growth, primary care investments, and population health accountability plans;
- Hospital global budgets that provide a pre-determined, fixed annual budget;
- Primary Care AHEAD, which is the primary care component of the model; and

- Cooperative Funding Agreement which provides up to \$2.0 million in annual, federal funding over the first five to six years of phased implementation, contingent on CMS approval and state participation milestones.

While EOHHS is still analyzing the initiative, it is unlikely the federal funding will cover all the costs of implementation or the Medicaid hospital and primary care investments requested by stakeholders and recommended by CMS.

Family Care Community Partnerships (FCCP) Region Establishment

Through this article, the Governor formally establishes in statute the current FCCP regional service coverage policy of DCYF. The Department contracts with one FCCP provider in each defined region of the State to provide critical prevention resources. As of 2026, FCCPs operate in five regions: East Bay, Northern Rhode Island, East Urban Core, West Urban Core, and Washington Kent. The goal of the model is to keep children and families out of the welfare system through wrapping around services that prevent abuse, neglect, and dependency. The FCCP model mobilizes organizations in these regions to serve families and children in their communities, minimizing barriers to services and building trust through culturally competent interventions. Services include referrals, triage, initial needs screenings, crisis stabilization, and high fidelity wrap around services.

According to the [National Institutes of Health](#), regionalized planning can help health departments avoid duplicated efforts, share resources, set priorities across regions, develop mutual aid agreements, and achieve consistency among local, regional, and state planning. Regionalization promotes collaboration, strategic planning, and emergency preparedness, and often addresses broader community health issues such as transportation, housing, and access to care. [Care fragmentation and low-quality care are longstanding problems in the United States](#), and the adoption of regional health delivery is an emerging strategy to provide quality and affordable care. The Accelerating Care Transformation Center (ACT) found that regionalization engages consumers and educates the public to be more informed, improved care delivery, and aligned provider payment and patient benefits so they can support higher-quality and more efficient care.

DCYF currently claims Medicaid reimbursement for some services associated with FCCPs. The 2022 Budget as Enacted enabled Medicaid reimbursement for community care organizations, recognizing the need to support a comprehensive set of services that support patients in managing conditions and risks through referrals and coordination of healthcare services. Community-based organizations (CBOs) receive Medicaid reimbursement through the States fee-for-service Medicaid program, which has undergone extensive analyses through the Department of Children, Youths, and Families to increase reimbursement rates to workers. The Department specifically set out to modernize Medicaid reimbursement for child and family services through their rate setting project entitled “The Rhode Island Children’s Services Rate Setting project”, which creates a uniform rate setting approach to services offered through the DCYF system of care.

According to the Department, FCCPs are contractually obligated to serve a designated region and cannot provide services beyond those boundaries. EOHHS indicates the statute will be authorized under the Early and Periodic Screening, Diagnostic, and Treatment (EPSDT) clause – a mandatory Medicaid benefit that ensures access to comprehensive, high quality preventative services to children under the age of 21. States are allowed to define who a qualified provider is through the Medicaid State Plan. In this circumstance, a qualified provider would be an FCCP licensed by DCYF. Since DCYF, which will serve as the licensing authority, allows for a closed network, it does not violate CMS rules. This is widely utilized across Medicaid programs around the country.

Medicaid Resolution

The article establishes the legal authority for the Secretary of the Executive Office of Health and Human Services (EOHHS) to review and coordinate amendments to the Medicaid State plan and Category II and III changes in the demonstration “with potential to affect the scope, amount, or duration of publicly-funded health care services, provider payments or reimbursement, or access to or the availability of benefits and services provided by Rhode Island general and public laws”. In FY2027, the article provides that EOHHS will seek federal approval for the following changes:

- Alignment of nursing facility, hospital, and Federally Qualified Health Center (FQHC) rate increases in SFY2027 with state revenue growth, 2.5 percent
- Elimination of annual rate increases for substance abuse residential services
- Pursue and implement reimbursements rates resulting from the Children’s Services Rate Setting project
- Implement Medicaid provider reimbursement rate increases limited to the lower of one half the increase recommended or 100 percent of the Medicare rate
- Removal of Medicaid coverage for Glucagon-like Peptide-1 (GPL-1), except if prescribed to treat type 2 diabetes
- Allows EOHHS to pursue any changes that “promote, increase and enhance service quality, access and cost-effectiveness”, provided any such action does not have an adverse impact on beneficiaries or increased expenditures beyond the FY2027 state appropriation.

Article 9: Relating to Leases

This article authorizes various lease agreements for office and operating spaces, effective upon passage. Pursuant to RIGL 37-6-2(d), approval from the General Assembly is required for any new or extended lease agreements with a term of five years or more and with aggregate rent exceeding \$500,000. Of the proposed leases, two are renewals of existing leases and one is a new lease on a specified property.

FISCAL IMPACT

State Agency	Renewal or New Lease	Location	Sq. Ft.	Lease Term	Aggregate Rent	Max. Annualized
Rhode Island Department of State	Renewal	148 West River Street, Providence	12,152	10-years	\$2,927,085.15	\$261,268 [*]
Dept. of Environmental Management	New	235 Promenade Street, Providence	115,328	10-years	27,000,000.00	2,600,000 [†]
Office of the Public Defender	Renewal	160 Pine Street, Providence	19,777	5-years	2,175,469.80	435,093.96

^{*} Rent is not to exceed \$261,268 in the first year, increasing annually by 2.5% for years 2-10. Year 10 is not to exceed \$326,287.93.

[†] Rent is not to exceed \$2.6 million in the first five years and shall not exceed \$2.8 million in the remaining 5 years.

ANALYSIS AND BACKGROUND

The article authorizes three lease agreements pursuant to RIGL 37-6-2(d), which requires the approval of the General Assembly for any new or extended lease or rental agreements with a term of five (5) years or longer where the State is the tenant and the aggregate rent during the proposed term is more than five hundred thousand dollars (\$500,000).

For agreements meeting these specifications, the law requires that the State Properties Committee must submit a resolution including the following information: the purpose of the lease or rental agreement, the agency's current lease or rental costs, the expiration date of the present lease or rental agreement when applicable, the total range of costs of a new lease or rental agreement, the proposed term length of a new agreement, and the location and current owner of the property.

The article authorizes the following two lease renewals and one new lease agreement.

Rhode Island Department of State – 148 West River Street, Providence

The article authorizes the Department of State (Secretary of State) to renew its current lease with EGMP 146-148 West River LLC, for a term not to exceed ten years. The Department first leased this space in 2005. The current lease for 12,152 square feet of office space is set to expire on July 31, 2026. The property is located at 148 West River Street, Providence, and is currently used as office space for the Department's Finance and Personnel staff, the Corporations program, and the Elections and Civics program. The article stipulates that the aggregate fixed rent is not to exceed \$2.9 million over the ten-year period.

The Division of Capital Asset Management and Maintenance (DCAMM) conducted the negotiations on behalf of the Department of State with EGMP and provided the Department with some alternative sites in the event EGMP was not going to provide an acceptable lease cost. In conclusion, the renewal cost was acceptable by the Department and DCAMM.

Department of Environmental Management – 235 Promenade Street, Providence

The article provides General Assembly approval of a new, ten-year lease for 115,328 square feet at 235 Promenade Street that is currently occupied by the Department of Environmental Management (DEM). This is a decrease in space from the existing rent agreement which provides 126,184 square feet and expires on June 30, 2026. The new lease agreement will provide for annual, fixed rent for the first 5 years that will not exceed \$2.6 million or \$2.8 million for the remaining five years. The term of the lease may not exceed 10 years, and the aggregate rent may not exceed \$27.0 million. For the current fiscal year, the rent is slightly under \$2.6 million. As part of the lease renewal, DEM will be reconfiguring office space to be more efficient, and customer-facing. Consistent with the current agreement, the new lease agreement includes all

improvements, parking, security, cleaning, shuttle service, and gas/water/sewer. The decrease in square footage increases the cost per square foot from \$20.50 to about \$22.54, or 10.0 percent.

When asked whether other lease options were considered, the Department of Administration responded that cost and utility drive the lease process and “DEM requires a significant amount of square footage not otherwise available at one State-controlled location. As a result, you’ll recall that DOA explored the acquisition of a new State office building in the preceding two fiscal years. The rejection of that proposal resulted in the evaluation of a few potential commercial office buildings.”

Office of the Public Defender – 160 Pine Street, Providence

The article authorizes the Office of the Public Defender to renew a lease agreement with PK Lamb Properties, Inc. for approximately 19,777 square feet of office space at 160 Pine Street, Providence. The property serves as the agency’s main office with a long-term lease set to expire on July 31, 2026. The article stipulates that the aggregate fixed rent is not to exceed \$2,175,469.80 for a term not to exceed five (5) years. The annual rent during the renewal term is not to exceed \$435,093.96.

The Office further indicates that the current lease is set to expire in March of 2026, and they plan to extend the terms to July 31, 2026, before entering into the 5-year agreement. The shift to July will align the contract’s expiration closer to the fiscal year.

Article 10: Relating to Health and Human Services

Article 10 makes changes to several health and human services programs. Specifically, the article:

- **988 Suicide & Crisis Lifeline:** Codifies the State’s 988 National Suicide Prevention Hotline program and provides the Department of Behavioral Health, Developmental Disabilities, and Hospitals (BHDDH) with the statutory authority to administer it.
- **Pay for Success Pilot:** Extends the State’s Pay for Success pilot program from five to six years, ending the pilot program in 2027, and allows the Executive Office of Health and Human Services (EOHHS) to collaborate with certain qualified organizations to assist in providing annual reports.
- **Ladders to Licensure:** Loosens restrictions on the use of funds for the State’s Ladders to Licensure by decreasing the number of grant partnerships required from three to four to at least two and eliminating the need for the grantees to be private sector organizations.

FISCAL IMPACT

The initiatives proposed in Article 10 have no direct fiscal impact on the State.

988 Suicide & Crisis Lifeline

Sections 1 and 2 of Article 10 establish the Rhode Island 988 Suicide & Crisis Lifeline in statute and authorize BHDDH to administer it.

Background: The 988 Suicide & Crisis Lifeline is a federally mandated network of certified state and local crisis centers across the United States (and Canada) that takes voice calls, text messages, and web-based communications from people experiencing suicidal thoughts or other mental health crises. The lifeline is a part of a national strategy led by the federal Substance Abuse and Mental Health Services Administration (SAMHSA) to reduce the overall incidence of suicide and mental health emergencies.

When the lifeline was first implemented in 2005, it consisted of a toll-free 10-digit telephone number. Federal legislation in 2018 and 2020 directed the Federal Communications Commission (FCC) to identify a 3-digit alternative (similar to 911) and require telecommunication companies to route all 988 calls to the network of crisis centers by 2022. Importantly, the federal legislation and FCC rules specifically permit states to assess a surcharge on telecommunication services to help pay for lifeline operational costs.

Rhode Island’s 988 Suicide & Crisis Lifeline: Rhode Island’s 988 Lifeline is the phone line individuals can call or text when they are in emotional distress or experiencing a behavioral health crisis. The 988 Lifeline is staffed by certified professionals that can provide a limited number of follow-up services. If a caller, however, requires more behavioral health services beyond the call itself, 988 Lifeline staff refer that individual to an appropriate service that could assist them. Rhode Island also maintains a 24/7 mental health and substance use walk-in crisis triage center in East Providence. Known as BHLINK, the program is administered by BHDDH through several partners and houses the 988 Lifeline operations unit and its certified staff.

Funding: The 988 Lifeline has historically been funded through various federal grants, primarily from SAMHSA and the American Rescue Plan Act. The following table shows the funding history of the program.

RI 988 Suicide & Crisis Lifeline Funding

Grant/Appropriation	Source (Fed,GR, RR)	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026 Projected	FY2027 Projected
SFRF	Federal	-	-	-	\$426,432	\$1,421,200	\$1,126,371	\$2,375,997	-
SAMHSA 9-8-8 Connect to Care Grant	Federal	-	-	-	-	16,500	595,771	898,579	193,766
ARPA DIRECT: Mental Health Block Grant	Federal	-	-	-	-	-	625,000	96,971	-
Community Mental Health Services Block Grant	Federal	-	-	-	-	-	-	252,669	1,152,741
Substance Abuse Block Grant	Federal	-	-	-	-	-	-	24,989	114,007
Transformation Transfer Initiative Grant	Federal	-	-	-	-	-	114,054	125,000	90,000
EOHHS SAMHSA Grant	Federal	-	-	-	-	-	-	350,000	-
Opioid Stewardship Fund Allocation (BHDDH)	Restricted Receipts	-	-	-	-	-	-	92,921	150,005
MMIS IAPD State Share*	General Revenue	-	-	-	-	-	-	-	-
MMIS IAPD Federal Share	Federal	-	-	-	-	-	-	746,189	553,886
988 Medicaid Admin State	General Revenue	-	-	-	-	-	-	217,986	1,653,740
988 Medicaid Admin Federal	Federal	-	-	-	-	-	-	217,986	1,653,740
Marijuana Trust Fund	General Revenue	-	-	-	-	-	-	-	-
Total		-	-	-	\$426,432	\$1,437,700	\$2,461,196	\$5,399,287	\$5,561,885

Article 10 Changes: Article 10 codifies the 988 Suicide & Crisis Lifeline within the Rhode Island General Laws. It does so specifically, by:

- **BHDDH Authority (Section 1):** Providing BHDDH with the authority to “establish, operate, and/or designate a RI 9-8-8 Suicide & Crisis Lifeline center or centers” to provide intervention and crisis care services. It does this by amending RIGL 40.1-1-13.
- **Codification of Rhode Island 9-8-8 Suicide & Crisis Lifeline (Section 2):** Codifying the State’s 988 system by creating a new chapter (8.6), under RIGL 40.1.
 - **Definitions:** A new proposed statute, RIGL 40.1-8.6-1, sets forth relevant definitions for the 988-system to be used throughout the chapter. These include the “9-8-8 Suicide & Crisis Lifeline”, “National Suicide Prevention Lifeline”, and “Rhode Island (RI) 9-8-8 Suicide & Crisis Lifeline”.
 - **Establishment of Lifeline:** A new proposed statute, RIGL 40.1-8.6-2, formally establishes Rhode Island (RI) 9-8-8 Suicide & Crisis Lifeline centers in law. It does so by:
 - Directing BHDDH to establish, operate, and promulgate regulations to support the program.
 - Requiring the centers to have active agreements with the administrator of the SAMHSA’s National Suicide Prevention Lifeline (NPSL).
 - Requiring centers to meet SAMHSA’s requirements and best practices.
 - Requiring centers to report relevant data and participate in evaluations as required by BHDDH.
 - Requiring centers to make referrals to follow-up services for individuals accessing the Lifeline.
 - Requiring BHDDH to consult with the Department of Children, Youth, and Families regarding services for relevant clientele.
 - **Implementation:** A new proposed statute, RIGL 40.1-8.6-4, requires BHDDH to designate a RI 9-8-8 state administrator. This administrator may be a state employee within BHDDH or a contractor with the Department. The new statute also requires all Rhode Island state public agencies to provide BHDDH with data/information required to comply with federal and state mandated reporting requirements.
 - **Funding:** A new statute, RIGL 40.1-8.6-3, provides BHDDH with the authority to expend all funds allocated to support the operations of the 9-8-8 Suicide & Crisis Lifeline.

