



SENATE FISCAL OFFICE  
ISSUE BRIEF

***FY2022 Budget as Passed by the House of Representatives  
(2021-H-6122 Substitute A as amended)***

JUNE 24, 2021

The following report provides a summary of the floor amendments to 2021-H-6122 Substitute A, as passed by the House of Representatives. The table below summarizes the FY2021 and FY2022 appropriations as included in the amended legislation.

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

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

|                          |                 |                 |                 |          |                 |                 |              |
|--------------------------|-----------------|-----------------|-----------------|----------|-----------------|-----------------|--------------|
| <b>FTE Authorization</b> | <b>15,124.7</b> | <b>15,124.7</b> | <b>15,124.7</b> | <b>-</b> | <b>15,089.2</b> | <b>15,313.2</b> | <b>224.0</b> |
|--------------------------|-----------------|-----------------|-----------------|----------|-----------------|-----------------|--------------|

**GENERAL REVENUE BUDGET SURPLUS STATEMENT**

|                                    | <b>FY2019 Audited</b>  | <b>FY2020 Audited</b>  | <b>FY2021 Budget</b>   | <b>FY2022 Budget</b>   |
|------------------------------------|------------------------|------------------------|------------------------|------------------------|
| <b>Opening Surplus</b>             |                        |                        |                        |                        |
| Free Surplus                       | \$52,525,379           | \$30,502,912           | \$156,188,375          | \$281,158,572          |
| Adjustment to Opening Surplus      |                        |                        | 102,454,469            |                        |
| Reappropriated Surplus             | 10,057,409             | 10,296,451             | 5,336,653              |                        |
| <b>Subtotal</b>                    | <b>\$62,582,788</b>    | <b>\$40,799,363</b>    | <b>\$263,979,497</b>   | <b>\$281,158,572</b>   |
| <b>Revenues</b>                    |                        |                        |                        |                        |
| Enacted/Actual/Estimated           | 4,024,579,618          | 4,183,713,406          | 4,038,425,000          | 4,044,950,000          |
| Governor                           |                        |                        | (39,086,736)           | 200,637,573            |
| Assembly                           |                        |                        | 218,717,342            | 165,148,474            |
| <b>Total Revenues</b>              | <b>\$4,024,579,618</b> | <b>\$4,183,713,406</b> | <b>\$4,218,055,606</b> | <b>\$4,410,736,047</b> |
| To Cash Stabilization Fund         | (122,313,150)          | (126,426,490)          | (131,227,319)          | (140,756,839)          |
| From Cash Stabilization Fund       |                        |                        |                        |                        |
| <b>Expenditures</b>                |                        |                        |                        |                        |
| Actual/Enacted/Current Svcs.       | 3,924,049,893          | 3,936,561,251          | 4,153,269,709          | 4,534,731,558          |
| Governor                           |                        |                        | (271,636,821)          | (163,458,737)          |
| Assembly                           |                        |                        | 101,016,324            | 179,538,816            |
| <b>Total Expenditures</b>          | <b>\$3,924,049,893</b> | <b>\$3,936,561,251</b> | <b>\$3,982,649,212</b> | <b>\$4,550,811,637</b> |
| <b>Total Surplus</b>               | <b>40,799,363</b>      | <b>161,525,028</b>     | <b>368,158,572</b>     | <b>326,143</b>         |
| Transfer to Fleet/IT/Depreciation  |                        |                        | (87,000,000)           |                        |
| Reappropriations                   | (10,296,451)           | (5,336,653)            |                        |                        |
| <b>Free Surplus</b>                | <b>\$30,502,912</b>    | <b>\$156,188,375</b>   | <b>\$281,158,572</b>   | <b>\$326,143</b>       |
| <b>Operating Surplus/(Deficit)</b> | <b>(11,726,016)</b>    |                        | <b>109,515,728</b>     | <b>(280,832,429)</b>   |
| <b>Rainy Day Fund</b>              | <b>\$203,855,250</b>   | <b>\$90,710,816</b>    | <b>\$218,712,199</b>   | <b>\$234,565,664</b>   |

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***Opening Surplus Adjustment***

The Budget reduces the FY2021 opening surplus by \$8.2 million to reflect an adjustment for federal Medicaid billing issues at Eleanor Slater in FY2020 that can no longer be booked to that fiscal year.

