



SENATE FISCAL OFFICE
REPORT

FY2023 BUDGET AS ENACTED

2022-H-7123 SUB A AS AMENDED

INCLUDING FY2022 REVISED BUDGET

OCTOBER 11, 2022

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EXECUTIVE SUMMARY

Executive Summary

The Budget represents the \$13.6 billion spending plan for the State for the fiscal year ending June 30, 2023 (FY2023). Also included is the revised spending plan for the current fiscal year ending June 30, 2022 (FY2022). The Budget Reserve and Cash Stabilization Account (Rainy Day Fund) would be fully-funded. The following document summarizes key budget initiatives and changes.

Expenditures by Source	FY2022 Enacted	FY2022 Governor	FY2022 Supp.	Change to Governor	FY2023 Governor	FY2023 Budget	Change to Governor
General Revenue	\$4,550.8	\$4,998.9	\$5,492.8	\$493.9	\$4,731.3	\$5,042.2	\$310.9
Federal Funds	5,862.7	6,051.1	5,704.3	(346.8)	5,311.0	5,708.4	397.4
Restricted Receipts	372.7	448.0	383.2	(64.7)	432.2	453.5	21.3
Other Funds	2,334.6	2,264.6	2,296.0	31.4	2,350.4	2,398.4	48.0
Total	\$13,120.8	\$13,762.6	\$13,876.3	\$113.7	\$12,825.0	\$13,602.5	\$777.5
Expenditures by Function							
General Government	\$2,755.7	\$3,237.4	\$3,422.9	\$185.5	\$2,566.3	\$2,803.6	\$237.3
Human Services	5,213.3	5,800.3	5,736.0	(64.3)	5,437.3	5,807.0	369.7
Education	3,627.3	3,061.0	3,066.2	5.2	3,214.0	3,345.6	131.6
Public Safety	643.3	704.1	691.7	(12.4)	692.0	720.0	28.0
Natural Resources	113.4	148.8	148.6	(0.1)	131.0	129.6	(1.4)
Transportation	767.9	811.1	810.8	(0.3)	784.4	796.7	12.3
Total	\$13,120.8	\$13,762.6	\$13,876.3	\$113.7	\$12,825.0	\$13,602.5	\$777.5
FTE Authorization	15,313.2	15,320.5	15,317.9	(2.6)	15,416.5	15,455.5	39.0

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

GENERAL REVENUE SURPLUS STATEMENT

	FY2020	FY2021	FY2022	FY2023
Opening Surplus				
Free Surplus	\$30,502,912	\$156,188,376	\$374,425,433	\$10,345,571
Adjustment to Opening Surplus		(13,159,126)		
Adjustment to Fund Balance		105,804,512	212,685,030	278,859,677
Reappropriated Surplus	10,296,451	5,336,652	8,446,365	-
Subtotal	\$40,799,363	\$254,170,414	\$595,556,828	\$289,205,248
Revenues				
Enacted/Actual/Estimated	4,183,713,406	4,431,578,564	4,684,300,000	4,583,200,000
Governor			5,963,000	167,163,927
Assembly			380,650,121	151,087,978
Total Revenues	\$4,183,713,406	\$4,431,578,564	\$5,070,913,121	\$4,901,451,905
To Cash Stabilization Fund	(126,426,490)	(137,238,234)	(163,360,157)	(147,353,924)
Expenditures				
Actual/Enacted/Current Svcs.	3,936,561,251	4,153,269,709	4,550,811,637	
Reappropriations			8,446,365	
Governor		(271,636,821)	439,626,554	4,731,312,148
Assembly		101,016,324	493,879,663	310,847,780
Total Expenditures	\$3,936,561,251	\$4,078,638,946	\$5,492,764,221	\$5,042,159,928
Total Surplus	161,525,028	469,871,798	10,345,571	1,143,301
Transfer to IT/HTC		(87,000,000)		
Reappropriations	(5,336,652)	(8,446,365)		
Free Surplus	\$156,188,376	\$374,425,433	\$10,345,571	\$1,143,301
Operating Surplus/(Deficit)	131,022,116	221,038,036	(576,764,892)	(288,061,947)
Rainy Day Fund	\$90,710,816	\$227,949,050	\$272,266,928	\$245,589,874

REVENUE CHANGES:

- **Military Service Pension Income:** Exempts the entire amount of a military pension from taxable income for purposes of state personal income tax.
- **Retirement Income Modification:** Increases the amount of a taxpayer's retirement income that is exempted from state personal income tax from the first \$15,000 to \$20,000.
- **Property Tax Circuit Breaker:** Increases the maximum amount of property tax circuit breaker credit to \$600, adjusts it by inflation going forward and expands the upper income range by \$5,000.
- **Child Tax Rebate:** Authorizes a \$250 per child personal income tax rebate program.
- **Sales Tax Exemptions:** Provides sales exemptions for funeral items and breast pumps.
- **License Plate Reissuance Fee Exemption:** Waives the license plate reissuance fee for this reissuance cycle only, effectively making the reissuance free for all registered vehicles.
- **Motorcycle Trade-In Exemption:** Exempts the trade-in value of motorcycles from the calculation of sales tax when purchasing a new or used vehicle.
- **Lottery Ticket Payout:** Increases the upper payout limit for lottery ticket games.
- **Penalty Interest Rate Reduction:** Reduces the penalty interest rate for the delinquent payment of non-trust fund taxes.

GENERAL GOVERNMENT:

- **HSRI Automatic Enrollment** – Includes \$949,631 in federal funding for HealthSource RI's Automatic Enrollment Program to ensure Medicaid beneficiaries remain covered for an additional 60 days after their eligibility expires.
- **ARPA SFRF – Electric Heat Pump Grant Program:** Includes a total of \$25.0 million in federal ARPA SFRF to funding to provide grants for low and moderate-income households and community organizations to purchase and install energy efficient electric heat pumps.
- **HealthSource RI:** Adds \$1.1 million in general revenue for general information technology and system support at HealthSource RI in anticipation of resuming redetermination activity.
- **ARPA – Health Care Facilities:** Includes \$77.5 million in federal American Rescue Plan Act (ARPA) State Fiscal Recovery Funds (SFRF) to support health care facilities in FY2023. Of the total, \$45.0 million is for hospitals, \$30.0 million is for nursing facilities, and \$2.5 million will be distributed to community health centers through the Rhode Island Health Center Association.
- **Real Jobs Rhode Island:** Provides \$6.0 million in general revenue for the Department of Labor and Training to contract with the Real Jobs RI sector partnership administered by Skills for Rhode Island's Future (Skills RI).
- **Nonprofit Assistance:** Provides an additional \$10.0 million (\$20.0 million total) in federal American Rescue Plan Act (ARPA) State Fiscal Recovery Funds (SFRF) for distribution to nonprofit organizations through the Rhode Island Foundation.
- **Unemployment Insurance Trust Fund:** Deposits \$100.0 million into the Unemployment Insurance Trust Fund to prevent required employer contribution increases and likely decrease employer contributions by dropping one rate schedule when rates are determined in September. If the State drops one schedule, employers will save roughly \$10.0 million annually in payroll taxes.

- **Cannabis Control Commission:** The passage of the Rhode Island Cannabis Act legalizes adult use marijuana and establishes the Cannabis Control Commission, increasing restricted receipt expenditures by \$4.3 million and adds 18.0 new FTEs for the Commission.
- **OHIC Human Service Programs Rate and Benefit Analysis:** increases general revenue by \$1.5 million to conduct a comprehensive review on the rates and services provided by the State’s Health and Human Services agencies and adds 1.0 FTE to coordinate the process.

ECONOMIC DEVELOPMENT:

- **Motion Picture Production Tax Credit Expansion:** Increases the cap on total tax credits to up to \$40.0 million for the next two tax years 2023 and 2024.
- **Wavemaker Fellowship Program Expansion:** Expands the Wavemaker Fellowship program to include healthcare practitioners and mental health professionals, including but not limited to clinical social workers and mental health counselors and provides \$3.2 million in funding.
- **Historic Preservation Tax Credit Trust Fund Reauthorization and Funding:** Reauthorizes the program for another year and includes \$28.0 million in new funding that will cover the next 10 projects in the program’s queue.
- **Blue Economy Investments Program:** Includes \$10.0 million in SFRF to support a program to invest in the State’s “blue economy” industries.
- **Bioscience Investments Program:** Includes \$5.0 million in SFRF funds to support investment in the State’s life science industries.
- **Main Streets Revitalization Program:** Includes \$5.0 million in general revenue to support investments in main street improvements.
- **Minority Business Accelerator Program:** Provides \$2.0 million support investment in additional resources that enhance growth of minority-owned businesses.
- **Port of Davisville Improvements:** Provides \$6.0 million in FY2023 to expand the development of port infrastructure and services at the Port of Davisville in Quonset.
- **South Quay Marine Terminal Program:** Includes \$12.0 million in SFRF funds in FY2023 to support development of an intermodal hub for shipping designed to support the offshore wind industry in East Providence.
- **Broadband:** Includes \$15.4 million in FY2023 to support investments in projects that provide high-speed, reliable internet to all Rhode Islanders.

HOUSING:

- **Development of Affordable Housing:** Includes \$30.0 million in SFRF funds for additional investments in the development of affordable housing units.
- **Down Payment Assistance:** Includes \$10.0 million in SFRF funds in to fund a program that provides down payment assistance to eligible first-time homebuyers.
- **Site Acquisition:** Includes \$3.0 million in SFRF funds to be used to acquire properties for redevelopment as affordable and supportive housing. Funds are to be administered by RIHousing.
- **Community Revitalization:** Includes \$15.0 million in SFRF funds to support the acquisition and redevelopment of blighted properties and also supports critical home repairs within the certain communities.

- **Housing Stability:** Includes \$7.0 million in SFRF funds to support stabilization services that address homelessness.
- **Workforce Housing:** Includes \$12.0 million in SFRF funds to support the increase the housing supply affordable to families earning up to 120 percent of area median income.
- **Affordable Housing Predevelopment Program:** Includes \$2.5 million in SFRF funds to support the predevelopment activity necessary to build a pipeline of affordability housing projects and improve the capacity of affordable housing developers to expand production.
- **Homelessness Infrastructure:** Includes \$15.0 million in SFRF funds in FY2023 to support programming that addresses homelessness, including the acquisition/construction of temporary or permanent shelter-based and/or housing-based solutions, wrap-around services and implementation costs.
- **Statewide Housing Plan:** Includes \$2.5 million in SFRF funds for the development of a statewide comprehensive housing plan.