Pay for Success Pilot Program

Section 3 of Article 10 makes changes to the State’s Pay for Success (PFS) supportive housing program, including extending the pilot and expanding the organizations with whom EOHHS can collaborate in providing annual progress reports. According to EOHHS, the language to allow EOHHS to collaborate

with other organizations was intended to be broader than for reporting and to ensure continuity should circumstances with Rhode Island Coalition to End Homelessness RICEH change their ability to participate.

Background: The FY2022 Budget as Enacted authorized a five-year pay-for-success pilot program within EOHHS to provide supportive housing and additional wraparound services to a cohort of 125 individuals experiencing homelessness. In addition to \$875,000 in federal grant funds, the article limited the State's investment to \$6.0 million in one-time general revenues to capitalize a new restricted receipt account within EOHHS for the program. EOHHS must submit annual progress reports to the General Assembly. The first report was submitted January 31, 2023, although the statute required the report by January 30, 2022.

Pay-for-success models provide a method to fund innovative programs while mitigating financial risk. Instead of paying for services directly as they are provided, the State issues social impact bonds to private investors who, in turn, provide upfront capital to non-profits to provide the services. The State then executes a contract which specifies expected program outcomes and associated evaluation and repayment processes. The State repays investors for the upfront investment plus interest only if the performance metrics are met, i.e. the State only pays for the program if it is successful.

The FY2022 Budget assumed the program would support \$10,000 in housing voucher costs per individual per year, with 60.0 percent paid through existing housing voucher resources and 40.0 percent through pay-for-success dollars. In addition, the program was projected to support an estimated \$8,000 per individual per year in wraparound services, of which 60.0 percent will be paid through pay-for-success and the remainder through existing resources. Therefore, for 125 individuals, pay-for-success would support approximately \$500,000 in housing costs and \$600,000 for wraparound services per year, plus \$315,000 in other costs, including legal support and program evaluation.

While the FY2022 Budget did not assume savings from the program, it was asserted that providing supportive housing will ultimately reduce the State's overall spending, while improving outcomes for individuals in need. The State completed a pay-for-success feasibility study in 2017, funded by a grant from the federal Departments of Housing and Urban Development (HUD) and Justice (DOJ), which concluded that a successful intervention could reduce shelter days by 70.0 percent, criminal justice days by 40.0 percent, and Medicaid costs by 27.0 percent, for estimated savings of \$10,000 to \$20,000 per person.

According to the [Annual Report](#), dated December 23, 2025, EOHHS contracted with Rhode Island Coalition to End Homelessness RICEH to execute the program as lead implementation partner and Faulkner Consulting Group is the independent evaluator. In addition, four service providers have been engaged including Crossroads Rhode Island, East Bay Community Action Program, House of Hope Community Development Corporation, and OpenDoors Rhode Island. Due to a lag in implementation, in 2025 the program "almost completed its second full year of program operations"; consequently, 2026 is the third year of operations, not the fourth. As of December 12, 2025, 88 people were enrolled in the PFS program with 44 housed. EOHHS has transferred three-years' worth of payments to RICEH totaling \$4.0 million and RICEH has made eight outcome payments to the lead investor. The five made in 2025 total \$1.2 million. According to the annual report dated January 30, 2024, three previous payments were made between December 2023 and June 2024 totaling \$392,395 and the lead investor's total funding commitment is \$5.0 million.

Article 10 Changes: Section 3 of Article 10 extends the State's Pay for Success (PFS) program from five to six years, ending the pilot program in 2027, adds "person-centered" to describe the housing the pilot program provides, and allows the Executive Office of Health and Human Services (EOHHS) to collaborate with other qualified organizations, in addition to the Rhode Island Coalition to End Homelessness (RICEH), in providing annual reports to the General Assembly

Ladders to Licensure

Section 4 of the article loosens restrictions on the use of funds for the Ladders to Licensure program.

Background: The FY2025 Budget as Enacted included \$750,000 in general revenue to fund the first year of the Ladders to Licensure initiative, a three-year, \$5.0 million grant program, as part of the Rhode Island Health and Human Services Workforce Initiative. This program was requested by EOHHS to support partnerships between healthcare and education providers to address critical workforce shortages by increasing the supply and diversity of the health profession workforce.

Article 11 directs the Executive Office of Health and Human Services (EOHHS) to establish the Ladders to Licensure Grant Program, as a public-private partnership, to increase the number and diversity of health professionals by providing academic, financial, and wrap-around supports to enable working adults to become licensed health care professionals. The partnerships will consist of private sector health and human services employer organizations and education providers, with at least one focused on behavioral health and one on nursing. Employers will be required to contribute a 25.0 percent in-kind match and a 10.0 percent cash match.

The program, as described by EOHHS in the FY2025 Budget Request, is a three-year, \$5.0 million program where EOHHS will collaborate with the Department of Labor and Training and the Office of the Postsecondary Commissioner in the development, implementation, and oversight of the program. EOHHS will provide quarterly reports to the Speaker of the House and the Senate President to document the progress of the program implementation.

It is expected that the average grant will be \$1.0 million to \$1.3 million over three years, including up to 10.0 percent administrative costs. Each partnership is expected to include three or more employer partners and two or more education partners, either community based or public higher education institutions, as well as trade associations and labor unions. Partnerships will be required to apply strategies to ensure participants can “earn while they learn”. The objectives of the grant program are to:

- Increase the number of licensed health professionals.
- Increase racial, ethnic, cultural, and linguistic diversity of health professionals.
- Provide academic, financial, and wrap around supports to allow for the obtainment of health professional degrees and licensure while working full or part time.
- Leverage employer support for academic, financial, and wraparound support.
- Develop and implement career ladders with tiered training and corresponding salary increases.
- Develop programs that accept prior learning, credentials, work experience, and academic credits toward the requirements for higher education, health professional degrees.
- Establish policies and initiatives to counter systemic racism and other institutional barriers to participation and advancement of underrepresented populations.
- Establish policies and initiatives that provide flexible scheduling of work hours and/or academic programs to reduce barriers to participation.
- Identify state policy barriers to entry and advancement in the field.

Article 10 Changes: Section 4 of the article loosens restrictions on the use of funds for the Ladders to Licensure program by decreasing the number of grant partnerships required from three to four to at least two and eliminating the need for the grantees to be private sector organizations. According to budget documents, the current statutory language is too restrictive and the amendment is intended to allow EOHHS to make the program more responsive to the State’s changing workforce needs through targeted investments for healthcare providers, workers, and patients.

Article 11 – Relating to Affordability

Article 11 establishes the Pharmacy Benefit Manager Transparency Reporting and Study Act, reduces the motor fuel tax from \$0.40 per gallon to \$0.38 per gallon, and updates State energy laws to address affordability while supporting emissions reduction and clean energy efforts. This Article also establishes a Health Spending Accountability and Transparency Program within the Office of the Health Insurance Commissioner and authorizes HealthSource RI to establish and regulate a new State affordability program.

- **Pharmacy Benefit Managers:** Article 11 establishes the Pharmacy Benefit Manager Transparency Reporting and Study Act which requires Pharmacy Benefit Managers to provide the Office of the Health Insurance Commissioner with a transparency report detailing financial business information related to practices amongst pharmacy benefit managers in RI. The Office will utilize this information to conduct its own study on PBMs and make recommendations for industry regulations to the General Assembly.
- **Reduction to the Motor Fuel Tax Rate:** The article amends RIGL 31-36-7 to lower the motor fuel tax rate to \$0.38 per gallon at the start of FY2027, reflecting a \$0.02 reduction from the enacted rate of \$0.40 per gallon. Currently, the State assesses a \$0.40 per gallon tax on motor fuel, of which \$0.02 funds debt service for the State's motor fuel bonds. The Office of Management and Budget indicates that the current series of bonds was defeased in December 2025 and the revenue is no longer needed to service their debt. The proposal does not have a fiscal impact for FY2026 but creates revenue losses of \$8.6 million in FY2027 and \$8.5 million in FY2028.
- **Ratepayer Relief:** The article amends the State's energy policy in response to increasing electricity costs and recent federal clean-energy incentive changes which have introduced uncertainty into energy markets. The Budget projects these changes will save state ratepayers \$151.8 million in FY2027 and \$1.0 billion over the next 5-years, leaving the average household with an annual savings of \$180 off their energy bills.
- **Health Spending and Transparency Program:** Article 11 codifies the Health Spending and Transparency Program within the Office of the Health Insurance Commissioner to address health care affordability, specifically codifying the cost growth target program. The program was originally launched in 2019 by Executive Order 19-03. The Office reviewed other cost growth target programs and found Rhode Island can improve the program through the codification of common statutes that better performing states share.
- **Rhode Island Marketplace Affordability Program Act:** The article establishes the Rhode Island Marketplace Affordability Program, which is a State-based subsidy program, appropriating \$9.5 million in general revenue for half a fiscal year, which will partially replace the expired enhanced advanced premium tax credits (eAPTC). The program prioritizes households with incomes below 200.0 percent of the federal poverty level in the first year of the program and is estimated to aid approximately 20,000 individuals.

FISCAL IMPACT

Ratepayer Relief

Passage of Article 11 is projected to produce \$151.8 million in ratepayer savings in CY2027, including \$146.0 million from energy savings initiatives and \$5.8 million from a reduction in utility companies' gross earnings tax. The Office of Revenue Analysis estimates the reduction in public utility gross earnings tax receipts from electric companies based on the Governor's proposals will be \$2.3 million in FY2027 and \$4.8 million in FY2028.

The following table summarizes the proposed savings to ratepayers for each initiative by the Office of Energy Resources, which projects state ratepayer savings of \$151.8 million in CY2027 and \$1.0 billion over the next 5-years.

Energy Affordability Initiatives		
Energy Initiative	CY2027 Ratepayer Savings	Projected 5-Year Savings CY2027 - CY2031
Renewable Energy Standard	\$63.8	\$572.2
Net Metering Program	35.0	175.0
Energy Efficiency Programs	23.5	117.5
Accounting Standards	16.0	60.0
RIIB Allocation	5.0	25.0
Long Term Contracting Incentive	2.5	12.3
ISO New England Incentive	0.2	0.9
Total Initiatives	\$146.0	\$962.9
Gross Earnings Tax Savings	5.8	38.5
Total Ratepayer Savings	\$151.8	\$1,001.4

\$ in millions

Analyst Note: A request has been made to Governor's Office via the OER to obtain a copy of the consultant's report that projects the cost saving projections as anticipated with passage of Article 11. To date the report has not been received by the Senate Fiscal Office.

Rhode Island Marketplace Affordability Program

Article 11 establishes the Rhode Island Marketplace Affordability Program, a State-based subsidy program created to partially replace expired enhanced advanced premium tax credits (eAPTCs). The FY2027 Budget includes \$9.5 million in general revenue to partially replace the expired enhanced advanced premium tax credits (eAPTC), which increases in the out years.

Funding Source	FY2027	FY2028	FY2029	FY2030	FY2031
General Revenue	\$9.5	\$17.7	\$18.7	\$19.7	\$20.2

\$ in millions

Reduction to the Motor Fuel Tax Rate

Passage of Section of Article 11 relating to the Motor Fuel Tax reduction will have no impact in FY2026 but will reduce motor fuel tax receipts by \$8.6 million in FY2027.

ANALYSIS AND BACKGROUND:

Pharmacy Benefit Managers

Section 1 establishes the Pharmacy Benefit Manager Transparency Reporting and Study Act which requires Pharmacy Benefit Managers (PBMs) to provide the Office of the Health Insurance Commissioner (OHIC) with a transparency report detailing financial business information related to practices amongst PBMs in RI. OHIC will use this information to conduct its own study on PBMs and make recommendations related to industry regulations to the General Assembly.

Pharmacy benefit managers (PBMs) are often referred to as the 'middlemen' in the prescription drug supply chain, because they manage prescription drug plans, negotiate rebates and discounts, and process pharmacy claims. These roles allow PBMs to influence the markets, having a direct impact on the which drugs are utilized and the costs of them.

The Article requires OHIC to publish the PBM transparency reports within 60 days of receipt. The Article also requires OHIC to provide the Governor and General Assembly with an analysis of the reporting information on or before October 1, 2027. The report shall include a review of the role of PBMs in the structure and cost of health insurance; review of approaches to PBM regulation in other states; and include any recommended actions to improve the oversight of PBMs doing business in Rhode Island. The Article allows the Office to partner with actuaries and subject matter experts to assist in the study and requires health insurance companies doing business in the State to assume the costs, which shall not exceed \$175,000.

While Article 11 does not establish any laws regulating PBMs, it does require them to provide information related to:

- Rebates received from all pharmaceutical manufacturers
- Administrative fees received from all manufacturers
- Aggregate retained rebates that PBMs received from all pharmaceutical manufacturers that did not pass through to health carriers
- Retained rebate percentage
- The highest, lowest, and mean retained rebate percentage for all health care carriers and for each health carrier client
- Additional questions developed by the Office of the Health Insurance Commissioner regarding business practices, including, but not limited to, rebate pass through practices, spread pricing, pharmacy network development, and utilization management.

Rhode Islands' three largest pharmacy benefit managers, CVSCaremark, Express Scripts, and OptumRX, control 80.0 percent of Rhode Island's market, and control 56.6 percent of the national market.

Critics of PBMs argue their practices limit consumer choices and may drive up pharmaceutical costs for patients. Over the past several years, legislation has been introduced in Rhode Island to regulate PBMs, focusing on transparency, accountability, and ending spread pricing – a practice where PBMs keep the difference between what they charge insurers and what they pay pharmacies. As of 2025, the Office of the Attorney General had filed suits against the three largest Pharmacy Benefit Managers in the country, accusing them of unfair and deceptive conduct that has caused drug prices to increase. Furthermore, the Federal Trade Commission found that the 'big-three PBMs' have begun increasing the costs of lifesaving drugs, producing an additional \$7.3 billion in revenue between 2017 and 2022.