**REVENUE CHANGES**

The Budget includes several adjustments to FY2022 general revenues made subsequent to its passage by the House Finance Committee. These include:

***Sports Betting Local Share***

Article 6 increases the annual statutory fee that is paid to Lincoln and Tiverton for hosting sports wagering at the casinos in their community. Current law sets the fee at \$100,000 for each town. Article 6 increases the fee to \$200,000 per year. The Budget as Passed by the House Finance Committee contained the legislative language but did not include the corresponding decrease in revenues available to the State in FY2022. The Budget makes this adjustment.

***Real Estate Conveyance Tax – Low-income Housing Tax Credit Exemption***

Article 14 exempts affordable housing developers that use federal low-income housing tax credits as part of the financing for an affordable housing project from the real estate conveyance tax when they transfer their interest in the development. This exemption is estimated to result in a general revenue loss of \$30,194 in FY2022; however, it was not included in the Budget as Passed by the House Finance Committee. The Budget makes this adjustment.

***Medicaid Revenues***

The Budget adds \$414,328 to adjust provider revenues from Medicaid savings proposals that were included in the Governor's Budget and restored by the House Finance Committee.

***Rlte Share Penalty***

The Budget removes the \$165,675 in new revenue which the Governor's Budget assumed from a proposed penalty on businesses that failed to meet new reporting requirements for the Rlte Share program. The proposal is not moving forward.

**ARTICLE 1: RELATING TO MAKING APPROPRIATIONS IN SUPPORT OF FY2022 ([LC002465/15](#))**

The Budget includes changes to the FY2022 appropriation to the following departments:

***Department of Administration***

Increases the appropriation for Zambarano Utilities and Infrastructure from \$50,000 to \$1.4 million, an increase of \$1.0 million in RICAP funding for various asset protection projects for buildings, roads, parking areas, open space, and utilities at the Zambarano Campus in Burrillville. It also appropriates \$750,000 in RICAP funding for Pastore Center Medical Buildings asset protection expenses related to the Benton, Mathias, and Adolph Meyer Hospitals. The funds are required for FY2022 and are unavailable from existing proceeds from the certificate of participation previously authorized and issued for the Hospital Reorganization.

***Department of Business Regulation***

The Budget restores \$400,000 in general revenue savings and \$131,000 in restricted receipts savings for personnel in the Division of Building, Design, and Fire Professionals and the Office of Cannabis Regulation. These increases are based on updated projections for staff costs in FY2022. The Budget also restores \$100,000 for asset protection projects at the Office of the State Fire Marshal, but shifts the funding from RICAP funds to restricted receipts.

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***Executive Office of Commerce***

The amendment reduces federal funds within the Executive Office of Commerce's (EOC) Office of Housing and Community Development (OHCD) by \$13.5 million in FY2022. Under the federal American Rescue Plan (ARP), Rhode Island receives \$13.5 million from the U.S. Department of Housing and Urban Development's (HUD) HOME Investment Partnerships Program grant. The ARP appropriates these funds directly to official State-chartered housing finance agencies rather than passing through the State's executive branch. The original article included the funding at the EOC; the amendment corrects this error.

***Department of Children, Youth, and Families***

The Budget adds proviso language requiring that the Director of the Department of Children, Youth, and Families (DCYF) provide status reports on its progress towards meeting the standards required for accreditation. These reports are required at least every 60 days beginning September 1, 2021, and shall be provided to the Speaker of the House and President of the Senate. The required information includes, at a minimum, data regarding recruitment and retention efforts and worker caseloads.

***Department of Health***

The Budget adds \$32.6 million in federal funds to recognize the receipt of direct awards from the federal government through the Consolidated Appropriations Act and American Rescue Plan for vaccinations, testing, data analysis, and home visiting programs.

***Department of Human Services***

The Budget adds \$580,140 in general revenue and \$519,860 in federal funds to support lease space for the Department of Human Services. The FY2022 Governor's Budget included a \$1.1 million savings within DHS for lease costs as the Department was anticipated to vacate one of their current offices on Elmwood Avenue. Currently, it is unclear if the Department will vacate their Elmwood Avenue offices and potentially merge with the Department of Children, Youth, and Families into an office on Friendship Street. Additional costs would be required to adjust the design to accommodate both Departments. Until a plan is finalized the Department requires additional funding to continue their lease on Elmwood Avenue and to possibly readjust the office design to merge into an office with DCYF on Friendship Street.