EDUCATION:

- **Education Aid Data and Formula Change:** Provides education funding formula aid to districts based on the highest average daily membership in either FY2020, FY2021, or FY2022, with the student success factor calculated based on the greatest percentage of poverty of the three years, an increase of \$17.0 million. An additional \$701,190 was included to provide 20.0 percent of any negative difference between the FY2023 educator aid distribution proposed by the House Finance Committee and current law.
- **Adult Ed Providers:** Includes an increase of \$540,000 in general revenue to address increased demand for adult education services and \$2.0 million in State Fiscal Recovery Funds to expand access to education programs and literacy services.
- **Education Aid - Regional Transportation:** Increases categorical aid for regional transportation by \$1.6 million (\$5.8 million total) to fully fund local costs associated with transporting students within regional school districts.
- **School Building Authority Capital Fund:** Provides \$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, in addition to the \$250.0 million school building bond referendum in Article 5.
- **FY2022 Property Tax Data Adjustment (Funding Formula Audit Adjustment):** Shifts the education aid adjustment for the errors in property tax data from FY2023 to FY2022. Since RIGL 16-7-20(e)(1)-(2) provides that errors are to be corrected in the subsequent fiscal year; Article 10 provides language to allow for the payment of these funds in FY2022.
- **Dyslexia Educator Training:** Provides \$50,000 in general revenue to provide professional development for teachers concerning best practices in educating students with dyslexia.
- **CCRI - Healthcare Workforce:** Adds \$547,175 in general revenue to fund 4.0 FTE positions, within the College's current staffing authorization, to provide support services and stipends for nursing assistant

students, as well as marketing and advertising to recruit and train certified nursing assistants, licensed practical nurses, and registered nurses.

- **Rhode Island Promise College Crusade Scholarships:** Pursuant to Article 10, grants received by students from the College Crusade will no longer be considered federal or financial aid for the purposes of the last dollar scholarship program.
- **Higher Education Opportunities for Teacher of Color:** Includes \$200,000 in general revenue to increase access to higher education opportunities for teachers of color through the Rhode Island School for Progressive Education (RISPE).
- **RIC - Bioscience Certificate:** Provides \$700,000 in general revenue to further the implementation of a Certificate of Applied Biology and Biotechnology at Rhode Island College.

LOCAL/MUNICIPAL ISSUES AND AID:

- **Motor Vehicle Excise Tax:** Advances the motor vehicle excise tax phase-out by one-year and provides \$63.9 million more in general revenue to pay for the increase in State aid.
- **PILOT at Full Amount:** Provides \$48.4 million to fully fund PILOT state aid.
- **Library Aid:** Provides \$11.0 million to fully fund the State's Grant-in-Aid for libraries
- **Tangible Tax Changes:** Enables municipalities to provide exemptions to tangible property taxes.

HEALTH AND HUMAN SERVICES:

- **Children's Therapeutic & Respite Services Rates:** Provides \$9.0 million in general revenue and \$11.2 million in federal funds, within EOHHS, to support increased rates for Medicaid children's service providers to ensure that direct care providers are paid at least \$15.00 per hour.
- **RI Works:** Expands the lifetime program limit from 48 to 60 months, and exempts child tax rebates from income calculations within the RI Works program.
- **Personal Choice Program Rates:** Provides an additional \$5.5 million in general revenue and \$7.0 million in federal funding, within EOHHS, to increase reimbursements paid to home health agencies for personal care aids through the Personal Care Program by about 40.0 percent.
- **Labor and Delivery Rates:** Includes \$5.7 million in general revenue and \$8.8 million in federal funds, within EOHHS, to increase the Medicaid rates paid for labor and delivery services by 20.0 percent.
- **Long Term Care Rebalancing Support:** Adds \$5.0 million in general revenue to fully fund the statute commonly referred to "Perry Sullivan", within EOHHS.
- **Hospital Rates:** Provides \$3.7 million in general revenue and \$8.8 million in federal funds, within EOHHS, to increase Medicaid rates to hospitals by 5.0 percent relative to the rates effective as of July 1, 2021.
- **Home Health Agency Rates:** Provides \$3.3 million in general revenue and \$4.1 million in federal funds, to increase home care provider rates to ensure direct care workers, nursing assistants, and homemakers earn at least \$15.00 per hour.
- **Medical Assistance Program - Adult Dental Care:** Provides an addition \$2.7 million in general revenue and \$5.4 million in federal funds, within EOHHS, to increase fee-for-service rates for adult dental care.
- **Pediatric Provider Rates:** Adds \$2.5 million in general revenue and \$3.0 million in federal funds, within EOHHS, to increase pediatric primary care rates from 33.0 percent to 100.0 percent of Medicare rates for fee-for-service (FFS) and from 65.0 percent to 100.0 percent for managed care.

- **Early Intervention Service Rates:** Includes \$1.8 million in general revenue and \$2.2 million in federal funds, within EOHHS, to repair, stabilize, and improve equity with in the Early Intervention (EI) System.
- **Graduate Medical Education:** Provides an additional \$500,000 in general revenue through the Graduate Medical Education initiative for a new resident training program at Landmark Hospital.
- **Children’s Cabinet - Office of Early Childhood Development Planning:** Through Article 10, provides for the creation of an Early Childhood Governance Working Group tasked with submitting a report to the Governor and General Assembly, by October 1, 2023, with recommendations addressing the coordination and administration of an early childhood program.
- **ARPA SFRF: Butler Short Stay Unit (federal funds):** Includes \$8.0 million in ARPA SFRF to create a 25-bed, short-stay unit at Butler Hospital to provide behavioral healthcare services through mental and substance misuse treatment, crisis intervention, and other related services.
- **ARPA SFRF: 9-8-8 Hotline (federal funds):** Shifts \$1.9 million in federal ARPA funds to maintain compliance with the National Suicide Hotline Designation Act of 2020 and Federal Communications Commission rules and regulations to the Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals (BHDDH).
- **ARPA SFRF: Certified Community Behavioral Health Clinics (federal funds):** Article 12 Authorizes EOHHS to submit a state plan amendment to establish Certified Community Behavioral Health Clinics. The Budget provides \$1.9 million from federal State Fiscal Recovery Funds for contract services and 1.0 FTE position to assist EOHHS in the transition to providing and expanding behavioral healthcare services.
- **Medicaid Home and Community Based Services (federal funds):** Provides a net increase of \$8.4 million in federal funds and \$11.0 million in restricted receipts, within EOHHS, to adjust for the spending plan submitted to the Centers for Medicare and Medicaid Services (CMS) in April 2022 to reflect the additional financial support provided in ARPA to expand home and community based support.
- **McKinsey Opioid Settlement-** Allocates \$740,000 from restricted receipts for naloxone distribution and harm reduction centers.
- **SNAP Pilot –** Reserves \$11.5 million in general revenue to implement a new SNAP initiative where beneficiaries receive fifty cents (\$.50) for every one dollar (\$1.00) they spend of fresh fruits and vegetables.
- **DHS Redetermination IT and Systems Support –** Adds \$11.9 million for personnel and operating costs and 20.0 FTE positions to begin Medicaid redetermination work.
- **Child Care Rate Increase –** Adds \$3.6 million in federal funds above the Governor to increase reimbursement rates to childcare centers.
- **Opioid Stewardship Fund.** Allocates \$635,872 for harm reduction infrastructure and administrative costs.
- **Psychiatric Residential Treatment Facility:** Includes a total of \$12.0 million to expand existing in-state capacity at private facilities for two approximately 12-bed psychiatric residential treatment facilities (PRTF) for female youth age 14 to 20, as well as to begin initial design of a new qualified residential treatment program facility.
- **RI State Psychiatric Hospital:** Shifts \$29.7 million in general revenue expenditures from the Eleanor Slater Hospital (ESH) for the creation of a new, separately licensed facility within BHDDH to treat individuals who need psychiatric care.

- **Provider Rate Enhancements:** Adds \$8.5 million all funds for DCYF provider rate enhancements, allowing for 14.0 percent rate increases for all providers, including those that are both Medicaid and non-Medicaid eligible.
- **Provider Wage Stabilization Extension:** Includes an additional \$2.5 million from federal funds for DCYF to support continued wage stabilization payments for direct care staff which were initially intended to phase down over the course of FY2023.
- **Office of the Child Advocate:** Includes funding for two positions in the Office of the Child Advocate not originally recommended for funding in FY2023, as well as a general revenue increase for equitable salaries for Office personnel.

PUBLIC SAFETY:

- **RIBCO Contract Reserve:** Reserves \$9.3 million for RIBCO members for FY2023 costs based on contract terms for other state employees.
- **State Trooper Contract Reserve:** Reserves \$8.4 million (all funds) for the State Trooper collective bargaining contract in FY2023.
- **ARPA SFRF: Support for Survivors of Domestic Violence:** Provides \$3.5 million in SFRF funds to fund grants to programs that support the mental health and physical safety of victims of domestic violence and sexual assault.
- **Radio System:** Shifts \$2.7 million from federal ARPA SFRF to general revenue for associated costs of a new radio communication system throughout the Adult Correctional Institutions.
- **Mental Health Court Pilot:** Shifts \$1.2 million in federal ARPA SFRF to general revenue. \$952,482 of which supports 7.0 FTE positions, within the Judiciary, to create a Mental Health Court pilot to better serve defendants struggling with mental illness. \$204,005 of this funding supports 2.0 FTE positions within the Department of the Attorney General.
- **Child Support Enforcement Expansion (6.0 FTE positions):** The Budget includes \$305,000 in general revenue and \$610,000 in federal funds to expand child support enforcement (CSE) across the State.