Other States have begun to regulate PBM's more aggressively, resulting in cost savings for consumers. According to the National Academy for State Health Policy, 27 other states require PBMs to report rebate or other information to the state. However, States have also chosen to enact laws that limit patient-cost sharing, require licensure and regulation, prohibit discrimination against non-affiliated pharmacies, require reporting on rebates, establish maximum allowable costs, prohibit discrimination against 340B-covered entities, prohibit clawbacks, and establish reimbursement requirements.

Reduction to the Motor Fuel Tax Rate

Pursuant to RIGL 31-36-7, Rhode Island assesses a state motor fuel tax of \$0.40 /gallon in FY2026 and FY2027. In addition, the State assesses a \$0.01 /gallon Environmental Protection Fee, of which 50.0 percent is transferred to the Underground Storage Tank Trust Fund and is not considered motor fuel tax revenue for budgetary purposes. Essentially, consumers pay an effective state tax rate of \$0.405 /gallon at the pump.

RIGL 31-36-20 determines the disposition of the revenue and specifies where each cent of the effective per gallon rate is transferred. The statute currently provides the Rhode Island Public Transit Authority with \$0.1175 /gallon, the Rhode Island Bridge and Turnpike Authority with \$0.035 /gallon, the Office of Healthy Aging with \$0.01 /gallon, and all remaining funds to the Department of Transportation. Additionally,

subsection 3 authorizes the Department of Transportation to service debt incurred from previously issued bonds, utilizing funding equivalent to \$0.02 /gallon or less of collections. The debt service currently supports Motor Fuel Tax Revenue Refunding Bonds Series 2017A. The following table illustrates the current disposition projected through FY2030.

Motor Fuel Tax Revenue Disposition (In Cents)	FY2026 Enacted	FY2027 Projected	FY2028 Projected*	FY2029 Projected	FY2030 Projected*
Department of Transportation	22.25¢	22.25¢	24.25¢	24.25¢	26.25¢
Rhode Island Public Transit Authority†	11.75	11.75	11.75	11.75	11.75
Rhode Island Turnpike and Bridge Authority	3.50	3.50	3.50	3.50	3.50
GARVEE Motor Fuel Bond Debt Service	2.00	2.00	2.00	2.00	2.00
Office of Healthy Aging	1.00	1.00	1.00	1.00	1.00
Total	40.5¢	40.5¢	42.5¢	42.5¢	44.5¢

Source: Office of Revenue Analysis, November 2025

*Indicates a projected rate increase

†RIPTA figures include the \$0.005/gallon share of the Environmental Protection Fee

The FY2026 Budget as Enacted includes \$8.7 million of gas tax receipts for debt service, which was based off projections made by the Office of Revenue Analysis (ORA) in May of 2025 and a per penny yield of \$4.35 million. The ORA's November 2025 projection estimates a per penny yield of \$4.3 million for FY2027 and \$8.6 million for debt service payments.

The Office of Management and Budget indicates in a memo dated January 8, 2026, that "The original aggregate principal amount of the Motor Fuel Tax Revenue Refunding Bonds, Series 2017A, was \$35,020,000. Of this amount, the entire remaining outstanding principal balance of \$6,110,000 was defeased as part of the December 1, 2025, transactions."

Article Changes: Section 2 of the article amends RIGL 31-36-7 to reduce the motor fuel rate from \$0.40 to \$0.38 /gallon, eliminating the \$0.02 /gallon that supports debt service at the start of FY2027. The Environmental Protection Fee is unchanged. The Office of Revenue Analysis projects in the November 2025 Gas Tax Projections that each cent of the motor fuel tax will yield \$4.3 million in FY2027. Passage of this section of the article will have no impact in FY2026 and reduce motor fuel receipts for the Department of Transportation by \$8.6 million in FY2027. The following table compares the motor fuel tax receipts projected in the FY2026 Budget as Enacted with the FY2027 Governor's Recommended Budget. The revenue loss beyond \$8.6 million reflects the decline in the tax's yield.

Motor Fuel Tax	FY2026 Enacted	FY2027 Governor	Change
Department of Transportation	\$96,992,489	\$95,884,729	(\$1,107,761)
Rhode Island Public Transit Authority*	51,220,753	50,635,756	(584,997)
Rhode Island Turnpike and Bridge Authority	15,257,246	15,082,991	(174,255)
GARVEE Motor Fuel Bond Debt Service	8,718,426	-	(8,718,426)
Office of Healthy Aging†	4,359,213	4,309,426	(49,787)
Total	\$176,548,127	\$165,912,901	(\$10,635,226)

* RIPTA figures include the \$0.005/gallon share of the Environmental Protection Fee

† Funding is appropriated directly to the Office of Healthy Aging.

Source: Office of Revenue Analysis, November 2025

Analyst Note: Receipts collected through the motor fuel tax are eligible to be matched 4 to 1 with federal funds. If the Department utilized the \$8.6 million for federal match, the State would receive \$34.5 million for a total amount of \$43.1 million.

Energy Ratepayer Relief

Sections 3 through 11 amend the State’s energy policy in response to increasing electricity costs and recent federal clean-energy incentive changes which have introduced uncertainty into energy markets. These sections attempt “to preserve long-term decarbonization objectives while moderating near-term cost pressures borne by ratepayers and aligning State policy more closely with regional practice.” The Governor projects these changes will save state ratepayers \$151.8 million in CY2027 and \$1.0 billion over the next five years, leaving the average household with an annual savings of \$180 off their energy bills.

Energy Affordability Initiatives

Energy Initiative	CY2027 Ratepayer Savings	Projected 5-Year Savings CY2027 - CY2031
Renewable Energy Standard	\$63.8	\$572.2
Net Metering Program	35.0	175.0
Energy Efficiency Programs	23.5	117.5
Accounting Standards	16.0	60.0
RIIB Allocation	5.0	25.0
Long Term Contracting Incentive	2.5	12.3
ISO New England Incentive	0.2	0.9
Total Initiatives	\$146.0	\$962.9
Gross Earnings Tax Savings	5.8	38.5
Total Ratepayer Savings	\$151.8	\$1,001.4

\$ in millions

Analyst Note: On February 9, 2026, the Governor issued Executive Order 26-01 instructing the OER in consultation with the DPUC, the PUC, utility distribution companies and stakeholders, to conduct a comprehensive review of the State’s net-metering program to control costs to electric ratepayers and ensure such programs do not impose an undue burden on ratepayers, while maintain a commitment to the state’s emission reduction commitments. In addition, the Governor instructs OER to submit supplemental budget article amendment options relating to the State’s virtual net metering program to the House and Senate Finance Committees by May 1, 2026.

Furthermore, the Governor instructs the DPUC to evaluate and communicate anticipated ratepayer impacts of all significant energy legislation within the General Assembly to provide an understanding to the possible impacts of such proposed legislation. The Ratepayer Impact Notes will be made available in a timely manner, to the legislative leadership and relevant committees. The DPUC shall have discretion to determine which legislation warrants the issuance of a Ratepayer Impact Note.

- **Energy Efficiency Programs:** Sections 3 and 5 propose to modernize the State’s energy efficiency programs through administrative and budgeting framework adjustments which may reduce administrative costs.

Section 3 proposes a \$225.0 million cap on the triennial Energy Efficiency Program. This cap would reduce the annual collection for the Energy Efficiency Program from the current \$96.0 million budget to a \$75.0 million per year cap, resulting in ratepayer savings of approximately \$21.0 million each year. Current law requires RI Energy file with the PUC a 3-year plan (triennial plan) and annual plans to implement the 3-year plan over 3 consecutive years. All parties, the Energy Efficiency and Resource Management Council (EERMC), RI Energy, Office of Energy Resources (OER) and the Division of Public Utilities and Carriers (DPUC) support eliminating the annual plans and streamlining and reducing the administrative costs associated with separate, annual plans.

- **RIIB Allocation:** The Budget would reduce the annual ratepayer-funded energy efficiency allocation to the Rhode Island Infrastructure Bank (RIIB) from \$5.0 million to \$2.5 million, resulting in a \$2.5 million savings for ratepayers. This reduction is intended to be offset by increases in other resources available for similar purposes such as Alternative Compliance Payments through the proposed amendments to the Renewable Energy Standard. The Office of Energy Resources (OER) is expected to administer alternative compliance payment revenues and additional funding is expected to be provided through the proposed Green Economy and Clean Energy Bonds included in Article 6. Together, these two initiatives are projected to save ratepayers \$23.5 million in FY2027, and \$117.5 million over 5 years.
- **Renewable Energy Fund:** The Governor proposes extending the annual \$2.3 million Renewable Energy Fund (REF) program through the end of December 2031. Under the current statute, the REF program is set to expire on December 31, 2028. Article 11 extends the termination date of the REF program three years to December 31, 2031. In addition, the Governor intends to have the REF support the full deployment of remaining federal Solar for All (SFA) energy funds leveraged through the State program. The purpose is to keep the REF program dates in-line with the SFA expiration date of 2031 in order for the REF to provide funds in the event the litigation outcome maintains the SFA program.

Analyst Note: The federal Solar for All program was terminated under the federal H.R. 1 legislation. However, the program termination is under pending litigation.

- **ISO New England Membership:** Section 4 requires all eligible electric distribution companies located in Rhode Island, to join or be a member of Independent System Operator (ISO) New England. According to the Budget Office this change should result in the elimination of the 50-basis-point Return on Equity incentive associated with such companies' voluntary participation in the regional transmission organization (RTO). The Budget Office estimates this change could result in approximately \$175,000 in annual ratepayer savings and \$875,000 over 5 years.
- **Accounting Standards:** Section 6 requires public utilities and utility facilities to apply generally accepted accounting principles (GAAP) to ensure reliance upon applicable Federal Energy Regulatory Commission (FERC) guidance. Public utilities and utility facilities are responsible for the complete repaving and repair of any roadway that they excavate, disrupt, or disturb from curblin to curblin. Currently, utilities expense these repaving costs as an operating expense and charge ratepayers over one-year. Article 11 amends RIGL 39-2.2-2 to require utilities to amortize these expenses as capital expenditures over a longer period, such as thirty-years, instead of as an immediate more costly expense. According to the Budget Office, compliance with this requirement may reduce near-term ratepayer charges, i.e. the difference between capitalizing the costs versus expensing these costs, with estimates suggesting \$16.0 million in ratepayer savings in CY2027 and approximately \$60.0 million over five years.
- **Renewable Energy Standards:** Sections 7 and 8 include changes to the State's Renewable Energy Standard (RES) with the goals of reducing upward pressure on renewable energy certification (REC) prices during periods of elevated electricity costs, which may otherwise be passed through to ratepayers, while maintaining the Act on Climate objective of reaching net-zero emissions by 2050.
 - **Renewable Energy Act of 2004:** The Act implemented a Renewable Energy Standard (RES) in Rhode Island. The Act requires electricity providers to supply 100.0 percent of their retail electricity sales from renewable resources by 2033. The requirement began at 3.0 percent in 2007, increasing each year in incremental rates to the goal of 100.0 percent goal in 2033.
 - **Renewable Energy Certificate (REC):** REC is a market-based, tradable instrument representing the environmental and non-power attributes of one megawatt-hour (MWh) of electricity generated from a renewable source. Utilities use these RECs to achieve the state mandated RES each year.

The proposed changes in this article include expanding the pool of eligible zero-emission energy sources to include nuclear and large-scale hydroelectric generation; moderates the trajectory for the State to achieve 100.0 percent renewable energy supply from 2033 to 2050; increases the banking of excess RECs from 2 years to 3 years; and creates a new alternative compliance payment (ACP) category. Preliminary third-party estimates provided by OER suggest the proposed changes to the State's RES could reduce ratepayer costs by approximately \$63.8 million in calendar year 2027, and \$572.2 million over five years.

- **Contracting Requirements:** Section 9 repeals RIGL 39-26.1-4 eliminating a financial incentive to the electric distribution company for executing contracts for renewable energy. The incentive provides compensation to energy utilities to take on the financial obligation for long-term renewable energy contracts. The incentive allows an electric distribution company to charge 2.75 percent above the actual annual payment made by the company for the long-term contracts made prior to January 1, 2022, and charge 1.0 percent above the actual cost for contracts made after January 1, 2022, through December 31, 2026. Preliminary third-party estimates prepared for OER and provided to the Budget Office suggest that the repeal of this general law could reduce annual ratepayer costs by approximately \$2.5 million in CY2027 and by \$12.3 million over five years.

Analyst Note: The difference between the proposed changes of RIGL 39-26.1 under section 9 and RIGL 39-31 under section 11 is the former is a state procurement, and the latter is a regional procurement. Specifically, RIGL 39-26.1 authorizes RI Energy to independently issue bids for renewable energy and enter into PPAs. RIGL 39-31 authorizes RI Energy to participate in regional procurements with other New England states and enter into PPAs.

- **Net Metering:** Section 10 makes various changes to the State's net-metering program, by which Rhode Island ratepayers with solar or other on-site generation currently receive bill credits, often near the full retail rate, for excess electricity they export to the grid (renewable energy systems that offset their energy bills by generating their own electricity including selling energy back to the grid). Preliminary third-party estimates provided to the Budget Office suggest that the proposed grid access fee could contribute approximately \$20.0 million toward ratepayer relief annually. Large electric solar project developers do not pay an access fee. The purpose of this change is to shift approximately 25.0 percent of a residential ratepayer's bill over to the large-scale developers, thereby lowering the cost burden on residential ratepayers for the grid infrastructure. The proposed article includes language stating that the access fee payment must be used to offset distribution costs associated with net metering systems that would otherwise be paid by ratepayers.

The section also freezes the virtual net metering credit at July 1, 2026, levels to limit future cost escalation. Passage of this change could provide approximately \$15.0 million toward ratepayer savings. Together these two initiatives are projected to save ratepayers \$35.0 million in CY2027, and \$175.0 million over 5 years.

- **Regional Power Purchase Agreement:** Section 11 repeals RIGL 39-31-11 of the Affordable Clean Energy Security Act and terminates the Public Utility's authority to approve an incentive to a distribution utility for executing a regional purchased power agreement. The Budget Office does not anticipate this will have any ratepayer savings. This is a mechanism to reign in utility profits by eliminating the utility distribution company to collect the 1.0 percent incentive fee (a bonus) to enter into long-term renewable energy contracts. The utilities argue that such long-term contracts hurt their investors and could possibly hinder their ability when issuing bonds. The PUC has previously rejected this claim as such costs are always passed on to the ratepayer.