***Public Higher Education***

The amendment shifts \$17.4 million in federal Higher Education Emergency Relief Funds (HEERF) II for the University of Rhode Island (URI) from FY2022 to FY2021 to reflect current expenditure projections. The amendment removes language limiting the amount of the guaranty agency funds appropriated for direct scholarships that can be used for agency operations since the funding for the scholarships was shifted to general revenue.

***Emergency Management***

The Budget restores \$779,875 in federal funds that were originally included in the FY2022 base budget, but were inadvertently deleted through an exercise of budgeting for COVID under the Governor's budget amendment dated June 7, 2021. This change involves Stafford funding related to COVID-19 and underwrites multiple staff payroll activities related to the disaster mitigation.

***Technical Corrections***

The amendment makes several technical corrections and edits to Article 1, including correcting language inconsistent with the Article's definition section and eliminating typographical errors.

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**FY2022 FTE CHANGES TO THE GOVERNOR**

The Budget includes total of 15,313.2 FTE positions, 224.0 FTE positions more than proposed by the Governor.

**FTE POSITION CAP AND APPROVAL**

| <b>Government Function</b> | <b>FY2021<br/>Enacted</b> | <b>FY2021<br/>Governor</b> | <b>Change to<br/>Enacted</b> | <b>FY2022<br/>Governor</b> | <b>FY2022<br/>Budget</b> | <b>% of Total</b> | <b>Change to<br/>Governor</b> | <b>Change to<br/>Enacted</b> |
|----------------------------|---------------------------|----------------------------|------------------------------|----------------------------|--------------------------|-------------------|-------------------------------|------------------------------|
| General Government         | 2,441.9                   | 2,441.9                    | -                            | 2,471.4                    | 2,454.4                  | 16.0%             | (17.0)                        | 12.5                         |
| Human Services             | 3,571.6                   | 3,571.6                    | -                            | 3,446.6                    | 3,682.6                  | 24.0%             | 236.0                         | 111.0                        |
| Education                  | 4,218.4                   | 4,218.4                    | -                            | 4,221.4                    | 4,222.4                  | 27.6%             | 1.0                           | 4.0                          |
| Public Safety              | 3,190.0                   | 3,190.0                    | -                            | 3,240.0                    | 3,244.0                  | 21.2%             | 4.0                           | 54.0                         |
| Natural Resources          | 424.0                     | 424.0                      | -                            | 431.0                      | 431.0                    | 2.8%              | -                             | 7.0                          |
| Transportation             | 755.0                     | 755.0                      | -                            | 755.0                      | 755.0                    | 4.9%              | -                             | -                            |
| <b>Subtotal</b>            | <b>14,600.9</b>           | <b>14,600.9</b>            | <b>-</b>                     | <b>14,565.4</b>            | <b>14,789.4</b>          | <b>96.6%</b>      | <b>224.0</b>                  | <b>188.5</b>                 |
| Sponsored Research         | 523.8                     | 523.8                      | -                            | 523.8                      | 523.8                    | 3.4%              | -                             | -                            |
| <b>Total FTE Positions</b> | <b>15,124.7</b>           | <b>15,124.7</b>            | <b>-</b>                     | <b>15,089.2</b>            | <b>15,313.2</b>          | <b>100.0%</b>     | <b>224.0</b>                  | <b>188.5</b>                 |

**ARTICLE 2: RELATING TO STATE FUNDS ([LC002466/2](#))**

The amendment changes Section 3 (federal grants management) to exclude awards made directly to the public institutions of higher education from contributing to the restricted receipt funds established for centralized grant managements since the institutions will manage their own federal grants.

**ARTICLE 3: RELATING TO GOVERNMENT REFORM AND REORGANIZATION ([LC002467/5](#))**

The Article clarifies that the power of the General Assembly shall not be limited or restricted in the appropriation of federal funds received by the State pursuant to RIGL 35-4-22.1 regarding Legislative appropriation authority. It specifies that powers conferred upon the Governor in response to a disaster emergency shall not exceed a period of 180 days from the date of the emergency order or proclamation and allows for the powers to continue only after the General Assembly extends the period for another 180 days by a concurrent resolution.