NATURAL RESOURCES:

- **World Ocean Race:** Provides \$850,000 in general revenue to funds expenses related to the 2023 Ocean Race stop at Fort Adams in Newport. As with the 2018 Volvo Ocean Race, increased expenses for safety and security, sanitation, grounds keeping, engineering, and other event costs are anticipated. Department of Environmental Management will be partnering with Sail Newport to manage this event.
- **Local Agriculture and Seafood (LASA) Grants:** An increase of \$450,000 in general revenue (\$700,000 total) to support the Local Agriculture and Seafood Act (LASA) grant program. This represent a commitment of \$200,000 in annual program funding and a one-time increase of \$500,000 in FY2023 to address the backlog of applications.
- **Green Economy Bond:** Places a \$50.0 million green economy bond on the November ballot. \$12.0 million was added to the bond for an education center at the Roger Williams Park Zoo.

TRANSPORTATION/TRANSIT:

- **Pawtucket Bus Hub Passenger Facility:** The Pawtucket Bus Hub Passenger Facility is currently under construction and is being built by the Department of Transportation on behalf of the Rhode Island Public Transit Authority. The Governor proposed to use \$4.0 million in FY2023 in federal ARPA SFRF but funding has shifted to the Rhode Island Capital Plan Fund.

- **RIPTA R Line Free-Fare Pilot:** Includes \$2.5 million from ARPA SFRF to fund a 12-month free-fare pilot program on the R line bus route.
- **RITBA Safety Barriers Study:** Funds a \$1.0 million suicide prevention study for the RI Turnpike and Bridge Authority to study the bridges under its purview.
- **RIPTA Paratransit Study:** Appropriates \$75,000 of gas tax funds to RIPTA to study the Authority's services to seniors and passengers with disabilities.



DEPARTMENTAL SUMMARIES

Department of Administration

Expenditures By Program	FY2021 Actual	FY2022 Enacted	FY2022 Final	Change from Enacted		FY2023 Enacted	Change from Enacted	
Accounts and Control	\$5.0	\$13.3	\$16.4	\$3.1	23.0%	\$12.8	(\$0.6)	-4.3%
Office of Management and Budget	9.0	9.9	10.2	0.3	2.6%	10.0	0.1	0.6%
Capital Asset Management and Maintenance	41.0	13.7	22.0	8.3	60.2%	9.8	(3.9)	-28.5%
Central Management	162.7	263.6	295.1	31.5	11.9%	286.4	22.8	8.6%
Debt Service Payments	193.6	184.7	182.2	(2.5)	-1.4%	194.6	9.9	5.4%
Energy Resources	7.3	9.6	17.3	7.7	81.0%	20.8	11.2	117.3%
General	252.8	44.8	677.8	633.0	1413.7%	162.4	117.6	262.6%
Human Resources	0.4	1.1	0.9	(0.2)	-18.2%	0.8	(0.3)	-31.3%
Information Technology	13.4	10.3	84.7	74.4	718.9%	55.3	45.0	434.5%
Legal Services	2.9	2.3	2.2	(0.1)	-3.1%	2.4	0.1	5.0%
Library and Information Services	2.6	5.4	6.0	0.6	10.9%	3.9	(1.6)	-28.5%
Personnel Appeal Board	0.1	0.1	0.1	0.0	4.2%	0.1	-	0.0%
Planning	4.9	5.9	6.6	0.7	11.1%	6.6	0.7	11.7%
Purchasing	4.2	4.1	4.4	0.3	7.7%	4.8	0.7	17.0%
Rhode Island Health Benefits Exchange (HealthSource RI)	12.1	24.9	24.5	(0.4)	-1.7%	32.8	7.9	31.6%
Statewide Personnel and Operations	4.6	-	-	-	-	15.4	15.4	-
The Office of Diversity, Equity and Opportunity	0.9	1.4	1.2	(0.1)	-8.7%	1.6	0.3	19.9%
Total	\$717.5	\$595.2	\$1,351.6	\$756.4	127.1%	\$820.3	\$225.1	37.8%
Expenditures By Source								
General Revenue	\$350.2	\$196.0	\$907.0	\$711.0	362.7%	\$270.3	\$74.3	37.9%
Federal Funds	269.0	275.4	317.3	41.9	15.2%	342.0	66.6	24.2%
Restricted Receipts	23.4	45.8	46.5	0.7	1.5%	88.0	42.2	92.1%
Other Funds	74.9	77.9	80.8	2.9	3.7%	120.0	42.1	54.0%
Total	\$717.5	\$595.2	\$1,351.6	\$756.4	127.1%	\$820.3	\$225.1	37.8%
Authorized FTE Levels	647.7	650.7	650.7	-	-	662.7	12.0	1.8%

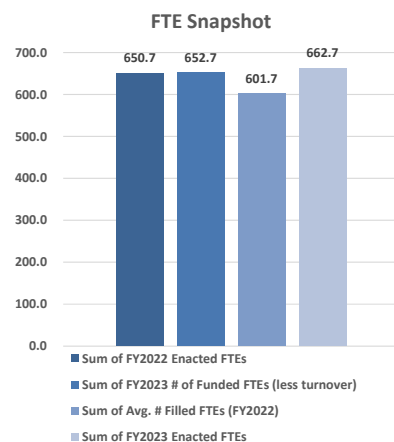
\$ in millions. Totals may vary due to rounding.

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

MAJOR ISSUES AND TRENDS

The FY2022 Final Budget includes an all funds appropriation of \$1,351.6 million, reflecting a net increase of \$756.4 million from the FY2022 Budget as Enacted. General revenues total \$907.0 million and comprise 67.1 percent of the Department's total appropriation.

There is a net general revenue increase of \$711.0 million from the previous fiscal year. The net increase includes items such as, \$563.0 million general revenue transfer to capitalize the RICAP fund, a \$75.0 million general revenue transfer to capitalize the Information Technology Investment Fund by the end of FY2022, and \$61.8 million to reimburse the Employees' Retirement System for the 1991 and 1992 deferred contributions. The Budget also requires the expenditure of \$50.0 million in restricted receipts from the Information Technology Investment Fund for the development and implementation of the Enterprise Resource Planning project and \$17.0 million to replace the Department of Children, Youth, and Families' case management information system.



The FY2023 Budget as Enacted includes an all funds appropriation of \$820.3 million, reflecting a net increase of \$225.1 million from the FY2022 Budget as Enacted. General revenues total \$270.3 million and comprise 33.0 percent of the Department's total appropriation. General revenues increase by \$74.3 million from the previous fiscal year, including \$15.0 million for a contingency reserve in the event that the federal FEMA reimbursements differ from the State estimation and assumptions. The intent of the reserve fund is to absorb potential discrepancies between state claims and what FEMA ultimately reimburses.

The Budget adds 12.0 FTE positions to the department, including 7.0 FTE positions to the Pandemic Recovery Office to support the administration of the federal stimulus funds from the American Rescue Plan Act of 2021; adds 3.0 FTE positions within the Office of Energy Resources to support the Executive Climate Change Coordinating Council; and, includes 2.0 new positions for administration of the Capital Projects Fund. All 10.0 new FTE positions will be funded by restricted receipts.

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.

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.

Accounts and Control	General Revenue
FY2022 Enacted	\$4,103,385
<i>Target and Other Adjustments</i>	<i>113,011</i>
Personnel Benefit Adjustments	304,040
Statewide Cost of Living adjustment	295,299
Centralized Services	257,514
Turnover	137,854
FY2023 Enacted	\$5,211,103

Accounts and Control	Other Fund Changes
Pandemic Recovery and Grants Management (restricted receipts)	(6,965,988)
ARPA CPF: COVID-19 Response (federal Funds)	5,298,336

Personnel Benefit Adjustments **\$304,040**

The Budget increases general revenue by \$304,040 reflecting changes to various personnel benefits to meet current and historical trends.

Personnel Benefit Adjustments	FY2021 Actual	FY2022 Enacted	FY2022 Final	Change	FY2023 Enacted	Change
Assessed Fringe Benefits	\$97,749	\$76,869	\$94,463	\$17,594	\$98,439	\$21,570
FICA	179,311	147,423	181,829	34,406	212,593	65,170
Health Benefits	418,253	348,784	397,207	48,423	411,136	62,352
Payroll Accrual	-	11,681	13,498	1,817	-	(11,681)
Retiree Health	140,512	102,752	126,507	23,755	111,650	8,898
Retirement	710,307	565,524	694,754	129,230	723,255	157,731
Total	\$1,546,132	\$1,253,033	\$1,508,258	\$255,225	\$1,557,073	\$304,040

Statewide Cost of Living Adjustment**\$295,299**

Based on recently negotiated contract bargaining agreements between the State and the state employee bargaining units for a proposed 4-year contract, the Budget includes the following cost-of-living adjustments (COLAs): 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. The current agreement is projected to increase general revenue expenditures by \$295,299 (\$409,978 all funds) in FY2023 and \$294,676 (\$347,139 all funds) in FY2022 within the Accounts and Control program.

Centralized Services**\$257,514**

The Budget increases general revenue expenditures to reflect billed amounts for information technology services. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. These expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. The FY2022 Budget as Enacted appropriated \$741,000 for this expense, which is increased by \$257,514 to \$998,514 in the FY2023 Budget.

Turnover**\$137,854**

The Budget includes \$123,000 for turnover, this reflects an increase of \$137,854 in general revenue over the \$260,854 savings included in the FY2022 Budget as Enacted.

Grants Management Systems Administration (restricted receipts)**(\$6.9 million)**

The Budget includes \$2.1 million in restricted receipts, reflecting a net decrease of \$6.9 million, to fund the administration, operations, legal, and grants management by the Pandemic Recovery Office (PRO). The expenses incurred by the PRO are billed through an assessment on all grants and the assessment will be maintained in a restricted receipt account. Funding for the Pandemic recovery Office includes:

- \$463,127 for personnel costs, an increase of \$94,518 over the FY2022 Budget as Enacted.
- \$1.8 million for contracted professional services, a decrease of \$329,674 from the enacted budget, for financial and auditing services, IT programming services, and legal.
- \$7,000 for operating costs, a decrease of \$6.7 million as compared to the current enacted budget for these expenses, reflecting the shift of restricted receipts to federal funds to establish a better accounting structure for the reporting of administrative expenses associated with the federal awards. There is a corresponding increase in federal funds by \$5.3 million.