Health Spending and Transparency Program

Article 11 codifies the Health Spending and Transparency Program within the Office of the Health Insurance Commissioner which addresses health care affordability through the utilization of a cost growth target program. The program was originally launched in 2019 by Executive Order 19-03 and represents a

voluntary commitment by health care stakeholders to take all steps to annually keep cost growth below the target while maintaining quality and accessibility. In addition to codifying the program, the article also includes new powers to the office, such as:

- Placing an insurer under performance improvement plan if they exceed the growth target for two of three performance years and imposing a fine on the insurer if they do not meet the requirements of the performance improvement plan.
- Convening public meeting where insurers who have exceeded the growth target or failed to meet the all-payer primary care investment target to participate, testifying on issues identified by the Office and providing actions to reduce spending. The Article allows representatives from organized labor, consumer groups, employers, community organizations, and other interested parties to provide testimony in said hearing.

Article 11 also formally establishes the affordability advisory committee, which is comprised of officials without direct financial interests in the healthcare system. The Article requires the following.

- 2.0 independent health policy experts appointed by the Governor,
- 1.0 consumer representative and 1.0 organized labor representative appointed by President of the Senate
- 1.0 consumer representative and 1.0 organized labor representative appointed by the Speaker of the House
- The Secretary of Health and Human Services
- The Health Insurance Commissioner

Article 11 also requires a stakeholder advisory council comprised of representatives of hospitals, health insurers, providers, pharmaceutical manufacturers, independent healthy policy experts, consumers or consumer representatives, employers or employer representatives, and representatives or organized labor.

Cost growth target models, also referred to as benchmarking models, are cost containment strategies that limit how much health care spending can grow each year. The overall goal of cost-growth targets is to slow the growth of healthcare spending, making it more affordable. According to the Office of the Health Insurance Commissioner, cost-growth analysis offers transparency to clinicians, payers, policy makers, and the public on healthcare cost drivers, opportunities to engage stakeholders, introduces shared accountability, and the opportunity to leverage the strengths of various organizations to impact costs.

According to OHIC, the Health Spending Accountability and Transparency Program has three goals to curb health care spending growth:

- Understand and create transparency around healthcare costs and drivers of cost growth,
- Create shared accountability for health care costs and cost growth among insurers, providers, and government by measuring performance against a cost growth target tied to economic indicators,
- Lessen the negative impact of rising health care costs on Rhode Island residents, businesses, and government.

Rhode Island is one of eight states that has a cost growth-target program. As of 2021, only four other States have codified their cost-target programs. According to the Office of the Health Insurance Commissioner, codifying the program will provide continuity and independence needed to support long-term efforts to make health insurance affordable. It will also ensure that the program is recognized as part of the State's health care affordability policy framework. Ultimately, codifying the program will strengthen its ability to deliver on the program goals as defined above.

From 2019 through 2022, Rhode Island's Cost Trends Steering Committee set a spending growth target of 3.2 percent per year. The Committee increased the target to 6.0 percent per year for 2023-2027 in anticipation of the lagged impact of the 2021/2022 inflation. In 2023, Rhode Island exceeded the target of 6.0 percent by 1.8 percentage points (7.8 percent) and had total health care expenditure cost of \$9,892 per person. In Rhode Island, 2023 was the highest it has been since the State began tracking the expenditures.

Rhode Island Marketplace Affordability Program Act:

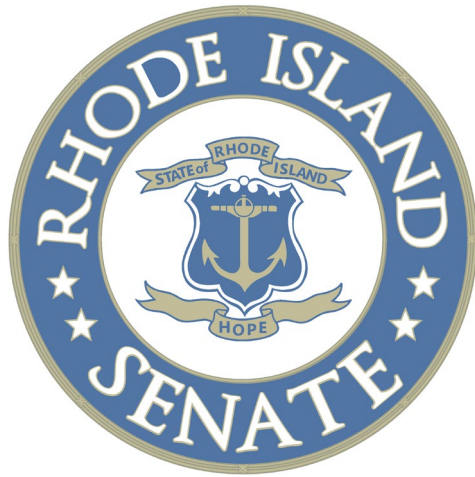
Section 14 establishes the Rhode Island Marketplace Affordability Program, a State-based subsidy program created to partially replace expired enhanced advanced premium tax credits (eAPTCs). The budget appropriates \$9.5 million in general revenue to partially replace the expired eAPTC, prioritizing households with incomes below 200.0 percent of the federal poverty line in the first year of the program. This is estimated to aid approximately 20,000 individuals. According to HSRI, this budget item will allow Rhode Island to retain \$44.0 million in base tax credits that current customers remain eligible for. Additionally, the recommendation protects individuals from the financial and health-related costs of uninsurance and underinsurance, protects the stability of the market, and protects the healthcare system from costs associated with rising rates of uninsurance and underinsurance.

Enhanced Advanced Premium Tax Credits expired on December 31, 2025, causing significantly higher health insurance premiums in 2026. In 2021, APTCs were temporarily enhanced as part of the American Rescue Plan Act, lowering the amount Rhode Island residents must spend towards their health insurance premiums when purchasing through HSRI. The eAPTCs also offered eligibility to households earning more than 400.0 percent of the FPL. The Inflation Reduction Act, passed in 2022, extended the tax credits to 2025.

According to Health Source RI, Rhode Island's health exchange and marketplace, nearly all consumers will experience a premium increase, with the average increase being 101.0 percent more than the prior year premium cost. HSRI anticipates a reduction in HSRI user fee revenue due to enrollment losses as they expect people not to re-enroll in the upcoming periods, increasing the uninsured rates and adding additional stress to Rhode Island's healthcare infrastructure. The Budget does not include an updated penalty revenue estimate based on enrollment changes.

Article 12 - Relating to Effective Date

This article provides that the Act will take effect on July 1, 2026, except as otherwise provided herein.



FY2026 SUPPLEMENTAL BUDGET ARTICLES

2026 – H-7126: Relating to Making Revised Appropriations in Support of FY2026

Article 1 outlines the appropriation amounts from all fund sources for the FY2026 Supplemental Budget. In most cases, the appropriations are by fund source at the program level in each department or agency. The article includes the FTE position authorizations by department or agency. This article makes appropriations for general revenues, federal, restricted, and other funds, and authorizes FTE levels for each agency and department. Article 1 also includes the following items:

- Sets the airport impact aid formula at \$1.0 million.
- Authorizes 13,266.8 FTE positions reflecting a net decrease of 2,655.0 FTE positions as compared to the authorized level set in the FY2026 Budget as Enacted. These figures reflect the Governor's recommendation to eliminate the authorized FTE cap of 2,292.2 FTE positions for the University of Rhode Island and 378.8 FTE positions for the URI sponsored research positions. If the recommendation is not accepted, then the total authorized cap would be 15,937.8 reflecting a net increase of 16.0 FTE positions.
- Details Community Service Objective grant funding recipients and amounts.
- 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 FY2026. In addition, the Office of the Postsecondary Commissioner shall provide \$7.5 million be allocated to the Rhode Island Promise Scholarship program, and \$5.2 million to support the Rhode Island Hope Scholarship Program, \$455,000 to support the Onward We Learn, \$100,000 to the Rhode Island School for Progressive Education, \$151,410 to support the State's membership in the New England Board of Higher Education, and \$75,000 to Best Buddies Rhode Island.
- 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 \$500,000 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.
- Clarifies that the federal funds do not include federal funds or assistance appropriated, authorized, allocated, or apportioned to the State from the State Fiscal Recovery Fund and Capital Projects Fund pursuant to the American Rescue Plan Act of 2021.
- Amends federal funds, authorized, allocated, or apportioned to the State from the State Fiscal Recovery Fund pursuant to the American Rescue Plan Act of 2021.
- Requires the Rhode Island Health and Educational Building Corporation to transfer \$2.5 million to the State Controller by June 30, 2026.
- Requires the Rhode Island Infrastructure Bank (RIIB) to transfer \$2.0 million to the State Controller by June 30, 2026.
- Requires the Department of Revenue to transfer \$5.0 million from the Marijuana Trust Fund restricted receipt account to the State Controller by June 30, 2026.

APPROPRIATIONS

Article 1 makes appropriations from general revenues and authorizes expenditures of federal funds, restricted receipts, and other funds for the fiscal year ending June 30, 2026.

Expenditures by Source	FY2025 Actuals	FY2026 Enacted	FY2026 Governor	Change to Enacted
Federal Funds	\$5,045,160,589	\$5,108,485,986	\$5,508,863,972	\$400,377,986
General Revenue	5,534,306,228	5,809,363,121	5,825,010,910	15,647,789
Operating Transfers from Other Funds	283,902,658	591,861,684	709,319,971	117,458,287
Other Funds	2,319,970,408	2,368,123,335	2,574,906,609	206,783,274
Restricted Receipts	365,586,324	458,544,467	557,075,513	98,531,046
Total	\$13,548,926,207	\$14,336,378,593	\$15,175,176,975	\$838,798,382

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

Section 1 also provides language directing the disbursement of specific appropriations including:

- **Housing:** The Budget allocates \$100,000 in general revenue to support Sojourner House's housing and rapid rehousing activities.
- **Labor and Training – Direct Care Training:** The article requires \$600,000 in general revenue be used for enhanced training for direct care and support services staff to improve the resident quality of care for nursing facility residents.
- **Labor and Training – Hospitality Industry Training:** The article requires \$150,000 in restricted receipts be used to provide hospitality industry workforce training grants.
- **General Treasury – Medical Debt Relief Program:** Requires that all unexpended or unencumbered balances relating for the Medical Debt Relief Program as of June 30, 2026, be reappropriated to FY2027. The Supplemental Budget includes the reappropriation of \$880,999 for the for the Medical Debt Relief Program that was established in the FY2025 Budget as Enacted and administered by the Office of the General Treasurer for the purpose of contracting with a non-profit corporation to purchase, cancel, or otherwise forgive medical debt upon established requirements including that the individual be a citizen of the State and has a federal adjusted gross income is 400.0 percent or less than the federal poverty line, or whose debt is more than 5.0 percent of the individuals adjusted gross income.
- **EOHHS –** Continues to provide \$900,000 for Mobile Response and Stabilization Services, \$500,000 for the Thundermist Family Residency Program, and \$150,000 for an Olmstead Plan Coordinator.
- **EOHHS – H.R. 1 CMMS Compliance:** Provides \$1.9 million in federal funds for statewide interagency initiatives to implement and support the community engagement requirements of the federal bill H.R. 1 to be administered in coordination with the Department of Human Services, and the Department of Labor and Training.
- **BHDDH – DD Consent Decree:** The State has been under a Consent Decree with the United States Department of Justice since 2014, requiring the Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals (BHDDH) to foster more supportive and less isolated employment opportunities and day services for individuals with intellectual and developmental disabilities. The State has agreed to an action plan to ensure that the requirements of the Consent Decree are fulfilled. Article 1 provides that of both general revenue and federal funds within the Services for the Developmentally Disabled program, an amount to be certified by the Department will be allocated to direct support professional wage increases. In addition, \$928,200 in general revenues and \$371,800 in federal funds are specified to be expended on a Transformation Fund for integrated day activities and supportive employment.
- **BHDDH – Opioid Stewardship:** Provides an additional \$36,850 in restricted receipts from the opioid stewardship to be distributed to the seven regional substance abuse prevention task forces. This results in a total appropriation of \$486,850 in restricted receipts.

- **Health:** Eliminates language requiring the Office of Policy, Information, and Communication allocate a total of \$200,000 to support the Professional Loan Repayment Program, specifically targeting primary care physicians and pediatricians.
- **RIDE – Learn365RI:** Requires that all unexpended or unencumbered balances from FY2026 relating to the Learn365RI program are automatically reappropriated to the following fiscal year.
- **RIDE Special Education Settlement:** Allocates \$1.9 million in general revenue toward a special education settlement to provide compensatory special education services, administration and attorneys' fees pursuant to a legal settlement.
- **RIDE - Rhode Island Vision Education and Services Program and Auditory Oral Program:** The Article requires that \$684,000 from the Department of Elementary and Secondary's administrative share of federal Individuals with Disabilities Education Act funds, be allocated to the Sherlock Center on Disabilities to support the Rhode Island Vision Services Program.
- **RIDE - Education Aid:** The Budget provides that the criteria for the allocation of early childhood funds must prioritize prekindergarten seats and classrooms for four-year-olds with a family income at or below 185.0 percent of federal poverty guidelines and who reside in communities with higher concentrations of low performing schools.
- **Public Safety – GO Team Program:** Provides \$558,089 of general revenue be allocated to support the Family Service of Rhode Island GO Team Program of on-scene support to children who are victims of violence and other traumas.
- **Public Safety - Body-worn Camera:** The article includes \$9.0 million of one-time general revenue to support the statewide body-worn camera program for law enforcement officers. On June 16, 2021, the State's political and law enforcement leadership announced support for a statewide program to put body-worn cameras on every frontline police officer and supervisor in Rhode Island. The statewide program is designed to equip approximately 1,700 of Rhode Island's uniformed patrol officers, across every municipal police department and the Rhode Island State Police, with body-worn cameras. All unexpended or unencumbered balances as of June 30, 2026, shall be reappropriated to FY2027.
- **Emergency Management – FIFA World Cup:** The article provides \$250,000 in general revenue for security expenses with the FIFA World Cup. It is expected that several of the teams playing at the Gillette Stadium in Foxboro, MA, will reside and train in Rhode Island.

FUND TRANSFERS

Sections 6, 7 and 8 pertain to fund transfers \$9.5 million from three quasi-public corporations to the State Controller by June 30, 2026.

Article 7, Section 9 of the FY2018 Budget as Enacted (RIGL 35-3-7(a)(2)) requires that when a state budget submitted to the General Assembly includes monetary transfers to the general fund from public corporations, it must be accompanied by alternative funding proposals that may be considered in lieu of the public corporation transfers. Within the Executive Summary of the budget, the Governor identifies two alternative funding proposals in lieu of the transfers to Rhode Island Infrastructure Bank (RIIB) and to the Rhode Island Health and Educational Building Corporation (RIHEBC). The alternative proposals include a funding reduction for economic development initiatives within the RI Commerce Corporation and a reduction in the special education categorical aid program at the Department of Elementary and Secondary Education.