The House floor amendment LC002467/5 inserts language excluding certain executive orders issued by the Governor and allows those specific orders to remain in effect and may be extended by executive order up to September 1, 2021. These executive orders are:

[E.O. 20-06 \(Access to Telemedicine\)](#)

[E.O. 20-19 \(Increasing Access to Unemployment Insurance\)](#)

[E.O. 20-37 \(Increasing State COVID-19 Response Capacity\)](#)

[E.O. 20-46 as amended by 21-60 \(Public Meetings and Records\)](#)

[E.O. 20-72 \(COVID-19 Emergency Regulations\)](#)

[E.O. 21-26 \(Quarantine and Isolation Order\)](#)

[E.O. 21-67 \(Hospital and Community-Based Health Care\)](#)

[E.O. 21-68 paragraph 8 \(Reopening Order #8 Restaurants and Bars – Indoor and Outdoor Dining\)](#)

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**ARTICLE 5: RELATING TO MAKING APPROPRIATIONS IN SUPPORT OF FY2021 ([LC002469/3](#))*****Executive Office of Health and Human Services***

This amendment shifts \$9.3 million from general revenues to federal funds to reflect the 6.2 percent enhanced federal Medicaid match for the Disproportionate Share Hospital (DSH) payment. Due to the way the DSH payment is made, the FY2021 payment was not subject to the enhanced rate when it was paid in July 2020. The American Rescue Plan corrected this issue and allows the State to retroactively claim the match. The amendment also corrects a minor error in the calculation for the total appropriation for the Medicaid program.

***Public Higher Education***

The amendment shifts \$17.4 million in federal Higher Education Emergency Relief Funds (HEERF) II for the University of Rhode Island (URI) from FY2022 to FY2021 to reflect current expenditure projections.

***Emergency Management***

The Budget adds \$300,000 in general revenue that was inadvertently removed in the Governor's FY2021 Revised Budget that will be needed by RIEMA to end FY2021 in the positive. RIEMA is projecting an inability to balance at year end without this general revenue to match the federal funding especially the Emergency Management Program Grant which requires a 50/50 percent match. This reduction resulted from an accounting error because of some RIFANs expenses were noted with the incorrect cost center, which misinformed a report that is used to reconcile the COVID work stream budget.

**ARTICLE 6: RELATING TO TAXES AND REVENUES ([LC002470/5](#))*****Paycheck Protection Program***

The amendment directs the State Tax Administrator to waive interest and penalties on the taxable portion of each Paycheck Protection Program loan that is forgiven during tax year 2020 provided that the portion is paid in full on or before March 31, 2022. The Tax Administrator is also charged with facilitating these tax payments through forms and instructions.

***Technical Corrections***

The amendment also make technical corrections to the statutory construction that result from the addition of the new section described above.

**ARTICLE 7: RELATING TO THE ENVIRONMENT ([LC002471/3](#))**

The amendment makes minor technical corrections to drafting errors.

**ARTICLE 9: RELATING TO ECONOMIC DEVELOPMENT ([LC002473/7](#))*****Technical Corrections***

Makes a technical correction clarifying that tax credits awarded to individuals under the Stay Invested in Rhode Island Wavemaker Fellowship program shall not exceed 100.0 percent of the education loan repayment expenses paid by the individuals, rather than just incurred. This change aligns the statutory language related to this limit to how the program actually works and is otherwise described in others aspects of the program in the statute.

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**ARTICLE 13: RELATING TO HUMAN SERVICES ([LC002477/2](#))**

The amendment makes several changes to Article 13, including:

- Amends Article 13 such that any family receiving childcare assistance with income greater than 100.0 percent of the federal poverty level (FPL) but less than 185.0 percent of the FPL, shall pay no more than 7.0 percent of their income for child care, as defined by RIGL 40-5.2-20 (h).

Pursuant to RIGL 40-5.2-20 (f)(2), any family who was receiving child care assistance but became ineligible as a result of their income exceeding 180.0 percent of the FPL shall continue to be eligible for childcare assistance until their income exceeds 225.0 percent of the FPL. The amendment states that these families shall pay no more than 7.0 percent of their income, as defined by RIGL 40-5.2-20 (h).

- Amends the effective date for maximum tiered reimbursement rates to be paid to the Department of Human Services and the Department of Children, Youth, and Families from July 1, 2022, to January 1, 2022.

**ARTICLE 14: RELATING TO HOUSING ([LC003987/3](#))*****Technical Corrections***

The amendment makes several technical corrections and edits to Article 14, including correcting language inconsistent with the Article's definition section and eliminating typographical errors.