ARPA CPF COVID-19 Response (federal funds)**\$5.3 million**

The Budget increases American Rescue Plan Act (ARPA) Capital Projects Fund (CPF) federal funds by \$5.3 million, to cover costs associated with the administration of the ARPA Capital Projects Fund as well as by other agencies utilizing ARPA CPF funds.

OFFICE OF MANAGEMENT AND BUDGET

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

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

Office of Management and Budget	General Revenue
FY2022 Enacted	\$8,285,227
<i>Target and Other Adjustments</i>	<i>(127,923)</i>
Statewide Cost of Living Adjustment	524,822
Centralized Services	(327,802)
FY2023 Enacted	\$8,354,324
Office of Management and Budget	Other Fund Changes
SNAP Fraud Framework Implementation Grant (federal funds)	(\$123,505)

Statewide Cost of Living Adjustment **\$524,822**

Based on recently negotiated contract bargaining agreements between the State and the state employee bargaining units for a proposed 4-year contract, the Budget includes the following cost-of-living adjustments (COLAs): 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. The current agreement is projected to increase general revenue expenditures by \$524,822 (\$606,924 all funds) in FY2023 and \$508,931 (\$587,630 all funds) in FY2022 within the Office of Management and Budget program.

Centralized Services **(\$327,802)**

The Budget decreases general revenue expenditures to reflect billed amounts for information technology services. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. These expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. The FY2022 Budget as Enacted appropriated \$683,534 for this expense, which is decreased by \$327,802 to \$355,732 in the FY2023 Budget.

SNAP Fraud Framework Implementation Grant (federal funds) **(\$123,505)**

The Budget includes \$101,250 in federal funds, reflecting a decrease of \$123,505 for continued funding of audit work by the Office of Internal Audit (OIA). OIA is conducting audit work related to the Supplemental Nutrition Assistance Program (SNAP) and is able to charge personnel and operating expenses to the federal

grant. This is not a traditional audit, but instead falls under the OIA's responsibility for assisting Department of Human Services (DHS) in combating fraud, waste, and abuse.

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

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

CAPITAL ASSET MANAGEMENT AND MAINTENANCE

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

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

Capital Asset Management and Maintenance	General Revenue
FY2022 Enacted	\$9,354,998
<i>Target and Other Adjustments</i>	<i>(44,770)</i>
Centralized Services	372,428
Statewide Cost of Living Adjustment	127,659
FY2023 Enacted	\$9,810,315

Capital Asset Management and Maintenance	Other Fund Changes
COVID- 19 Miscellaneous Expenses (federal funds)	(\$4,363,888)

Centralized Service Charges **\$372,428**

The Budget adds \$372,428 in general revenue expenditures for Facilities Management and Information Technology projected costs in FY2023. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. These expenditures were reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. The FY2022 Budget as Enacted appropriated \$7.4 million for these expenses, which is increased by \$372,428 to \$7.8 million in the FY2023 Budget.

Statewide Cost of Living Adjustment**\$127,659**

Based on recently negotiated contract bargaining agreements between the State and the state employee bargaining units for a proposed 4-year contract, the Budget includes the following cost-of-living adjustments (COLAs): 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. The current agreement is projected to increase general revenue expenditures by \$127,659 in FY2023 and \$138,980 in FY2022 within the DCAMM program.

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

The Budget removes \$4.4 million in federal COVID-19 response funds that are not required in FY2023. The following table illustrates the changes in the federal COVID-19 response funds.

	FY2022 Enacted	FY2023 Enacted	Change
COVID-19 Miscellaneous Expenses			
FEMA: HHS Readiness WKS: Surge - AHS-1	\$2,100,703	\$0	(\$2,100,703)
Relief Fund: Government Readiness WKS: Emergency Ad Hoc Spending	1,524,775	-	(1,524,775)
FEMA: Government Readiness WKS: Emergency Ad Hoc Spending	738,410	-	(738,410)
Total	\$4,363,888	\$0	(\$4,363,888)

- **FEMA: HHS Readiness:** The FY2022 Budget as Enacted included \$2.1 million for projected expenses for surge hospital operations and deconstruction that are not required in FY2023.
- **Relief Fund: Government Readiness:** The FY2022 Budget as Enacted included \$1.5 million in federal funds for projected expenses to be incurred in response to the COVID-19 pandemic during FY2022 that are not required in FY2023.
- **FEMA: Government Readiness:** The FY2022 Budget as Enacted included \$738,410 in federal funds, reflecting residual Coronavirus Relief Funds (CRF) to be redirected to the Division of Capital Asset Management and Maintenance as a contingency against unforeseen COVID-19 response expenses. Funding is not required in FY2023.

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
FY2022 Enacted	\$2,569,679

<i>Target and Other Adjustments</i>	35,278
Workforce Compensation and Classification Study	2,000,000
Statewide Cost of Living Adjustment	156,822
Turnover	134,610
FY2023 Enacted	\$4,896,389

Central Management	Other Fund Changes
Emergency Rental Assistance (federal funds)	(\$150,001,500)
ARPA SFRF: COVID-19 Ongoing Response (federal funds)	73,000,000
ARPA SFRF: Nonprofit Assistance Food Security (federal funds)	20,000,000

Workforce Compensation and Classification Study **\$2.0 million**

The Budget includes \$2.0 million in general revenue to fund a workforce, efficiency, classification, and compensation study over the FY2022 to FY2024 period. In January 2013, the Department of Administration released the Comprehensive Personnel Study Report performed by The Segal Group that highlighted the following:

- The job classification structure and job descriptions do not reflect the skills and qualifications required to deliver 21st century government services.
- The compensation structures and pay delivery policies are non-competitive, highly rigid and insufficient to attract and retain skilled employees.

Since the release of that report in 2013 the State consistently has a high vacancy of filled FTE positions, which combined with the ever changing labor skill requirements, evolving demographics, and inflation; an updated workforce compensation and classification study is a long-term investment to ensure that the State can attract and retain skilled personnel. As of September 2022, the request for proposal for the workforce compensation study request is still under draft by the Office of Human Resources and has not been issued.

Statewide Cost of Living Adjustment **\$156,822**

Based on recently negotiated contract bargaining agreements between the State and the state employee bargaining units for a proposed 4-year contract, the Budget includes the following statewide cost-of-living adjustments (COLAs): 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. The current agreement is projected to increase general revenue expenditures by \$156,822 in FY2023 and \$160,844 in FY2022 within the Central Management program.

Turnover **\$134,610**

The Budget increases general revenue by \$134,610 reflecting lower projected personnel turnover savings as compared to the FY2022 Budget as Enacted.

Emergency Rental Assistance (federal funds) **(\$150.0 million)**

The Budget includes \$84.0 million in federal funds for emergency rental assistance, of which \$46.0 million is from the Consolidated Appropriations Act of 2021 (CAA21) and \$38.0 million is from the American Rescue Plan, reflecting a reduction of \$150.0 million as compared to the FY2022 Budget as Enacted. Funding will continue supporting the State's COVID-19 emergency rental assistance program administered in partnership with RI Housing.

ARPA SFRF: COVID-19 Ongoing Response (federal funds)**\$73.0 million**

The Budget includes \$73.0 million in federal American Rescue Plan Act (ARPA) State Fiscal Recovery Funds (SFRF) in FY2023 to continue COVID-19 mitigation activities and to address public health impacts until all COVID-19 efforts become fully integrated into the Department of Health. The funds are categorized as miscellaneous expenditures and are not identified to a particular expense issue, but are designated for Covid-19 testing, vaccine campaign, case investigation, contact tracing efforts; and, for public health emergency response supports such as data and reporting; and communications. The funds will be administered by the Director of the Department in consultation with the Director of Health and the Secretary of Health and Human Services.

ARPA SFRF: Nonprofit Assistance (federal funds)**\$20.0 million**

The Budget allocates \$20.0 million in federal American Rescue Plan Act (ARPA) State Fiscal Recovery Funds (SFRF) to the Rhode Island Foundation to distribute to nonprofit organizations (community based organizations or CBOs) that respond to communities and meet the needs exacerbated by COVID-19 pandemic, to reduce housing and food insecurity, treating behavioral health issues, and to meet other basic needs of Rhode Island residents, especially to the Black, Indigenous, and people of color communities. The nonprofit organizations would be required to use the grant funding to continue to serve their communities by providing basic needs and support services.

DEBT SERVICE

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

Debt Service	General Revenue
FY2022 Enacted	\$145,424,890
<i>Target and Other Adjustments</i>	-
General Obligation Bond Changes	4,684,721
Other Debt Service Changes	2,615,733
Certificates of Participation (COPs)	1,265,751
FY2023 Enacted	\$153,991,095

General Obligation Bond Changes**\$4.7 million**

The Budget includes \$80.7 million in general revenue to fund the costs of the State's general obligation debt service in FY2023, \$4.7 million more than the FY2022 Budget as Enacted.

General Obligation Bonds	FY2022 Enacted	FY2023 Enacted	Change
RI School Buildings	\$6,533,588	\$8,799,870	\$2,266,282
Mass Transit Hub	1,684,392	3,714,707	2,030,315
DOA - Affordable Housing GO Bonds	5,240,335	6,698,592	1,458,257
All Other G.O. Bond Adjustments under \$1.0 million	62,538,633	61,468,500	(1,070,133)
Total	\$75,996,948	\$80,681,669	\$4,684,721

RI School Buildings: The FY2023 Budget includes \$8.8 million in general revenue debt service for the Rhode Island School Construction bond program. This is an increase of \$2.3 million in general revenue for debt service payments as compared to the FY2022 Budget as Enacted.

In November 2018, voters approved a referendum for \$250.0 million in general obligation bonds (Public Law 2018, Chapter 47) 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.

Mass Transit Hub: The FY2023 Budget includes \$3.7 million in general revenue debt service for a mass transit infrastructure project. This is an increase of \$2.0 million in general revenue as compared to the FY2022 Budget as Enacted. In November 2014, voters approved a referendum for \$35.0 million in general obligation bonds (Public Law 2014, Chapter 145) that would "fund enhancements and renovations to mass transit hub infrastructure throughout the State of Rhode Island to improve access to multiple intermodal sites, key transportation, healthcare, and other locations." The Budget includes \$3.7 million in general revenue to fund the costs of the State's general obligation debt service in FY2023, or \$2.0 million more than the FY2022 Budget as Enacted.