- **Rhode Island Health and Educational Building Corporation:** The article requires the Rhode Island Health and Educational Building Corporation to transfer \$2.5 million to the General Fund by June 30, 2026. According to the Office of Management and Budget, the quasi-public agency had an unrestricted fund balance at the close of FY2025 of \$10.8 million.

- **Rhode Island Infrastructure Bank (RIIB):** The article requires the Rhode Island Infrastructure Bank (RIIB) to transfer \$2.0 million to the General Fund by June 30, 2026. RIIB is a quasi-public agency that assists municipalities, businesses, and homeowners with financing infrastructure improvements through a revolving fund. It supports water and wastewater projects, roads and bridges, energy efficiency and renewable energy projects, and brownfield remediation. The Office of Management and Budget indicate that RIIB had unrestricted balances at the close of FY2025 of \$33.3 million.
- **Department of Revenue – Marijuana Trust Fund:** The Governor recommends a one-time transfer of \$5.0 million to general revenue from the marijuana trust fund, which has generated revenues exceeding what is required to administer the adult-use cannabis market. The budget documents indicate that this is treated as an intra-fund transfer from a restricted receipt account to general revenue within the general fund and therefore is to be recorded as a “fund balance adjustment” within the general fund and not recorded as additional general revenue.

INTERNAL SERVICE FUNDS

Article 1 authorizes 15 specific, capped internal service accounts to permit reimbursement of costs for work or other services performed by certain departments or agencies for any other department or agency. The FY2018 Budget as Enacted established centralized accounts for each agency and allows the Department of Administration to draw upon these accounts for billable centralized services and deposit the funds into the rotary accounts under the Department of Administration. Reimbursements may only be made up to the expenditure cap for each account, as outlined below.

Internal Service Account	FY2026 Enacted	FY2026 Governor	Change
Accounts and Control	\$0	\$0	\$0
State Assessed Fringe Benefits	37,255,808	37,350,512	94,704
Administration Central Utilities	30,366,642	30,366,642	-
State Central Mail	9,020,425	9,019,590	(835)
State Telecommunications	3,426,061	3,429,234	3,173
State Automotive Fleet	21,610,397	21,625,212	14,815
Surplus Property	44,789	44,789	-
Health Insurance	272,933,573	342,904,994	69,971,421
Other Post-Employment Benefits	63,854,008	40,415,154	(23,438,854)
Capitol Police	1,659,403	1,849,372	189,969
Corrections Central Distribution Center	8,679,440	8,759,253	79,813
Correctional Industries	8,477,292	8,529,653	52,361
Secretary of State Records Center	1,231,684	1,155,447	(76,237)
Human Resources Internal Service Fund	18,711,878	18,478,334	(233,544)
DCAMM Facilities Internal Service Fund	40,492,965	40,533,451	40,486
Information Technology Internal Service Fund	70,587,805	70,690,359	102,554
Total	\$588,352,170	\$635,151,996	\$46,799,826

FTE POSITIONS

Article 1 establishes the authorized number of full-time equivalent (FTE) positions for each State department and agency. Departments and agencies may not exceed in any pay period the number of authorized FTE positions shown. The Budget recommends no change in FTE positions as compared to the authorized level set in the FY2026 Budget as Enacted. The following table illustrates the FTE levels by government function:

FTE Positions by Function	FY2026 Enacted	FY2026 Governor	Change to Enacted
General Government	2,595.3	2,594.3	(1.0)
Human Services	3,859.5	3,875.5	16.0
Education*	4,348.8	2,056.6	(2,292.2)
Public Safety	3,347.4	3,348.4	1.0
Natural Resources	471.0	471.0	-
Transportation	755.0	755.0	-
Subtotal	15,377.0	13,100.8	(2,276.2)
<i>Higher Ed. Sponsored Positions</i>	<i>544.8</i>	<i>166.0</i>	<i>(378.8)</i>
Total FTE Positions	15,921.8	13,266.8	(2,655.0)

*** Analyst Note:** The Governor recommends the elimination of the FTE cap for the University of Rhode Island (URI). The numbers included above reflect the Governor's FY2026 Revised Budget amount of FTE positions for URI. However, including the URI FTE positions results in a total FTE authorization of 15,937.8 reflecting an increase of 16.0 FTE positions over the amount in the FY2026 Budget as Enacted.

STATE FISCAL RECOVERY FUNDS

Section 5 pertains to the authorization and appropriation of the State Fiscal Recovery Fund (SFRF) and Capital Projects Fund (CPF) federal funds.

- Section 5 clarifies that the federal funds do not include federal funds or assistance appropriated, authorized, allocated, or apportioned to the State from the State Fiscal Recovery Fund and Capital Projects Fund pursuant to the American Rescue Plan Act of 2021 for FY2026. The purpose of this language is to specify that these federal funds are not part of the generic federal fund line items and that a specific SFRF or CPF line item, by project, constitutes the authority to expend the SFRF or CPF. The Budget generally does not appropriate federal funds at an individual or specific level. This language ensures that state agencies are not expending the SFRF or CPF funds under the authority of a general federal fund line item. The section also specifies and describes the SFRF appropriations.



APPENDIX

GENERAL REVENUE SURPLUS STATEMENT

	FY2024 Audited	FY2025 Preliminary Audit	FY2026 Enacted	FY2026 Governor	FY2027 Governor
Opening Surplus					
Free Surplus	\$412,262,973	\$326,355,037	\$230,213,058	\$241,634,407	\$96,181,104
Adjustment to Opening Surplus	\$23,811,475	\$703,083			
Reappropriated Surplus	45,152,130	34,569,423		38,796,839	
Subtotal	\$481,226,578	\$361,627,543	\$230,213,058	\$280,431,246	\$96,181,104
Total Revenues	\$5,418,703,841	\$5,612,012,441	\$5,766,583,094	\$5,822,900,000	\$6,043,486,806
To Cash Stabilization Fund	(175,124,919)	(178,800,524)	(179,903,885)	(181,936,032)	(184,190,037)
From Cash Stabilization Fund					
Total Available Resources	\$5,724,805,500	\$5,794,839,460	\$5,816,892,267	\$5,921,395,214	\$5,955,477,873
Total Expenditures	5,236,111,578	5,535,537,980	5,809,363,121	5,825,010,910	5,954,722,537
Total Surplus	488,693,922	259,301,480	7,529,146	96,384,304	755,336
Intrafund Transfers to restricted receipts	(91,000,000)	(520,212)	(6,500,000)	(203,200)	
Transfer to Retirement System	(21,649,978)				
Transfer to Supp. State Budget Reserve Fund	(21,649,978)				
Repeal of surplus transfer to Supp. State Budget Reserve Fund	6,530,494	21,649,978			
Reappropriations	(34,569,423)	(38,796,839)			
Free Surplus	\$326,355,037	\$241,634,407	\$1,029,146	\$96,181,104	\$755,336
Rainy Day Fund	\$291,874,865	\$298,000,873	\$299,839,808	\$303,226,720	\$306,983,395

ALL FUND EXPENDITURES

General Government	FY2025 Actual	FY2026 Enacted	FY2026 Governor	Change from Enacted	FY2027 Governor	Change from Enacted
Department of Administration	\$410,279,819	\$430,628,941	\$632,781,841	\$202,152,900	\$410,362,416	(\$20,266,525)
Office of Energy Resources	34,120,326	76,312,027	77,585,536	1,273,509	86,655,825	10,343,798
Department of Business Regulation	37,359,398	39,094,954	41,618,151	2,523,197	35,868,911	(3,226,043)
Rhode Island Cannabis Control Commission	-	7,303,563	7,286,530	(17,033)	7,964,425	660,862
Executive Office of Commerce	137,981,850	58,832,824	91,112,322	32,279,498	54,812,983	(4,019,841)
Executive Office of Housing	103,768,250	45,079,456	164,747,560	119,668,104	52,363,302	7,283,846
Department of Labor and Training	601,344,640	632,267,683	658,098,987	25,831,304	693,131,740	60,864,057
Department of Revenue	811,353,592	873,248,086	857,652,897	(15,595,189)	857,291,680	(15,956,406)
General Assembly	55,738,104	61,424,920	69,899,506	8,474,586	64,066,257	2,641,337
Office of Lieutenant Governor	1,331,545	1,519,219	1,532,262	13,043	1,574,369	55,150
Secretary of State	13,994,944	15,291,522	15,260,041	(31,481)	16,259,559	968,037
Office of the General Treasurer	21,181,844	25,974,916	26,893,862	918,946	26,318,147	343,231
Board of Elections	5,260,823	4,474,931	4,981,278	506,347	9,147,157	4,672,226
Rhode Island Ethics Commission	2,244,872	2,419,632	2,460,415	40,783	2,556,898	137,266
Office of the Governor	8,906,789	9,334,918	9,369,511	34,593	9,630,312	295,394
Rhode Island Commission for Human Rights	2,736,646	2,772,687	2,784,080	11,393	2,801,879	29,192
Public Utilities Commission	11,695,026	15,508,274	15,668,120	159,846	16,017,352	509,078
Total	\$2,259,298,468	\$2,301,488,553	\$2,679,732,899	\$378,244,346	\$2,346,823,212	\$45,334,659
Health and Human Services						
Executive Office of Health and Human Services	\$3,871,970,408	\$4,226,436,784	\$4,225,285,801	(\$1,150,983)	\$4,408,951,714	\$182,514,930
Department of Children, Youth, and Families	359,199,617	394,390,394	414,392,515	20,002,121	405,887,233	11,496,839
Department of Health	321,416,140	295,526,774	312,014,186	16,487,412	277,471,021	(18,055,753)
Behavioral Healthcare, Developmental Disabilities and Hospitals	691,045,544	716,698,599	744,860,579	28,161,980	755,707,755	39,009,156
Department of Human Services	815,113,344	837,388,626	806,558,477	(30,830,149)	800,099,703	(37,288,923)
Commission on the Deaf & Hard of Hearing	719,769	929,154	976,952	47,798	954,081	24,927
Governor's Commission on Disabilities	1,922,578	1,806,042	2,707,966	901,924	1,829,581	23,539
Office of the Child Advocate	1,714,775	2,264,613	2,185,010	(79,603)	2,405,487	140,874
Office of the Mental Health Advocate	752,370	1,117,164	932,441	(184,723)	1,111,709	(5,455)
Total	\$6,063,854,545	\$6,476,558,150	\$6,509,913,927	\$33,355,777	\$6,654,418,284	\$177,860,134
Education						
Elementary and Secondary Education	\$1,960,310,243	\$2,009,450,142	\$2,011,078,704	\$1,628,562	\$2,007,385,663	(\$2,064,479)
Office of the Postsecondary Commissioner	53,426,973	55,263,498	60,538,773	5,275,275	57,022,951	1,759,453
University of Rhode Island	1,033,888,301	1,111,723,299	1,109,249,900	(2,473,399)	1,123,709,806	11,986,507
Rhode Island College	205,841,522	216,421,110	234,118,548	17,697,438	232,598,905	16,177,795
Community College of Rhode Island	187,176,442	214,486,829	212,311,622	(2,175,207)	223,699,060	9,212,231
Rhode Island Council on the Arts	3,727,324	4,242,454	4,210,701	(31,753)	4,513,141	270,687
Rhode Island Atomic Energy Commission	1,608,029	1,714,495	1,693,277	(21,218)	1,726,858	12,363
Historical Preservation and Heritage Commission	2,473,365	3,448,631	3,526,513	77,882	3,651,691	203,060
Total	\$3,448,452,199	\$3,616,750,458	\$3,636,728,038	\$19,977,580	\$3,654,308,075	\$37,557,617
Public Safety						
Office of Attorney General	\$47,498,066	\$52,487,807	\$52,926,307	\$438,500	\$51,846,935	(\$640,872)
Department of Corrections	321,820,728	366,351,458	368,154,957	1,803,499	350,675,878	(15,675,580)
Judiciary	154,200,054	159,224,433	160,371,965	1,147,532	165,514,856	6,290,423
Military Staff	34,688,260	41,647,731	88,502,180	46,854,449	58,396,032	16,748,301
Rhode Island Emergency Management Agency	24,207,935	43,657,584	57,047,129	13,389,545	63,576,710	19,919,126
Department of Public Safety	177,563,293	197,868,181	215,335,876	17,467,695	174,797,031	(23,071,150)
Office of Public Defender	16,688,667	18,263,714	18,274,809	11,095	18,850,924	587,210
Total	\$776,667,003	\$879,500,908	\$960,613,223	\$81,112,315	\$883,658,366	\$4,157,458
Natural Resources						
Coastal Resources Management Council	\$5,676,231	\$14,860,746	\$14,668,481	(\$192,265)	\$19,191,896	\$4,331,150
Department of Environmental Management	134,490,572	164,424,187	164,123,546	(300,641)	165,868,480	1,444,293
Total	\$140,166,803	\$179,284,933	\$178,792,027	(\$492,906)	\$185,060,376	\$5,775,443
Transportation						
Department of Transportation	\$860,487,189	\$882,795,591	\$1,202,286,909	\$319,491,318	\$1,134,754,347	\$251,958,756
Grand Total	\$13,548,926,207	\$14,336,378,593	\$15,168,067,023	\$831,688,430	\$14,859,022,660	\$522,644,067
<i>Totals may vary due to rounding.</i>						