DOA – Affordable Housing GO Bonds: The FY2023 Budget includes \$6.7 million in general revenue debt service for the affordable housing bonds. This is an increase of \$1.5 million from the FY2022 Budget as Enacted. In March 2021, voters approved \$65.0 million in general obligation bonds (Public Law 2020, Chapter 80) to continue financing investments in affordable housing with issued bonds approved under Public Law 2016, Chapter 142.

Other Debt Service Changes

\$2.6 million

The Budget includes \$49.3 million in general revenue for debt service expenses on five items, reflecting an increase of \$2.6 million from various adjustments from the FY2022 Budget as Enacted. The significant adjustment is the \$1.8 million increase debt service payment for the Convention Center Authority.

Other Debt Service	FY2022 Enacted	FY2023 Enacted	Change
Convention Center Authority	\$22,893,661	\$24,685,612	\$1,791,951
EDC - Fidelity Job Rent Credits	350,000	954,053	604,053
Garrahy Courthouse Garage	1,685,281	1,852,876	167,595
I-195 Land Acquisition	2,390,000	2,442,413	52,413
Historic Structures Tax Credit	19,406,701	19,406,422	(279)
Total	\$46,725,643	\$49,341,376	\$2,615,733

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

The FY2022 Budget as Enacted includes \$22.9 million in general revenue for debt service. The FY2022 Final Budget does not change the enacted appropriation. Due to the prolonged closure caused by the pandemic, the Authority is unable to generate revenue from the venues, requiring the State to include \$24.7 million in general revenue in the FY2023 Budget. This reflects an increase of \$1.8 million from the previous fiscal year.

EDC – Fidelity Job Rent Credits: The Budget includes \$954,053 for debt service payments relating to the Fidelity Job Credits, reflecting an increase of \$604,053 as compared to the FY2022 Budget as Enacted. Fidelity Investments receives a job credit of \$1,000 per employee for each job over the first 1,000 positions employed at their facility. The job credit calculation occurs on a semi-annual basis, over two credit periods. The first credit period calculates the average number of jobs from March to August. The second credit period covers the average number of jobs from September to February. Based on revised average

employment reports from Fidelity Investments, the Budget includes a general revenue appropriation of \$954,053 for FY2023.

Garrahy Parking (Clifford Street) Garage: The Budget includes \$1.9 million in general revenue for debt service for the new Garrahy (Clifford Street) Parking Garage. This is an increase of \$167,595 from the previous year. The FY2016 Budget as Enacted authorized the State to enter into an agreement with the Rhode Island Convention Center Authority (Authority) to develop, construct, and operate a parking garage. The resolution authorized the issuance of up to \$45.0 million in debt to fund the design and construction of a parking garage and retail space on state-owned land on the site of the existing Garrahy Courthouse surface parking lot. The State's support of the debt service is offset each year by revenues generated at the garage. In FY2023, the projected debt service is \$3.0 million. This is offset by the projected State lease payments of \$1.2 million paid by leased parking space at the garage. This results in an adjusted debt service cost of \$1.9 million. It is anticipated that operational revenues from the garage will fully cover the debt service costs in FY2024.

I-195 Land Acquisition: Total principal issued on the I-195 Land Acquisition is \$38.4 million, and for the first 5-years, the debt service reflected interest-only payments. The principal will be amortized over a 20-year period beginning in year 6, with a balloon payment in year 10. The State has an option at that time to extend the debt an additional 10 years. The capital plan assumes that the State will use the 10-year extension and issue new debt in 2023 in the amount of \$32.0 million.

The debt service in FY2022 is \$4.4 million and offset by \$2.0 million in land sales resulting in a state general revenue appropriation of \$2.4 million, reflecting an increase of \$410,750 from the previous year. In FY2023, the total debt service is \$4.4 million and offset by \$1.9 million in land sales resulting in a state general revenue appropriation of \$2.4 million, reflecting an increase of \$52,413 from the previous year. The following table illustrates the projected payments to FY2023.

Fiscal Year	Principal	Interest	Total Debt Service	Estimated Offset	Projected State Appropriation
2022	\$1.8	\$2.6	\$4.4	(\$2.0)	\$2.4
2023	1.9	2.4	4.4	(1.9)	2.4
Total	\$3.7	\$5.0	\$8.7	(\$3.9)	\$4.8

\$ in millions

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

Projected Debt Service FY2024 – FY2033

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

\$ in millions

Certificates of Participation (COPs)**\$1.3 million**

The Budget includes \$24.0 million in general revenue to cover the debt service on seven projects financed through certificates of participation (COPs). This reflects an increase of \$1.3 million from the FY2022 Budget as Enacted.

Certificates of Participation	FY2022 Enacted	FY2023 Enacted	Change
COPS - DCYF Training School	\$4,215,000	\$4,213,500	(\$1,500)
COPS - Energy Conservation	4,130,875	4,148,725	17,850
COPS - Kent County Courthouse	4,616,125	4,617,125	1,000
COPS - Pastore Hospital Consolidation	1,868,800	1,871,425	2,625
COPS - School for the Deaf	2,481,500	2,477,500	(4,000)
COPS - Technology	3,719,524	4,969,300	1,249,776
COPS - Traffic Tribunal - Debt Service	1,670,475	1,670,475	-
Total	\$22,702,299	\$23,968,050	\$1,265,751

COPS – Technology: The increase in the COPs debt service in FY2023 reflects available proceeds that are applied towards the debt service. The projects essentially finished under budget and the remaining balance was applied towards the debt service for FY2023.

OFFICE OF ENERGY RESOURCES

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

Energy Resources	Other Fund Changes
ARPA SFRF: Electric Heat Pumps (federal funds)	\$5,000,000
Regional Greenhouse Gas Initiative (restricted receipts)	4,916,705
Refrigeration Energy Management (federal Funds)	451,167
Statewide Cost of Living Adjustment (restricted receipts)	111,998
Centralized Services (restricted receipts)	25,500

ARPA SFRF: Electric Heat Pumps (federal funds)**\$5.0 million**

The Budget allocates \$5.0 million in federal American Rescue Plan Act (ARPA) State Fiscal Recovery Funds (SFRF) to support a grant program within the Office of Energy Resources to assist homeowners and small business owners in purchasing and installing high-efficiency electric heat pumps.

The Budget includes a total of \$25.0 million in federal ARPA SFRF to funding to provide grants for low and moderate-income households and community organizations to purchase and install energy efficient electric heat pumps. Of the total, \$5.0 million is in FY2023. The Budget also requires the Office of Energy Resources to report annually to the Speaker of the House and the President of the Senate on the impact of the program. This report will include the number of grants issued, the amount of each grant, the average grant award, and the estimated cumulative carbon emission reductions associated with the grant-funded heat pumps.

The purpose of this allocation is to help Rhode Islanders afford the air source heat pumps (ASHP), which are a clean heating and cooling technology that can provide emissions free heating and cooling, when electricity is powered by renewables.

Regional Greenhouse Gas Initiative (restricted receipts)***\$4.9 million***

The Budget includes \$12.5 million in restricted receipts for grant awards, personnel, and operating support as part of the Regional Greenhouse Gas Initiative (RGGI). This reflects an increase of \$5.0 million from the FY2022 Budget as Enacted, of which \$4.9 million reflects increased awards that fund a variety of consumer benefit programs, including energy efficiency, renewable energy, direct energy bill assistance and other greenhouse gas reduction programs.

The Regional Greenhouse Gas Initiative (RGGI) is a cooperative effort by Northeastern and Mid-Atlantic states that requires member states to reduce carbon dioxide (CO₂) emissions from large fossil fuel-fired electric power plants to help address climate change. Central to this initiative is the implementation of a multi-state “cap-and-trade” program with a market-based emissions trading system. The increase in funds is a result of the regional carbon market auctions. The annual RGGI proceeds fluctuate based upon the pricing from the quarterly competitive auctions with regulated energy users within New England and Mid-Atlantic States. OER received more revenues than in past RGGI auction program years.

Refrigeration Energy Management (federal funds)***\$451,167***

The Budget includes \$451,167 in federal funds from a new competitive award from the U.S. Department of Energy (USDOE). The Office of Energy Resources (OER) received the grant in July 2021. The Refrigeration Energy Management program will assist grocery stores in participating in a demand response program that reduces the energy cost to the business while lowering the energy-use strain on the electrical grid during peak usage times. OER is partnering with Axiom Cloud and National Grid to test how an artificial intelligence software platform can provide intelligent forecasting, modeling, and control of refrigeration loads at grocery stores. The \$451,167 increase is to provide funding to the State’s co-applicant Axiom Cloud.

Statewide Cost of Living Adjustment (restricted receipts)***\$111,998***

Based on recently negotiated contract bargaining agreements between the State and the state employee bargaining units for a proposed 4-year contract, the Budget includes the following cost-of-living adjustments (COLAs): 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. The current agreement is projected to increase restricted receipt expenditures by \$111,998 (430,125 federal funds) in FY2023 and \$69,228 (\$52,761 federal funds) in FY2022 within the Office of Energy Resources program.

Centralized Services (restricted receipts)***\$25,500***

The Budget increases general revenue expenditures to reflect billed amounts for centralized services. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In FY2020, these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. The FY2022 Budget as Enacted appropriated \$72,152 in restricted receipts (\$10,500 in federal funds) for this expense, which is increased to \$97,652 in restricted receipts, a decrease of \$3,060 in federal funds, in the FY2023 proposed budget.