GENERAL REVENUE EXPENDITURES

General Government	FY2025 Actual	FY2026 Enacted	FY2026 Governor	Change from Enacted	FY2027 Governor	Change from Enacted
Department of Administration	\$219,518,820	\$249,311,650	\$234,330,541	(\$14,981,109)	\$247,978,609	(\$1,333,041)
Office of Energy Resources	-	-	275,313	275,313	-	-
Department of Business Regulation	24,552,717	25,769,781	25,646,550	(123,231)	26,381,481	611,700
Rhode Island Cannabis Control Commission	-	-	-	-	-	-
Executive Office of Commerce	40,274,661	33,532,824	33,549,695	16,871	29,520,382	(4,012,442)
Executive Office of Housing	5,195,668	6,464,465	7,654,125	1,189,660	8,343,617	1,879,152
Department of Labor and Training	19,309,880	18,179,242	18,877,241	697,999	18,332,180	152,938
Department of Revenue	402,120,010	413,452,869	414,469,234	1,016,365	413,010,117	(442,752)
General Assembly	53,403,948	58,734,623	67,160,602	8,425,979	61,280,709	2,546,086
Office of Lieutenant Governor	1,331,545	1,519,219	1,532,262	13,043	1,574,369	55,150
Secretary of State	12,696,485	12,861,732	12,848,882	(12,850)	13,841,085	979,353
Office of the General Treasurer	4,197,142	4,600,223	5,387,264	787,041	4,417,820	(182,403)
Board of Elections	5,260,823	4,474,931	4,981,278	506,347	9,147,157	4,672,226
Rhode Island Ethics Commission	2,244,872	2,419,632	2,460,415	40,783	2,556,898	137,266
Office of the Governor	8,906,789	9,334,918	9,369,511	34,593	9,630,312	295,394
Rhode Island Commission for Human Rights	2,224,631	2,249,158	2,285,857	36,699	2,358,433	109,275
Public Utilities Commission	-	-	-	-	-	-
Total	\$801,462,678	\$842,905,267	\$840,828,770	(\$2,076,497)	\$848,373,169	\$5,467,902
Health and Human Services						
Executive Office of Health and Human Services	\$1,380,027,170	\$1,490,421,244	\$1,477,236,040	(\$13,185,204)	\$1,549,504,451	\$59,083,207
Department of Children, Youth, and Families	260,595,486	262,775,058	262,755,483	(19,575)	268,265,257	5,490,199
Department of Health	37,618,090	40,825,075	41,964,523	1,139,448	42,552,271	1,727,196
Behavioral Healthcare, Developmental Disabilities and Hospitals	322,751,665	318,778,838	327,072,619	8,293,781	334,100,085	15,321,247
Department of Human Services	134,321,602	136,022,692	137,181,005	1,158,313	151,791,028	15,768,336
Commission on the Deaf & Hard of Hearing	670,846	786,233	767,663	(18,570)	835,904	49,671
Governor's Commission on Disabilities	1,588,365	1,386,032	2,300,684	914,652	1,422,299	36,267
Office of the Child Advocate	1,707,792	2,264,613	2,185,010	(79,603)	2,405,487	140,874
Office of the Mental Health Advocate	752,370	1,117,164	932,441	(184,723)	1,111,709	(5,455)
Total	\$2,140,033,386	\$2,254,376,949	\$2,252,395,468	(\$1,981,481)	\$2,351,988,491	\$97,611,542
Education						
Elementary and Secondary Education	\$1,587,101,129	\$1,659,208,810	\$1,660,507,362	\$1,298,552	\$1,660,788,322	\$1,579,512
Office of the Postsecondary Commissioner	29,770,246	33,322,291	33,350,629	28,338	36,172,492	2,850,201
University of Rhode Island	144,401,601	148,637,923	151,797,766	3,159,843	154,763,934	6,126,011
Rhode Island College	78,158,461	80,448,058	81,149,411	701,353	83,682,828	3,234,770
Community College of Rhode Island	62,534,421	64,838,244	65,388,099	549,855	66,630,713	1,792,469
Rhode Island Council on the Arts	2,412,492	2,414,685	2,416,128	1,443	2,610,565	195,880
Rhode Island Atomic Energy Commission	1,187,148	1,278,282	1,282,191	3,909	1,316,004	37,722
Historical Preservation and Heritage Commission	1,713,665	1,969,751	2,017,033	47,282	2,097,428	127,677
Total	\$1,907,279,163	\$1,992,118,044	\$1,997,908,619	\$5,790,575	\$2,008,062,286	\$15,944,242
Public Safety						
Office of Attorney General	\$36,669,822	\$38,244,427	\$38,389,891	\$145,464	\$39,369,297	\$1,124,870
Department of Corrections	302,877,505	324,014,603	325,669,067	1,654,464	335,029,054	11,014,451
Judiciary	131,104,672	133,516,539	135,551,052	2,034,513	139,466,764	5,950,225
Military Staff	3,045,936	3,424,058	3,508,092	84,034	3,634,593	210,535
Rhode Island Emergency Management Agency	6,920,906	7,457,256	7,644,182	186,926	8,375,436	918,180
Department of Public Safety	128,369,781	132,842,119	142,198,690	9,356,571	136,717,145	3,875,026
Office of Public Defender	16,598,498	18,178,679	18,189,774	11,095	18,765,889	587,210
Total	\$625,587,120	\$657,677,681	\$671,150,748	\$13,473,067	\$681,358,178	\$23,680,497
Natural Resources						
Coastal Resources Management Council	\$3,929,471	\$3,904,812	\$4,174,013	\$269,201	\$4,324,771	\$419,959
Department of Environmental Management	56,014,410	58,380,368	58,553,292	172,924	60,615,642	2,235,274
Total	\$59,943,881	\$62,285,180	\$62,727,305	\$442,125	\$64,940,413	\$2,655,233
Transportation						
Department of Transportation	-	-	-	-	-	-
Grand Total	\$5,534,306,228	\$5,809,363,121	\$5,825,010,910	\$15,647,789	\$5,954,722,537	\$145,359,416
<i>Totals may vary due to rounding.</i>						

PERSONNEL

	FY2025	FY2026	FY2026	Change	FY2027	Change
General Government	Actual	Enacted	Governor	from	Governor	from
				Enacted		Enacted
Administration	683.6	684.6	683.6	(1.0)	682.6	(2.0)
Office of Energy Resources	-	17.0	17.0	-	21.0	4.0
Business Regulation	181.0	155.0	155.0	-	157.0	2.0
RI Cannabis Control Commission	-	26.0	26.0	-	28.0	2.0
Executive Office of Commerce	5.0	5.0	5.0	-	5.0	-
Housing	38.0	38.0	38.0	-	38.0	-
Labor and Training	461.7	461.7	461.7	-	461.7	-
Revenue	599.5	605.5	605.5	-	605.5	-
Legislature	298.5	298.5	298.5	-	298.5	-
Lieutenant Governor	8.0	8.0	8.0	-	8.0	-
Secretary of State	62.0	62.0	62.0	-	62.0	-
General Treasurer	91.0	92.0	92.0	-	93.0	1.0
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	15.0	15.0	15.0	-	15.0	-
Public Utilities Commission	57.0	57.0	57.0	-	57.0	-
Total	2,570.3	2,595.3	2,594.3	(1.0)	2,602.3	7.0
Human Services						
Office of Health and Human Services	233.0	243.0	243.0	-	252.0	9.0
Children, Youth, and Families	714.5	713.5	719.5	6.0	719.5	6.0
Health	572.6	572.6	572.6	-	572.6	-
Human Services	1,079.0	1,079.0	1,089.0	10.0	1,128.0	49.0
BHDDH	1,221.4	1,223.4	1,223.4	-	1,223.4	-
Office of the Child Advocate	13.0	13.0	13.0	-	13.0	-
Governor's Commission on the Deaf	4.0	4.0	4.0	-	4.0	-
Governor's Commission on Disabilities	5.0	5.0	5.0	-	5.0	-
Office of the Mental Health Advocate	6.0	6.0	6.0	-	6.0	-
Total	3,848.5	3,859.5	3,875.5	16.0	3,923.5	64.0
Education						
Elementary and Secondary Education	340.1	342.1	342.1	-	343.1	1.0
Public Higher Education*	3,895.5	3,972.5	3,972.5	-	3,972.5	-
Council on the Arts	10.0	10.0	10.0	-	10.0	-
Atomic Energy Commission	8.6	8.6	8.6	-	8.6	-
Historical Preservation and Heritage Commission	15.6	15.6	15.6	-	15.6	-
Total	4,269.8	4,348.8	4,348.8	-	4,349.8	1.0
Public Safety						
Attorney General	264.1	268.1	268.1	-	268.1	-
Corrections	1,461.0	1,461.0	1,461.0	-	1,461.0	-
Judiciary	745.3	749.3	749.3	-	749.3	-
Military Staff	93.0	93.0	93.0	-	93.0	-
Emergency Management	38.0	38.0	38.0	-	38.0	-
Public Safety	633.0	634.0	635.0	1.0	638.0	4.0
Public Defender	104.0	104.0	104.0	-	105.0	1.0
Total	3,338.4	3,347.4	3,348.4	1.0	3,352.4	5.0
Natural Resources						
Environmental Management	439.0	439.0	439.0	-	440.0	1.0
Coastal Resources Management Council	32.0	32.0	32.0	-	32.0	-
Total	471.0	471.0	471.0	-	472.0	1.0
Transportation						
Transportation	755.0	755.0	755.0	-	757.0	2.0
Higher Education Sponsored Research						
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	353.8	378.8	378.8	-	378.8	-
Total	519.8	544.8	544.8	-	544.8	-
Grand Total	15,772.8	15,921.8	15,937.8	16.0	16,001.8	80.0

* The Governor recommends the elimination of the FTE cap for the University of Rhode Island. The numbers included above reflect the FY2026 Budget as Enacted amount of FTE positions for URI for both the FY2026 revised budget and for FY2027. Removing the 2,671 FTE positions results in a proposed FTE cap of 13,330.8 positions for FY2027.

FY2027 DIRECT AID TO MUNICIPALITIES

Municipality	FY2026 Enacted	Payment in Lieu of Taxes	Distressed Communities Relief Fund	Library Aid	Motor Vehicle Excise Tax	Tangible Property	FY2027 Governor	Change from FY2026
Barrington	\$6,478,976	\$19,206	-	\$376,927	\$6,013,312	\$83,638	\$6,493,083	\$14,107
Bristol	4,734,981	1,272,090	-	251,792	2,970,720	147,284	4,641,886	(93,095)
Burrillville	5,513,841	45,450	-	235,858	5,150,845	72,656	5,504,808	(9,033)
Central Falls	2,826,938	-	267,032	36,269	2,132,210	351,907	2,787,418	(39,520)
Charlestown	1,118,678	-	-	69,649	1,030,171	18,324	1,118,144	(534)
Coventry	7,430,108	-	1,487,864	276,371	5,989,355	365,715	8,119,304	689,196
Cranston	28,893,537	3,594,530	-	836,564	22,783,506	1,738,596	28,953,196	59,659
Cumberland	7,089,656	-	-	365,928	6,204,972	505,178	7,076,077	(13,579)
East Greenwich	4,126,790	961,042	-	153,754	2,467,614	546,636	4,129,046	2,256
East Providence	14,378,249	308,356	884,650	558,389	11,667,263	1,883,783	15,302,441	924,192
Exeter	2,398,565	-	-	69,070	2,275,955	53,418	2,398,442	(123)
Foster	1,822,668	-	-	44,766	1,677,019	100,687	1,822,472	(196)
Glocester	2,723,047	-	-	98,664	2,419,699	203,566	2,721,929	(1,118)
Hopkinton	1,888,497	-	-	46,228	1,653,062	189,737	1,889,027	530
Jamestown	792,228	-	-	121,561	646,850	23,473	791,884	(344)
Johnston	12,118,006	-	-	142,931	10,589,179	1,391,119	12,123,230	5,224
Lincoln	6,553,420	-	-	261,987	5,797,695	483,036	6,542,718	(10,702)
Little Compton	467,654	-	-	46,549	383,319	35,997	465,865	(1,789)
Middletown	2,493,347	-	-	178,976	2,012,423	300,020	2,491,420	(1,927)
Narragansett	2,159,665	-	-	232,183	1,868,679	77,223	2,178,084	18,419
Newport	4,579,511	1,526,284	-	497,037	2,275,955	304,205	4,603,481	23,970
New Shoreham	294,751	-	-	113,857	167,702	14,181	295,740	989
North Kingstown	6,182,144	55	-	365,353	5,486,249	329,980	6,181,637	(507)
North Providence	12,252,416	-	1,096,039	257,982	9,822,542	907,238	12,083,801	(168,615)
North Smithfield	5,027,719	-	-	99,527	4,480,037	449,370	5,028,935	1,216
Pawtucket	20,769,987	2,793	1,815,698	514,187	16,842,066	1,377,212	20,551,956	(218,031)
Portsmouth	2,780,837	-	-	140,557	2,467,614	168,858	2,777,029	(3,808)
Providence	90,430,003	37,144,858	7,319,362	1,465,947	34,834,087	6,101,330	86,865,585	(3,564,418)
Richmond	1,620,422	-	-	30,870	1,485,360	104,948	1,621,179	757
Scituate	2,305,263	-	-	146,121	2,012,423	146,895	2,305,439	176
Smithfield	10,247,065	1,802,349	-	374,151	7,235,141	1,331,050	10,742,690	495,625
South Kingstown	4,681,482	169,364	-	275,273	4,000,889	211,379	4,656,905	(24,577)
Tiverton	2,079,600	-	-	155,476	1,772,849	153,001	2,081,326	1,726
Warren	2,391,924	-	-	76,419	2,132,210	179,960	2,388,590	(3,334)
Warwick	31,533,887	1,756,150	-	911,167	25,778,183	3,080,934	31,526,434	(7,453)
Westerly	6,998,244	125,925	-	456,644	5,893,525	485,171	6,961,265	(36,979)
West Greenwich	1,603,466	-	-	75,672	1,365,573	163,578	1,604,823	1,357
West Warwick	8,155,008	-	1,127,012	231,924	5,797,695	829,938	7,986,569	(168,439)
Woonsocket	11,944,597	320,690	886,801	251,637	9,511,095	834,588	11,804,811	(139,786)
SRL ¹	1,169,541	-	-	1,169,541	-	-	1,169,541	(0)
ILG ²	81,264	-	-	81,264	-	-	81,264	-
LCA ³	2,115,628	-	-	2,097,515	-	-	2,097,515	(18,113)
Fire Districts	617,851	-	-	-	455,191	162,660	617,851	(0)
Total	\$345,871,460	\$49,049,142	\$14,884,458	\$14,192,538	\$239,550,236	\$25,908,469	\$343,584,842	(\$2,286,620)

¹SRL: Statewide Reference Library Resources Grant²ILG: Grant-in-Aid to Institutional Libraries³LCA: Library Construction Aid

FY2027 INDIRECT AID TO MUNICIPALITIES

Municipality	FY2026 Enacted	Public Service Corp. Tax	Hotel Tax	Meals and Beverage Tax	Airport Impact Fees ¹	Change from	
						FY2027 Governor	FY2026 Enacted
Barrington	\$430,383	\$206,352	\$6,873	\$281,110	-	\$494,335	\$63,952
Bristol	1,201,108	269,103	161,100	801,378	-	1,231,580	30,472
Burrillville	514,262	195,861	516	294,898	-	491,276	(22,986)
Central Falls	617,116	271,080	1,170	320,579	-	592,829	(24,287)
Charlestown	526,481	96,671	268,683	259,064	-	624,418	97,937
Coventry	1,285,556	431,165	191,284	665,528	-	1,287,977	2,421
Cranston	4,184,768	996,394	60,192	3,203,509	-	4,260,095	75,327
Cumberland	1,279,526	438,798	1,655	779,299	-	1,219,752	(59,774)
East Greenwich	1,383,160	173,723	6,733	1,250,385	-	1,430,841	47,681
East Providence	2,270,623	566,374	126,558	1,679,317	-	2,372,249	101,626
Exeter	274,139	85,613	1,350	177,634	-	264,597	(9,542)
Foster	90,892	54,033	2,991	19,366	-	76,390	(14,502)
Glocester	282,293	121,390	5,064	152,845	-	279,299	(2,994)
Hopkinton	188,489	101,542	4,447	62,622	-	168,612	(19,877)
Jamestown	307,389	66,863	140,693	173,551	-	381,107	73,718
Johnston	1,568,353	356,428	27,126	1,201,332	-	1,584,886	16,533
Lincoln	1,729,578	272,166	393,528	1,110,953	25,034	1,801,680	72,102
Little Compton	168,025	43,422	94,956	56,254	-	194,632	26,607
Middletown	3,430,337	204,025	2,593,214	1,299,284	33,482	4,130,004	699,667
Narragansett	1,817,611	175,326	889,905	1,104,390	-	2,169,621	352,010
Newport	9,214,191	301,805	7,068,495	3,995,573	-	11,365,874	2,151,683
New Shoreham	1,947,477	9,996	1,782,646	623,945	44,684	2,461,271	513,794
North Kingstown	1,612,691	334,446	259,295	1,014,938	56,332	1,665,012	52,321
North Providence	1,228,862	409,255	5,602	840,835	-	1,255,693	26,831
North Smithfield	676,771	151,728	9,838	521,728	-	683,295	6,524
Pawtucket	2,589,203	907,742	176,210	1,476,912	-	2,560,864	(28,339)
Portsmouth	784,614	213,913	64,861	509,946	-	788,720	4,106
Providence	15,097,309	2,293,639	4,074,276	9,274,083	-	15,641,998	544,689
Richmond	400,790	97,756	101,734	267,594	-	467,084	66,294
Scituate	272,914	125,610	16,995	118,763	-	261,368	(11,546)
Smithfield	1,915,720	266,185	394,819	1,377,553	25,034	2,063,591	147,871
South Kingstown	2,224,279	385,923	651,746	1,354,785	-	2,392,454	168,175
Tiverton	718,649	196,066	15,363	502,337	-	713,766	(4,883)
Warren	752,157	134,304	6,077	638,133	-	778,514	26,357
Warwick	7,977,295	999,275	2,257,851	4,495,213	769,903	8,522,242	544,947
Westerly	3,412,062	281,173	2,337,721	1,528,633	55,567	4,203,094	791,032
West Greenwich	454,390	79,560	227,031	187,099	-	493,690	39,300
West Warwick	1,243,790	374,106	280,726	627,595	-	1,282,427	38,637
Woonsocket	1,531,942	519,395	105,599	894,003	-	1,518,998	(12,944)
Total	\$77,605,195	\$13,208,207	\$24,814,923	\$45,142,968	\$1,010,036	\$84,176,133	\$6,570,938

¹*FY2027 Airport Impact Aid is based on Calendar Year 2026 landing data that is made available in March 2027.

Final FY2027 distribution amounts will be made based upon data anticipated to be received in Q3/4 of FY2027. The state aid for each municipality is an estimate provided by the Senate Fiscal Office.

FY2026 DIRECT AID TO MUNICIPALITIES

Municipality	FY2026 Enacted	Payment in Lieu of Taxes	Distressed Communities Relief Fund*	Library Aid	Motor Vehicle Excise Tax	Tangible Property	FY2026 Revised	Change from FY2026
Barrington	\$6,478,976	\$18,467	-	\$363,559	\$6,013,312	\$83,638	\$6,478,976	-
Bristol	4,734,981	1,388,333	-	228,644	2,970,720	147,284	4,734,981	-
Burrillville	5,513,841	64,050	-	226,290	5,150,845	72,656	5,513,841	-
Central Falls	2,826,938	-	305,400	37,420	2,132,210	351,907	2,826,938	-
Charlestown	1,118,678	-	-	70,183	1,030,171	18,324	1,118,678	-
Coventry	7,430,108	-	804,459	270,579	5,989,355	365,715	7,430,108	-
Cranston	28,893,537	3,525,471	-	845,964	22,783,506	1,738,596	28,893,537	-
Cumberland	7,089,656	-	-	379,507	6,204,972	505,178	7,089,656	-
East Greenwich	4,126,790	961,042	-	151,498	2,467,614	546,636	4,126,790	-
East Providence	14,378,249	312,444	-	514,759	11,667,263	1,883,783	14,378,249	-
Exeter	2,398,565	-	-	69,192	2,275,955	53,418	2,398,565	-
Foster	1,822,668	-	-	44,961	1,677,019	100,687	1,822,667	-
Glocester	2,723,047	-	-	99,782	2,419,699	203,566	2,723,047	-
Hopkinton	1,888,497	-	-	45,698	1,653,062	189,737	1,888,497	-
Jamestown	792,228	-	-	121,905	646,850	23,473	792,228	-
Johnston	12,118,006	-	-	137,708	10,589,179	1,391,119	12,118,006	-
Lincoln	6,553,420	-	-	272,688	5,797,695	483,036	6,553,419	-
Little Compton	467,654	-	-	48,338	383,319	35,997	467,654	-
Middletown	2,493,347	-	-	180,903	2,012,423	300,020	2,493,346	-
Narragansett	2,159,665	-	-	213,764	1,868,679	77,223	2,159,665	-
Newport	4,579,511	1,483,160	-	516,192	2,275,955	304,205	4,579,511	-
New Shoreham	294,751	-	-	112,867	167,702	14,181	294,751	-
North Kingstown	6,182,144	51	-	365,865	5,486,249	329,980	6,182,144	-
North Providence	12,252,416	-	1,275,820	246,816	9,822,542	907,238	12,252,416	-
North Smithfield	5,027,719	-	-	98,311	4,480,037	449,370	5,027,719	-
Pawtucket	20,769,987	2,622	2,021,793	526,294	16,842,066	1,377,212	20,769,987	-
Portsmouth	2,780,837	-	-	144,364	2,467,614	168,858	2,780,837	-
Providence	90,430,003	39,807,256	8,185,589	1,501,739	34,834,087	6,101,330	90,430,003	-
Richmond	1,620,422	-	-	30,114	1,485,360	104,948	1,620,422	-
Scituate	2,305,263	-	-	145,945	2,012,423	146,895	2,305,263	-
Smithfield	10,247,065	1,298,117	-	382,758	7,235,141	1,331,050	10,247,065	-
South Kingstown	4,681,482	188,759	-	280,456	4,000,889	211,379	4,681,482	-
Tiverton	2,079,600	-	-	153,750	1,772,849	153,001	2,079,600	-
Warren	2,391,924	-	-	79,754	2,132,210	179,960	2,391,924	-
Warwick	31,533,887	1,746,777	-	927,993	25,778,183	3,080,934	31,533,887	-
Westerly	6,998,244	156,006	-	463,542	5,893,525	485,171	6,998,244	-
West Greenwich	1,603,466	-	-	74,315	1,365,573	163,578	1,603,466	-
West Warwick	8,155,008	-	1,295,536	231,839	5,797,695	829,938	8,155,008	-
Woonsocket	11,944,597	365,090	995,860	237,964	9,511,095	834,588	11,944,597	-
SRL ¹	1,169,541	-	-	1,169,541	-	-	1,169,541	-
ILG ²	81,264	-	-	81,264	-	-	81,264	-
LCA ³	2,115,628	-	-	2,115,628	-	-	2,115,628	-
Fire Districts	617,851	-	-	-	455,191	162,660	617,851	-
Total	\$345,871,460	\$51,317,647	\$14,884,458	\$14,210,650	\$239,550,236	\$25,908,469	\$345,871,460	-

¹SRL: Statewide Reference Library Resources Grant²ILG: Grant-in-Aid to Institutional Libraries³LCA: Library Construction Aid

FY2026 INDIRECT AID TO MUNICIPALITIES

Municipality	FY2026 Enacted	Public Service Corp. Tax	Hotel Tax	Meals and Beverage Tax	Airport Impact Fees ¹	Change from	
						FY2026 Revised	FY2026 Enacted
Barrington	\$430,383	\$244,996	\$5,387	\$269,263	-	\$519,646	\$89,263
Bristol	1,201,108	319,498	128,673	767,603	-	1,215,774	14,666
Burrillville	514,262	232,541	417	282,469	-	515,427	1,165
Central Falls	617,116	321,846	925	307,068	-	629,839	12,723
Charlestown	526,481	114,774	167,601	248,146	-	530,521	4,040
Coventry	1,285,556	511,910	152,380	637,479	-	1,301,769	16,213
Cranston	4,184,768	1,182,989	47,821	3,068,495	-	4,299,305	114,537
Cumberland	1,279,526	520,972	1,273	746,455	-	1,268,701	(10,825)
East Greenwich	1,383,160	206,256	5,299	1,197,687	-	1,409,242	26,082
East Providence	2,270,623	672,439	100,748	1,608,541	-	2,381,729	111,106
Exeter	274,139	101,646	1,072	170,147	-	272,866	(1,273)
Foster	90,892	64,152	2,375	18,550	-	85,077	(5,815)
Glocester	282,293	144,123	4,043	146,403	-	294,570	12,277
Hopkinton	188,489	120,558	3,611	59,983	-	184,152	(4,337)
Jamestown	307,389	79,384	95,032	166,236	-	340,652	33,263
Johnston	1,568,353	423,177	21,645	1,150,701	-	1,595,523	27,170
Lincoln	1,729,578	323,135	314,208	1,064,131	25,034	1,726,507	(3,071)
Little Compton	168,025	51,553	65,292	53,884	-	170,729	2,704
Middletown	3,430,337	242,233	2,058,686	1,244,525	33,482	3,578,925	148,588
Narragansett	1,817,611	208,160	620,520	1,057,845	-	1,886,525	68,914
Newport	9,214,191	358,324	5,495,573	3,827,178	-	9,681,075	466,884
New Shoreham	1,947,477	11,868	1,269,354	597,648	44,684	1,923,555	(23,922)
North Kingstown	1,612,691	397,079	201,141	972,163	56,332	1,626,714	14,023
North Providence	1,228,862	485,897	4,603	805,398	-	1,295,897	67,035
North Smithfield	676,771	180,143	7,859	499,740	-	687,742	10,971
Pawtucket	2,589,203	1,077,736	140,555	1,414,667	-	2,632,958	43,755
Portsmouth	784,614	253,972	51,009	488,454	-	793,435	8,821
Providence	15,097,309	2,723,172	3,175,562	8,883,221	-	14,781,955	(315,354)
Richmond	400,790	116,063	75,702	256,317	-	448,082	47,292
Scituate	272,914	149,134	13,538	113,758	-	276,429	3,515
Smithfield	1,915,720	316,034	314,764	1,319,495	25,034	1,975,327	59,607
South Kingstown	2,224,279	458,195	500,443	1,297,687	-	2,256,325	32,046
Tiverton	718,649	232,784	12,010	481,166	-	725,960	7,311
Warren	752,157	159,456	4,913	611,238	-	775,607	23,450
Warwick	7,977,295	1,186,411	1,799,078	4,305,759	769,903	8,061,152	83,857
Westerly	3,412,062	333,829	1,816,466	1,464,208	55,567	3,670,069	258,007
West Greenwich	454,390	94,459	180,951	179,213	-	454,624	234
West Warwick	1,243,790	444,165	223,755	601,144	-	1,269,064	25,274
Woonsocket	1,531,942	616,663	84,156	856,325	-	1,557,144	25,202
Total	\$77,605,195	\$15,681,726	\$19,168,441	\$43,240,390	\$1,010,036	\$79,100,593	\$1,495,398

¹*FY2026 Airport Impact Aid is based on Calendar Year 2025 landing data that is made available in March 2026.

Final FY2027 distribution amounts will be made based upon data anticipated to be received in Q3/4 of FY2026. The state aid for each municipality is an estimate provided by the Senate Fiscal Office.

EDUCATION AID

FY2027 Governor Recommended Education Aid - Change to Enacted¹

Districts	FY2026 Enacted	FY2027 Governor Recommendation	Change
Barrington	\$11,652,398	\$12,869,938	\$1,217,540
Burrillville	14,088,567	14,146,969	58,402
Charlestown	1,516,739	1,457,309	(59,430)
Coventry	29,493,104	30,785,307	1,292,203
Cranston	83,029,655	84,840,078	1,810,423
Cumberland	28,462,994	30,583,929	2,120,935
East Greenwich	6,299,984	6,027,412	(272,572)
East Providence	40,628,084	41,953,536	1,325,452
Foster	1,271,209	1,388,009	116,800
Glocester	3,181,190	3,135,404	(45,786)
Hopkinton	7,205,980	8,207,572	1,001,592
Jamestown	581,057	541,550	(39,507)
Johnston	25,447,965	26,624,876	1,176,911
Lincoln	21,424,959	21,134,896	(290,063)
Little Compton	321,589	416,696	95,107
Middletown	6,762,203	6,501,493	(260,710)
Narragansett	1,922,447	2,177,067	254,620
Newport	15,333,020	15,574,279	241,259
New Shoreham	98,506	199,991	101,485
North Kingstown	13,387,762	13,643,312	255,550
North Providence	31,616,254	32,588,272	972,018
North Smithfield	9,562,204	9,370,594	(191,610)
Pawtucket	113,322,518	115,941,144	2,618,626
Portsmouth	3,694,460	3,819,034	124,574
Providence	305,657,515	303,647,980	(2,009,535)
Richmond	6,406,497	6,075,433	(331,064)
Scituate	4,451,016	4,134,705	(316,311)
Smithfield	10,967,892	11,968,442	1,000,550
South Kingstown	5,935,724	5,477,798	(457,926)
Tiverton	5,977,672	5,975,411	(2,261)
Warwick	50,112,362	52,577,222	2,464,860
Westerly	8,761,700	8,589,257	(172,443)
West Warwick	42,823,516	44,035,750	1,212,234
Woonsocket	89,505,313	88,677,429	(827,884)
Bristol-Warren	14,885,027	14,618,269	(266,758)
Exeter-West Greenwich	9,607,263	9,695,080	87,817
Chariho	3,440,265	3,446,713	6,448
Foster-Glocester	6,614,764	6,958,123	343,359
Central Falls	54,768,079	53,847,527	(920,552)
District Total	\$1,090,219,455	\$1,103,653,806	\$13,434,351
Charter School Total	195,272,457	201,778,325	6,505,868
Davies	18,532,152	21,082,757	2,550,605
Met School	12,966,926	14,669,329	1,702,403
Nowell Academy	2,664,112	2,399,520	(264,592)
Urban Collaborative	2,296,446	1,949,354	(347,092)
Youth Build Academy	1,818,245	1,962,532	144,287
Total	\$1,323,769,794	\$1,347,495,623	\$23,725,829

¹ Based on October 2025 adjusted for projected 2026-27 PSOC.