GENERAL

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

General	General Revenue
FY2022 Enacted	\$12,444,938
<i>Target and Other Adjustments</i>	-
Historic Tax Credit Fund Recapitalization	28,000,000
RICAP Fund Transfer	15,000,000
Resource Sharing and State Library Aid	1,428,977
Library Construction Aid	(243,193)
Tort Awards	25,000
FY2023 Enacted	\$56,655,722

General	Other Fund Changes
ARPA CPF Municipal and Higher Ed Matching Grant Program (federal funds)	\$23,360,095
ARPA SFRF Aid to the Convention Center (federal funds)	5,000,000
ARPA CPF RIC Student Services Center (federal funds)	5,000,000

Historic Tax Credit Fund Recapitalization ***\$28.0 million***

Article 9 of the FY2023 Budget as Enacted extends the sunset provision for the Historic Tax Credits program by one year from June 30, 2022, to June 30, 2023, and transfers \$28.0 million in general revenue to allow for additional participants.

Under the Historic Preservation Tax Credit (HPTC) program, taxpayers that incur qualified rehabilitation expenditures (QREs) for the substantial rehabilitation of a certified historic structure are entitled to a credit is equal to 20.0 percent of the QREs for any certified historic structure or 25.0 percent of the QREs, provided that either 25.0 percent of the total rentable area of the certified historic structure or the entire rentable area on the first floor is available for trade or business. The maximum credit cannot exceed \$5.0 million for all phases of any certified rehabilitation project and the total credits authorized cannot exceed the sum of the estimated credits available in the historic preservation tax credit trust fund.

According to the Office of Revenue Analysis' 2022 Tax Expenditures Report, the HPTC program is estimated to produce \$12.0 million in foregone revenue in FY2023. The Budget includes \$28.0 million of one-time general revenue funding in FY2023 for the HPTC program, making credits available for the next 10 projects in the queue.

RICAP Fund Transfer ***\$15.0 million***

The Budget includes a one-time transfer of \$15.0 million in general revenue to the Rhode Island Capital Plan (RICAP) fund in FY2023, as well as \$563.0 million in FY2022, to provide funding for several key capital improvement projects including: a new \$108.2 million Long-Term Acute Care Hospital (LTACH) at the Zambarano Campus, \$120.8 million for water and steam heat infrastructure improvements at the Pastore Campus, as well as funds to renovate state-run group homes and the State House. In addition, these added funds will support projects that the Governor had funded with federal State Fiscal Recovery Funds and will be used to support increased costs in various higher education projects. Examples include \$46.0 million for the renovations and upgrade at the Port of Galilee, \$32.0 million for projects at the Convention Center Authority, and \$5.0 million for the Pawtucket/Central Falls Bus Hub Passenger Facility.

Resource Sharing and State Library Aid ***\$1.4 million***

The Budget provides an additional \$1.4 million in general revenue to fully fund Resource Sharing State Library Aid at \$11.0 million, which reflects the current law level of 25.0 percent of the second prior fiscal year's local expenditures for library services. The Budget as Recommended only funded the program at 22.4 percent.

Library Construction Aid***(\$243,193)***

Rhode Island law grants authority to the Office of Library and Information Services to make grants to a municipality or a free public library for construction or capital improvements. Grants are limited to a maximum of 50.0 percent of the total eligible costs, as determined by the Office of Library and Information Services and are paid on an installment basis, based on a community's debt service requirement, for a period of up to 20 years. For FY2023, the Budget includes \$1.9 million, a decrease of \$243,193 from the FY2022 Budget as Enacted. According to the Department, the decrease in funding is a result of the completion of several library construction projects over the past year, including projects in Exeter, Middletown, and New Shoreham. In addition, payments on most other projects decreased in accordance with loan or bond payment schedules.

Tort Awards***\$25,000***

The Budget includes \$675,000 in general revenue for court tort awards, an increase of \$25,000 from the FY2022 Budget as Enacted. Funding in the tort account is used to pay for tort/court award judgments against the State of Rhode Island. The FY2023 appropriation is based on historical expenditures and updated information from the Office of the Attorney General.

ARPA CPF: Municipal and Higher Ed Matching Grant Program (federal funds)***\$23.4 million***

The Budget includes \$23.4 million in ARPA Capital Project Fund (CPF) federal funds as matching funds with municipal federal funds, to renovate or construct a community wellness center that meets the U. S. Treasury's guidance for workforce development, education, and health maintenance. The total project cost is \$46.7 million with a proposed appropriation of \$23.3 million in FY2024.

ARPA SFRF: Aid to the Convention Center (federal funds)***\$5.0 million***

The Budget includes \$5.0 million in federal American Rescue Plan Act (ARPA) State Fiscal Recovery Funds (SFRF) in FY2023, as well as an appropriation of \$5.0 million in FY2022, to support operations and to finance renovations to the Convention Center and Amica Mutual Pavilion (formerly The Dunkin Donuts Center) facilities that were used during the COVID-19 emergency. The Budget also includes \$16.3 million in RICAP funds for renovations to the three venues administered by the Rhode Island Convention Center Authority.

ARPA CPF: RIC Student Services Center (federal funds)***\$5.0 million***

The Budget includes \$5.0 million in ARPA Capital Project Funds to begin the construction of a Student Services Center at Rhode Island College. The total project cost is \$35.0 million with proposed appropriations of \$15.0 million each in FY2024 and in FY2025. The Center will consolidate student services into one location that currently exist in various locations around the campus.

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
FY2022 Enacted	\$1,099,549

<i>Target and Other Adjustments</i>	-
Centralized Service Charges	(527,057)
Information Technology Project Manager Position	183,430
FY2023 Enacted	\$755,922

Centralized Service Charges **(\$527,057)**

The Budget includes \$572,492 in general revenue expenditures for Human Resource Service Center and Information Technology projected costs in FY2023. This is a net decrease of \$527,057 from the FY2022 Budget as Enacted amount of \$1.1 million. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. These expenditures were reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency.

Information Technology Project Manager Position **\$183,430**

The Budget adds \$183,430 in general revenue to fund a new 1.0 Information Technology Project Manager position (\$116,334 salary and \$67,096 benefits) to support the implementation of the Enterprise Resource Planning (ERP) program. The Department will fill this position within its exiting FTE position authorization.

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
FY2022 Enacted	\$721,340

<i>Target and Other Adjustments</i>	-
FY2023 Enacted	\$721,340

Information Technology	Other Fund Changes
Information Technology Investment Fund (restricted receipts)	\$44,963,995

Information Technology Investment Fund (restricted receipts) **\$45.0 million**

The Budget includes \$54.6 million in restricted receipts for the Information Technology Investment Fund (ITIF), reflecting a net increase of \$45.0 million in restricted receipts from the FY2022 Budget as Enacted, and an increase of \$45.4 million from the FY2022 Final Budget. The Fund is a restricted receipt account for the State's technology initiatives and improvement projects.

The net change reflects increases of \$10.6 million in restricted receipts from the FY2022 Budget as Enacted, an increase of \$14.9 million for the Enterprise Resource Planning (ERP) project, an increase of \$10.4

million for the Hospital Electronic Medical Records project, and an increase \$9.7 million for the Department of Labor and Training Mainframe Replacement project; offset by a decrease of \$620,000 for Department of Children, Youth, and Families' case management system, RICHIST project

ITIF Projects	FY2021 Actual	FY2022 Enacted	FY2022 Final	Change	FY2023 Enacted	Change
ITIF - Enterprise Resource Planning IT Improvements Project	\$0	\$5,000,000	\$1,500,000	(\$3,500,000)	\$19,900,000	\$14,900,000
ITIF - Hospital Electronic Medical Records	-	-	-	-	10,400,000	10,400,000
ITIF - DLT Mainframe Replacement	-	-	-	-	9,680,000	9,680,000
ITIF - RI Children's Information System Project	-	2,000,000	600,000	(1,400,000)	1,380,000	(620,000)
Information Technology Investment Fund (ITIF)	5,800,119	2,625,165	7,105,753	4,480,588	13,229,160	10,603,995
Total	\$5,800,119	\$9,625,165	\$9,205,753	(\$419,412)	\$54,589,160	\$44,963,995

- **Enterprise Resource Planning (ERP):** The capital budget includes funding to modernize the State's decades-old legacy systems for human resources, payroll, grants management, and financial data systems. The current system is outdated, leaving decision makers unable to receive accurate information in a timely manner, are susceptible to various single points of failure, and are at-risk for security breaches. The new system, referred to as the Enterprise Resource Planning System (ERP), will have a total projected cost of \$68.7 million. The FY2021 Revised Budget transferred \$67.0 million in State revenues to capitalize the State's Information Technology Investment Fund (ITIF) to finance IT projects without issuing debt or incurring interest, including \$50.0 million for ERP. The FY2022 Final Budget includes \$1.5 million in restricted receipts to finance the first year of the project. The FY2023 Budget as Enacted includes \$19.9 million in restricted receipt ITIF funds to finance the second year of the project.
- **Hospital Electronic Medical Records Project:** The FY2023 Budget as Enacted includes \$10.4 million in restricted receipts from the Information Technology Investment Fund (ITIF) to implement a Hospital Information System (HIS) with an Electronic Medical Records (EMR) component. This HIS EMR system will improve patient care through electronic capturing and tracking of patient data, eliminates manual transcriptions and paper file storage, and will better enable evidence-based health care decisions. The total project cost is \$22.4 million, with out-year ITIF funding.
- **DLT Mainframe Replacement Project:** The FY2023 Budget as Enacted includes \$9.7 million in restricted receipts from the Information Technology Investment Fund (ITIF) 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. In addition, there is funding for upgrades to the business affairs imaging system to increase operational efficiency. The total project cost is \$19.4 million, which is fully funded through the ITIF.
- **DCYF RICHIST Project:** The Governor proposed borrowing \$17.0 million in certificates of participation (COPs) to replace the Department of Children, Youth, and Families' case management system, RICHIST, between FY2022 and FY2024. The Budget modifies the funding mechanism. Instead, the FY2021 Final Budget transferred \$67.0 million in State revenues to capitalize the State's Information Technology Investment Fund (ITIF) to finance IT projects without issuing debt or incurring interest, including \$17.0 million for RICHIST. The FY2022 Budget as Enacted included \$2.0 million in restricted receipt ITIF funds to finance the State's 60.0 percent share of the \$3.3 million in expenses for the first year of the project. However, this is reduced to \$600,000, a decrease of \$1.4 million in the FY2022 Final Budget. The FY2023 Budget includes \$1.4 million in restricted receipt ITIF funds to continue the project.
- **Information Technology Investment Fund (ITIF):** The Budget includes \$13.2 million to fund various projects through the ITIF. This is an increase of \$10.6 million from the FY2022 Budget as Enacted reflecting changes in the proposed ITIF project assumptions from the enacted budget.

The Information Technology Investment Fund (ITIF) is a restricted receipt account for the State's technology initiatives and improvement projects. The FY2015 Budget as Enacted authorized the Tobacco Settlement Financing Trust to transfer an estimated \$10.0 million to the ITIF from proceeds of the recent issuance of bonds by the Tobacco Settlement Financing Corporation. The ITIF derives funding through the sale of state property as well as from three additional sources.

- In FY2015, 10.0 percent of the \$1.00 surcharge levied on each residence and business telephone line collected to support the E-911 Uniform Emergency Telephone System is deposited into the ITIF, but this was repealed under Article 2 of the FY2020 Budget as Enacted and replaced with a new revenue source derived from 10.0 percent of a \$0.50 fee imposed on land-lines and 10.0 percent of the \$0.75 fee imposed on wireless phone lines. The surcharge change is projected to provide the technology investment fund annually \$1.0 million.
- Article 7 of the FY2019 Budget as Enacted authorized a tiered set of fees for individuals to obtain copies of certain vital records. The fees established are \$5 for mail-in certified records, \$3 for duplicate certified records, and \$2 for walk-in requests for certified records requests. The revenue generated from these fees are deposited into the Information Technology Infrastructure Fund. The proposal projects to generate \$350,351 annually.
- Article 4 of the FY2018 Budget as Enacted established a \$1.50 surcharge on every DMV fee transaction. This surcharge revenue is deposited into the State's Information Technology Infrastructure Fund (ITIF). Funds generated through the surcharge are specifically used to pay the original and ongoing costs associated with the DMV's information technology system, known as the Rhode Island Modernization System, or RIMS.
- 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 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.

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

Information Technology Fund	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027
Total Approved Projects	(\$81,228,818)	(\$75,453,513)	(\$64,847,774)	(\$15,318,614)	\$0	\$0	\$0
Projected FY Beginning Balance	2,137,380	75,472,450	121,261,711	73,057,551	31,932,551	4,837,551	2,662,551
Legislative Transfer	67,000,000	50,000,000	-	-	-	-	-
Estimated Sale of Property	8,706,700	2,970,000	-	-	-	-	-
E-911 Fees	926,961	925,000	925,000	925,000	925,000	925,000	925,000
DMV \$1.50 Surcharge	2,101,276	2,100,000	-	-	-	-	-
Vital Records Surcharge	375,438	400,000	400,000	400,000	400,000	400,000	400,000
Projected FY Ending Balance	\$18,937	\$56,413,937	\$57,738,937	\$59,063,937	\$33,257,551	\$6,162,551	\$3,987,551
Variance Capital Request to Approved Projects	(\$207)	\$0	\$0	\$0	\$0	\$0	\$0
Capital Budget Requests	\$5,775,305	\$10,605,739	\$49,529,160	\$42,450,000	\$28,420,000	\$3,500,000	\$2,800,000
Projected Cash Availability	81,247,755	131,867,450	122,586,711	74,382,551	33,257,551	6,162,551	3,987,551

Source: Department of Administration

LEGAL SERVICES

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

Legal Services	General Revenue
FY2022 Enacted	\$2,262,149
Target and Other Adjustments	(31,410)
Statewide Cost of Living Adjustment	143,454
FY2023 Enacted	\$2,374,193

Statewide Cost of Living Adjustment **\$143,454**

Based on recently negotiated contract bargaining agreements between the State and the state employee bargaining units for a proposed 4-year contract, the Budget includes the following cost-of-living adjustments (COLAs): 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. The current agreement is projected to increase general revenue expenditures by \$143,454 in FY2023 and \$134,171 in FY2022 within the Legal Services program.

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
FY2022 Enacted	\$1,640,558
<i>Target and Other Adjustments</i>	<i>13,834</i>
Statewide Cost of Living Adjustment	79,278
Centralized Services	35,158
Interlibrary Delivery System	27,686
FY2023 Enacted	\$1,796,514

Library and Information Services	Other Fund Changes
Library Services Technology (federal funds)	(\$1,730,333)

Statewide Cost of Living Adjustment **\$79,278**

Based on recently negotiated contract bargaining agreements between the State and the state employee bargaining units for a proposed 4-year contract, the Budget includes the following cost-of-living adjustments (COLAs): 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. The current agreement is projected to increase general revenue expenditures by \$79,278 (\$131,821 all funds) in FY2023 and \$75,015 (\$124,125 all funds) in FY2022 within the Office of Library and Information Services program.

Centralized Services **\$35,158**

The Budget decreases general revenue expenditures to reflect billed amounts for information technology services. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. These expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. The FY2022 Budget as Enacted appropriated \$27,481 for centralized information technology expenses, which is increased by \$35,158 to \$62,639 in the FY2023 proposed budget.

Interlibrary Delivery System **\$27,686**

The Budget includes a net increase of \$27,686 in general revenue for the Interlibrary Delivery System as compared to the previous year. RIGL 29-6-9 requires that the Office of Library and Information Services fund the Interlibrary Delivery System in its entirety. The FY2022 Budget as Enacted mistakenly shifted \$221,961 from the express delivery line for the LORI delivery system to the postage and postal services line sequence. According to OLIS all books and magazines use the LORI delivery system. This mistake is corrected in the FY2022 Final Budget and FY2023 Budget as enacted.

Interlibrary Delivery System/Postage	FY2022 Enacted	FY2022 Final	Change	FY2023 Enacted	Change
Express Delivery	\$410,353	\$632,314	\$221,961	\$660,000	\$249,647
Postage and Postal Services	221,961	-	(221,961)	-	(221,961)
Total	\$632,314	\$632,314	\$0	\$660,000	\$27,686

Library Services Technology (federal funds) **(\$1.7 million)**

The Budget decreases by \$1.7 million in federal funds to support innovation and other projects in public libraries. This includes a decrease of \$2.2 million in federal funds from the American Rescue Plan Act. This award from the Institute of Museum and Library Services was administered by the Office of Library and Information Services to support library services throughout the State.

In addition, the Budget includes \$500,000 as a carryover from the previous fiscal year. When the Office of Library and Information Services (OLIS) awards grants, they are tied to the federal fiscal year and there is a certain amount of carryover into the first quarter of the state fiscal year, which is the 4th quarter of the

federal fiscal year. OLIS is managing a large number of sub-grants to libraries funded by ARPA through the Institute of Museum and Library Services (dedicated library ARPA funds).

PERSONNEL APPEAL BOARD

The Personnel Appeal Board hears appeals by any person with provisional, probationary, or permanent status in a position in the classified service aggrieved by an action of the Administrator of Adjudication for the Department of Administration on matters of personnel administration. The Board administers the Merit System Law governing appeals, maintenance of records, reviews, appeals from decisions rendered, and records of cases adjudicated before scheduling a public hearing. The Personnel Appeal Board consists of five members, not more than three of whom are members of the same political party. The Board has no FTE positions specifically assigned to the program.

Personnel Appeal Board	General Revenue
FY2022 Enacted	\$120,050
<i>Target and Other Adjustments</i>	6,505
Centralized Services	10,824
Statewide Cost of Living Adjustment	5,680
FY2023 Enacted	\$143,059

Centralized Services **\$10,824**

The Budget decreases general revenue expenditures to reflect billed amounts for information technology services. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. These expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. The FY2022 Budget as Enacted included no funding for this expense, which is increased to \$10,824 in FY2023.

Statewide Cost of Living Adjustment **\$5,680**

Based on recently negotiated contract bargaining agreements between the State and the state employee bargaining units for a proposed 4-year contract, the Budget includes the following cost-of-living adjustments (COLAs): 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. The current agreement is projected to increase general revenue expenditures by \$5,680 in FY2023 and \$5,323 in FY2022 within the Personnel Appeal Board program.

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
FY2022 Enacted	\$0
<i>Target and Other Adjustments</i>	-
FEMA Reserve and Contingency	15,000,000
General Officer Transition Costs	350,000
FY2023 Enacted	\$15,350,000

FEMA Reserve and Contingency**\$15.0 million**

The Budget includes \$15.0 million in general revenue for a contingency reserve in the event that the federal FEMA reimbursements differ from the State estimation and assumptions. The intent of the reserve fund is to absorb potential discrepancies between state claims and what FEMA ultimately reimburses.

General Officer Transition Costs**\$350,000**

The Budget includes \$350,000 in general revenue for general officer transition costs associated with 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
FY2022 Enacted	\$663,930
<i>Target and Other Adjustments</i>	<i>81,310</i>
Centralized Services	56,832
Statewide Cost of Living Adjustment	38,783
FY2023 Enacted	\$840,855

Centralized Services**\$56,832**

The Budget decreases general revenue expenditures to reflect billed amounts for information technology services. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In FY2019 these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. The FY2022 Budget as Enacted appropriated \$17,914 for this expense, which is increased by \$56,832 to \$74,746 in the FY2023 proposed budget.

Statewide Cost of Living Adjustment**\$38,783**

Based on recently negotiated contract bargaining agreements between the State and the state employee bargaining units for a proposed 4-year contract, the Budget includes the following cost-of-living adjustments (COLAs): 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. The current agreement is projected to increase general revenue expenditures by \$38,783 (\$256,300 all funds) in FY2023 and \$37,145 (\$237,543 all funds) in FY2022 within the Planning program.

PURCHASING

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

Purchasing	General Revenue
FY2022 Enacted	\$3,275,536
<i>Target and Other Adjustments</i>	<i>29,112</i>
Centralized Services	289,964
Statewide Cost of Living Adjustment	236,056
FY2023 Enacted	\$3,830,668

Centralized Services **\$289,964**

The Budget increases general revenue expenditures to reflect billed amounts for information technology services. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In FY2019 these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. The FY2022 Budget as Enacted appropriated \$325,459 for this expense, which is increased by \$289,964 to \$615,423 in the FY2023 Budget as Enacted. There are corresponding decreases of \$42,946 in restricted receipts and \$7,789 in other funds.