Source: Rhode Island Department of Education

STATE DESIGNATED GRANTS

Agency	Grant Recipient	FY2026 Enacted	FY2026 Governor	Change from Enacted	FY2027 Governor	Change from Enacted
Executive Office of Commerce	Polaris Manufacturing Technical Assistance Program	\$500,000	\$500,000	\$0	\$500,000	\$0
Executive Office of Commerce	Chafee Center at Bryant	476,200	476,200	-	476,200	-
Executive Office of Commerce	Urban Ventures	140,000	140,000	-	140,000	-
Executive Office of Commerce	East Providence Waterfront Commission	50,000	50,000	-	50,000	-
Executive Office of Commerce	Blackstone Valley Visitor Center	75,000	75,000	-	75,000	-
Secretary of State	Rhode Island Historical Society	125,000	125,000	-	125,000	-
Secretary of State	Newport Historical Society	18,000	18,000	-	18,000	-
Secretary of State	RI Council for the Humanities	100,000	100,000	-	100,000	-
Secretary of State	We the People Civics Challenge	50,000	50,000	-	50,000	-
Secretary of State	RI Black Heritage Society	25,000	25,000	-	25,000	-
OHHS	Thundermist	500,000	500,000	-	-	(500,000)
OHHS	Planned Parenthood	-	-	-	600,000	600,000
Health	Gloria Gemma Breast Cancer Research	50,000	50,000	-	50,000	-
Health	Psychiatry Resource Network	750,000	750,000	-	750,000	-
Housing	Sojourner House	100,000	100,000	-	100,000	-
Human Services - Healthy Aging	Diocese of Providence - Elder Services	325,000	325,000	-	325,000	-
Human Services - Healthy Aging	Alliance for Long Term Care Ombudsman Services	40,000	40,000	-	40,000	-
Human Services - Healthy Aging	Elderly Nutrition	50,000	50,000	-	50,000	-
Human Services - Healthy Aging	Meals on Wheels	680,000	680,000	-	680,000	-
Human Services - Healthy Aging	Senior Services Support	1,600,000	1,600,000	-	1,800,000	200,000
Human Services	Coalition Against Domestic Violence	400,000	400,000	-	400,000	-
Human Services	Project Reach - Boys and Girls Club	450,000	450,000	-	450,000	-
Human Services	Day One	300,000	300,000	-	300,000	-
Human Services	RI Community Food Bank	950,000	950,000	-	1,950,000	1,000,000
Human Services	New Bridges for Haitian Success	-	-	-	25,000	25,000
Human Services	Crossroads Rhode Island	500,000	500,000	-	500,000	-
Human Services	Crossroads Women's Shelter	360,000	360,000	-	360,000	-
Human Services	Institute for the Study and Practice of Nonviolence	250,000	250,000	-	250,000	-
Human Services - Veterans Services	Operation Stand Down	50,000	50,000	-	50,000	-
Human Services - Veterans Services	Veterans' Organizations	200,000	200,000	-	200,000	-
Human Services - Veterans Services	Veterans Services Officers Program	100,000	100,000	-	100,000	-
Human Services	Community Action Fund	600,000	600,000	-	600,000	-
Human Services	United Way's 211 System	200,000	200,000	-	200,000	-
Human Services	Higher Ground International	125,000	125,000	-	150,000	25,000
Human Services	Oasis International	-	-	-	25,000	25,000
Human Services	Refugee Dream Center	50,000	50,000	-	50,000	-
Human Services	Substance Use and Mental Health Leadership Council of RI	150,000	150,000	-	150,000	-
Human Services	Center for Southeast Asians	25,000	25,000	-	25,000	-
Education	Hasbro Children's Hospital - Hospital School	90,000	90,000	-	90,000	-
Education	Child Opportunity Zones	395,000	395,000	-	395,000	-
Education	City Year - Whole School Whole Child Program	130,000	130,000	-	130,000	-
Office of Postsecondary Commissioner	Onward We Learn	455,000	455,000	-	455,000	-
Office of Postsecondary Commissioner	Best Buddies Rhode Island	75,000	75,000	-	75,000	-
Office of Postsecondary Commissioner	RI School for Progressive Education	100,000	100,000	-	100,000	-
University of Rhode Island	Small Business Development Center	700,000	700,000	-	700,000	-
University of Rhode Island	Institute for Labor Studies and Research	125,000	125,000	-	125,000	-
University of Rhode Island	Special Olympics Rhode Island	50,000	50,000	-	50,000	-
Arts Council	WaterFire Providence	400,000	400,000	-	400,000	-
Arts Council	Other Grants	200,000	200,000	-	200,000	-
Historical Preservation	Fort Adam's Trust	30,000	30,000	-	30,000	-
Historical Preservation	Rhode Island Slave History Medallions	25,000	25,000	-	25,000	-
Historical Preservation	Other Grants	17,000	17,000	-	17,000	-
Corrections	Crossroads Rhode Island	1,050,000	1,050,000	-	1,050,000	-
Judicial	Rhode Island Coalition Against Domestic Violence	500,000	500,000	-	500,000	-
Judicial	Rhode Island Legal Services	90,000	90,000	-	90,000	-
Public Safety	Family Services of RI GO Team Program	400,000	400,000	-	400,000	-
Environmental Management	Wildlife Rehabilitators Association of RI	100,000	100,000	-	100,000	-
Environmental Management	Marine Mammal Response Activities	-	-	-	-	-
Environmental Management	Conservation Districts	180,000	180,000	-	180,000	-
Total		\$15,476,200	\$15,476,200	\$0	\$16,851,200	\$1,375,000

STATE FISCAL RECOVERY FUNDS

Project	FY2022 Actual	FY2023 Actual	FY2024 Actual	FY2025 Actual	FY2026 Enacted	FY2026 Governor	Change to Enacted	FY2027 Governor	Total
9-8-8 Hotline	-	\$238,583	\$1,598,759	\$1,099,981	-	\$2,412,677	\$2,412,677	-	\$5,350,000
Adult Education Providers	-	-	1,320,361	2,140,276	128,373	1,539,362	1,410,989	-	5,000,000
Affordable Housing Predevelopment Program	-	2,500,000	7,500,000	0	-	-	-	-	10,000,000
Aid to the Convention Center	-	10,000,000	-	-	-	-	-	-	10,000,000
Assistance to Impacted Industries	8,000,000	5,000,000	(0)	658,037	-	1,341,963	1,341,963	-	14,999,999
Auto-Enrollment Program	-	337,478	1,110,525	166,065	-	-	-	-	1,614,068
Bioscience Investments	-	-	2,000,600	18,810,122	-	24,189,278	24,189,278	-	45,000,000
Butler Hospital Short Term Stay Unit	-	600,180	7,399,820	-	-	-	-	-	8,000,000
Certified Community Behavioral Health Clinics	-	4,903,960	16,931,614	5,256,004	205,295	1,908,422	1,703,127	-	29,000,000
Child Care Support	12,624,421	9,849,160	16,836,629	1,683,972	-	1,004,309	1,004,309	-	41,998,489
Community Learning Center Programming Support Grant	-	-	-	-	-	2,000,000	2,000,000	-	2,000,000
COVID-19 Operational Support	-	-	19,963,772	12,003,969	-	229,342	229,342	-	32,197,083
Crisis Intervention Trainings	-	-	550,114	432,380	-	1,217,506	1,217,506	-	2,200,000
Destination Marketing	-	899,632	2,100,368	0	-	-	-	-	3,000,000
Development of Affordable Housing	14,740,825	-	25,203,299	20,053,875	-	40,002,001	40,002,001	-	100,000,000
Down Payment Assistance	-	10,000,000	20,000,000	-	-	-	-	-	30,000,000
Early Intervention Recovery	4,051,215	5,498,785	1,450,000	-	-	-	-	-	11,000,000
Electric Heat Pump Grant Program	-	-	10,366,288	13,336,272	-	697,440	697,440	-	24,400,000
Enhanced Real Jobs	-	9,605,558	14,451,386	5,877,548	-	65,508	65,508	-	30,000,000
Foster Home Lead Abatement & Fire Safety	-	-	-	-	-	-	-	-	-
Fresh Start Scholarship	-	-	1,997,253	1,803,460	-	1,199,287	1,199,287	-	5,000,000
Health Care Facilities	-	77,500,000	(0)	10,000,000	-	-	-	-	87,500,000
Home Repair and Community Revitalization	-	-	6,997,899	7,763,906	-	9,738,194	9,738,194	-	24,500,000
Homelessness Assistance Program	-	5,557,603	10,146,558	14,084,979	-	9,010,861	9,010,861	-	38,800,000
Homelessness Infrastructure	-	3,714,912	23,669,137	13,430,375	-	4,185,576	4,185,576	-	45,000,000
Housing Related Infrastructure	-	-	-	1,072,036	-	1,927,964	1,927,964	-	3,000,000
Minority Business Accelerator	-	1,000,060	2,593,278	2,406,662	-	(0)	(0)	-	6,000,000
Municipal Homelessness Support Initiative	-	-	312,535	1,168,361	-	719,104	719,104	-	2,200,000
Municipal Planning	-	-	-	260,498	-	1,658,224	1,658,224	-	1,918,722
Municipal Public Safety Infrastructure	-	-	3,666,232	2,933,532	-	4,400,236	4,400,236	-	11,000,000
Municipal Roads Grant Program	-	-	3,816,585	11,761,698	-	11,421,717	11,421,717	-	27,000,000
Nonprofit Assistance	-	20,000,000	-	-	-	-	-	-	20,000,000
Ongoing COVID-19 Response	-	-	-	-	-	-	-	-	-
Out of School Time Education Providers	-	-	-	1,952,762	-	2,047,238	2,047,238	-	4,000,000
Pandemic Recovery Office	6,093,604	3,800,863	2,208,150	1,368,995	1,436,547	1,225,167	(211,380)	682,154	15,378,933
Pediatric Recovery	5,965,100	5,336,890	3,697,881	-	-	-	-	-	14,999,871
Personnel and Operating Support	-	-	20,000,000	-	-	-	-	-	20,000,000
PFAS Water Treatment	-	-	-	-	-	-	-	-	-
Port of Davisville	-	6,000,000	13,364,010	45,635,712	-	279	279	-	65,000,000
Predevelopment and Capacity Building	78,609	531,660	632,906	215,633	-	41,192	41,192	-	1,500,000
Preservation of Affordable Housing Units	-	-	-	500,000	-	-	-	-	500,000
Proactive Housing Development	-	-	-	700,000	-	700,000	700,000	-	1,400,000
Provider Workforce Stabilization	6,827,796	7,814,659	7,849,546	1,371,672	-	257,093	257,093	-	24,120,766
Psychiatric Residential Treatment Facility	-	2,425,448	892,598	(779,168)	-	6,561,123	6,561,123	-	9,100,000
Public Health Clinics	-	279,882	2,736,091	984,027	-	-	-	-	4,000,000
Public Health Response Warehouse Support	-	380,993	1,868,381	928,411	-	1,000,562	1,000,562	-	4,178,347
Rhode Island College Foster Care Youth Scholarship	-	-	-	1,021,859	-	-	-	-	1,021,859
Rhode Island Community Food Bank	-	-	3,000,000	0	-	-	-	-	3,000,000
RI Reconnect	-	-	803,079	2,596,536	-	4,600,385	4,600,385	-	8,000,000
RIC Cybersecurity Center	-	-	404,678	1,120,316	-	475,006	475,006	-	2,000,000
RIPTA Operating Subsidy	-	-	-	15,000,000	-	-	-	-	15,000,000
RIPTA R-Line Free Service Pilot	-	2,500,000	750,000	-	-	-	-	-	3,250,000
Site Acquisition	6,000,000	9,000,000	9,999,100	-	-	900	900	-	25,000,000
Small Business Assistance	18,613,433	10,798,715	(569,664)	2,457,517	-	-	-	-	31,300,000
SNAP Retail Incentive Pilot	-	-	-	4,498,650	-	1,350	1,350	-	4,500,000
South Quay Marine Terminal	-	-	-	-	-	-	-	-	-
Statewide Broadband Planning and Mapping	269,200	230,800	-	-	-	-	-	-	500,000
Statewide Housing Plan	-	-	38,649	943,838	-	1,017,513	1,017,513	-	2,000,000
Support for Survivors of Domestic Violence	-	-	1,121,318	4,782,893	29,753	4,530,962	4,501,209	64,827	10,500,000
Targeted Housing Development	-	-	-	7,998,097	-	18,001,903	18,001,903	-	26,000,000
Turnpike and Bridge Authority – Safety Barriers Study	-	134,808	973,428	461,178	-	-	-	-	1,569,414
Unemployment Insurance Trust Fund Contribution	-	100,000,000	-	(1,196)	-	1,196	1,196	-	100,000,000
Washington Bridge Project	-	-	-	18,030,089	-	16,895,328	16,895,328	74,583	35,000,000
Workforce Housing	-	-	3,672,503	8,002,401	-	8,325,097	8,325,097	-	20,000,000
ERP Implementation Support	-	-	-	-	-	563,506	563,506	-	563,506
Totals	\$83,264,203	\$316,440,627	\$275,425,665	\$267,994,227	\$1,799,968	\$187,114,770	\$185,314,802	\$821,564	\$1,131,061,056

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Board of Elections
Commission on Disabilities
Convention Center Authority
General Treasurer
Governor
Historic Preservation and Heritage Commission
Human Rights Commission
I-195 Redevelopment Commission
Lieutenant Governor
Military Staff
Public Utilities Commission
Quonset Development Corporation
RI Emergency Management Agency
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Elementary and Secondary Education
Environmental Management
Executive Office of Health and Human Services
Health & Educational Building Corporation
Judiciary
Narragansett Bay Commission
Resource Recovery Corporation
RI Infrastructure Bank

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Business Regulation
Cannabis Control Commission
Commission on Deaf and Hard of Hearing
Ethics Commission
Health
HealthSource RI
Higher Education
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