Statewide Cost of Living Adjustment **\$236,056**

Based on recently negotiated contract bargaining agreements between the State and the state employee bargaining units for a proposed 4-year contract, the Budget includes the following cost-of-living adjustments (COLAs): 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. The current agreement is projected to increase general revenue expenditures by \$236,056 (\$284,189 all funds) in FY2023 and \$235,768 (\$290,710 all funds) in FY2022 within the Purchasing program.

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
FY2022 Enacted	\$2,820,336
<i>Target and Other Adjustments</i>	-
Redetermination Activities	1,131,926
Eligibility Extension compliance	125,618
FY2023 Enacted	\$4,077,880

Rhode Island Health Benefits Exchange (HealthSource RI)	Other Fund Changes
Rhode Island Health Benefits Exchange (federal funds)	\$7,152,822
ARPA SFRF: Auto-Enrollment Program HSRI (federal funds)	949,631
Rhode Island Health Benefits Exchange (restricted receipts)	(1,832,189)

Redetermination Activities **\$1.1 million**

Pursuant to a Governor's Budget Amendment dated May 20, 2022, the Budget increases general revenue expenditures by \$1.1 million to reflect expenses associated with eligibility redetermination activities that will resume upon the end of the public health emergency (PHE). During the PHE, states must provide continuous Medicaid coverage by pausing redetermination activities. This funding will support HSRI in reaching out to determine the beneficiary's eligibility. \$1.0 million is allocated to HealthSourceRI's share of information technology expenses and \$100,000 for operating expenses.

Eligibility Extension Compliance **\$125,618**

The Budget allocates \$125,618 in General Revenue attributable to the extension of the COVID-19 Public Health Emergency (PHE), where there are still several manual processes that need to be performed to keep individuals eligible for benefits associated with federal PHE requirements. This expense was removed from federal ARPA funds and reallocated to General Revenue.

The Department of Administration through HSRI, along with the Executive Office of Health and Human Services (EOHHS), and the Department of Human Services (DHS), requested additional funding for contracted IT support for program system changes to reflect the latest federal guidelines to prevent federal fines and benefit disruption during the pandemic recovery period when federal policy changes revert back to the pre-COVID pandemic policies.

Rhode Island Health Benefits Exchange (federal funds) **\$7.2 million**

The Budget includes \$12.4 million in federal funds for the Rhode Island Health Benefits Exchange for FY2023, an increase of \$7.2 million in federal funds. The use of federal funds for the Exchange declined after FY2015. From FY2016 through FY2019, federal funds were primarily used for contract services and personnel. This reflected the shift from federal funding that was provided for the establishment of an Affordable Care Act (ACA)-compliant health benefits exchange, over to a state-operated system. In FY2019, the federal funds supported only one FTE position. Through FY2021, the design, development, and implementation of HealthSource RI has been funded with \$141.2 million in federal grants. In FY2023, federal funds increase by \$7.2 million, reflecting a Centers for Medicare and Medicaid Services updated award of the 1332 waiver. This is the second year of this award and the 1332 waiver expires on December 31, 2024. The State received a similar \$5.2 million award for FY2022. HSRI will be required to re-apply for the award to continue beyond the December 2024 date.

The award is not related to the pandemic response. According to the Department, since HSRI is keeping premium rates down by returning penalty receipts back to the carrier, CMS (federal) pays lower premium subsidies and passes that savings along to HSRI (state). Funding received by HSRI (state) from CMS

(federal) is paid to the health insurance carriers to continue to keep rates low. HSRI only budgets for what is expected from CMS award and ultimately paid out to health insurance carriers.

HealthSource RI	FY2013 Actual	FY2014 Actual	FY2015 Actual	FY2016 Actual	FY2017 Actual	FY2018 Actual	FY2019 Actual	FY2020 Actual	FY2021 Actual	FY2022 Enacted	FY2022 Final	FY2023 Enacted	Total
Federal Funds	\$21.8	\$47.3	\$48.5	\$17.6	\$3.7	\$1.8	\$0.1	\$0.0	\$0.4	\$5.2	\$6.3	\$13.7	\$166.4
Restricted Receipts	-	-	-	2.8	5.5	5.3	5.2	8.0	10.4	16.8	15.1	15.0	84.0
Total	\$21.8	\$47.3	\$48.5	\$20.4	\$9.2	\$7.1	\$5.3	\$8.0	\$10.8	\$22.0	\$21.4	\$28.7	\$250.5

\$ in millions

ARPA SFRF: Auto-Enrollment Program HSRI (federal funds)

\$1.3 million

The Budget allocates \$1.3 million in federal American Rescue Plan Act (ARPA) State Fiscal Recovery Funds (SFRF) for an Auto-Enrollment Program, intended to create a pathway for a large number of Rhode Island residents to remain covered by health insurance. A large number of people are anticipated to be terminated from Medicaid coverage throughout 2022 and 2023 due to income eligibility, once the Public Health Emergency (PHE) expires.

This is a temporary program to be operated by HSRI. It will leverage HSRI's existing eligibility, enrollment, and payment functions for individual and family health insurance coverage, including financial assistance. The total program cost is \$1.3 million. Initially, \$502,526 was allocated for FY2022, however, the extension of the public health emergency delayed the use of these funds. The \$502,526, along with the original allocation of \$339,079 will be allocated to FY2023. The remaining \$400,000 is for an additional 30 days of coverage, for a total of 60 days of supplementary coverage. Part of the program expenses will cover costs from existing competitively procured vendors for administrative work required to create the program and part of the expenses will be a credit to enrollees' payment accounts paid on their behalf.

Rhode Island Health Benefits Exchange (restricted receipts)

(\$1.8 million)

The Budget includes \$15.0 million in restricted receipts for personnel and operating costs at the Health Benefits Exchange. This is a net decrease of \$1.8 million from the FY2022 Budget as Enacted. The significant changes include such items as a decrease of \$8.4 million in IT systems support, an increase of \$5.6 million in grant awards, an increase of \$508,882 in management consultant costs, and an increase of \$76,769 for centralized services.

The reason for the increase in grant awards is the result of two changes. First, funds were shifted across natural accounts in the FY2022 Final Budget to more accurately reflect the object of expenditures. These funds were initially budgeted in an IT Support contract services natural account but are now listed as sub-awards. Furthermore, the FY2022 Budget as Enacted included \$8.4 million, as an estimated projection; however, the penalty receipts are lower than expected. The FY2022 Final Budget decreased it to \$5.6 million and kept consistent into the recommended FY2023 Budget.

OFFICE OF DIVERSITY, EQUITY, AND OPPORTUNITY

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

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

- Director of Diversity 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 Business Enterprises (MBEs) and Disadvantaged Business Enterprises (DBEs) in state and federally-funded construction programs and projects, and State purchases of goods and services.
- The Outreach and Diversity Office is responsible for creating a culture that values a diverse workforce through diversity training to state employees and assists in recruiting and retaining a diverse workforce.
- Office of Supplier Diversity complements the work of the Minority Business Enterprise Compliance Office.

The Office of Diversity, Equity, and Opportunity	General Revenue
FY2022 Enacted	\$1,245,968
<i>Target and Other Adjustments</i>	<i>148,416</i>
Statewide Cost of Living Adjustment	92,825
Centralized Services	21,397
FY2023 Enacted	\$1,508,606

Statewide Cost of Living Adjustment **\$92,825**

Based on recently negotiated contract bargaining agreements between the State and the state employee bargaining units for a proposed 4-year contract, the Budget includes the following cost-of-living adjustments (COLAs): 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. The current agreement is projected to increase general revenue expenditures by \$92,825 in FY2023 and \$78,155 in FY2022 within the Office of Diversity, Equity, and Opportunity program.

Centralized Services **\$21,397**

The Budget decreases general revenue expenditures to reflect billed amounts for information technology services. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. These expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. The FY2022 Budget as Enacted appropriated \$21,595 for this expense, which is increased by \$21,397 to \$42,992 in the FY2023 budget.

CAPITAL PROJECTS

The Budget includes \$71.7 million in Rhode Island Capital Plan (RICAP) funds for 36 various capital projects in FY2023. This reflects an increase of \$40.0 million from the previous fiscal year. Significant project changes include:

- **New or Major Funding Changes Capital Projects:** The Budget includes \$11.7 million for three projects including \$7.2 million for projects at the Zambarano Campus in the Town of Burrillville.

New or Major Funding Changes Capital Projects	FY2022 Enacted	FY2022 Final	Change	FY2023 Enacted	Change
RICAP - Medical Examiner Building	\$4,500,000	\$500,000	(\$4,000,000)	\$4,500,000	\$0
RICAP - Zambarano Buildings	1,350,000	1,393,887	43,887	6,070,000	4,720,000
RICAP - Zambarano LTACH	-	-	-	1,177,542	1,177,542
Total	\$5,850,000	\$1,893,887	(\$3,956,113)	\$11,747,542	\$5,897,542

- **Medical Examiner Building:** The Budget includes \$4.5 million in RICAP funds for the build-out of the new Medical Examiner's Building located at 900 Highland Corporate Drive, Cumberland (Building # 3), reflecting the completion of this project and that no further capital funds are required at this time.
- **Zambarano Buildings:** The Budget includes an appropriation of \$6.1 million, an increase of \$4.7 million in RICAP funding for various asset protection projects for buildings, roads, parking areas, open space, and utilities at the Zambarano Campus in Burrillville. The appropriation for FY2023 includes \$2.9 million for a new ventilator unit in the Beazley Building.
- **Zambarano LTACH:** The capital budget includes \$1.2 million in RICAP funds in FY2023 for the proposed new Long-Term Acute Care Hospital (LTACH) on the Zambarano Campus. The total proposed project cost is \$108.2 million in RICAP funds
- **Pastore Center Campus Projects:** The Budget includes \$20.5 million to fund various major maintenance and repairs to 35 structures at the Pastore Government Center. This is an increase of \$14.5 million from the previous year.

Pastore Center Campus Projects	FY2022 Enacted	FY2022 Final	Change	FY2023 Enacted	Change
RICAP - Pastore Infrastructure	\$0	\$0	\$0	\$11,050,000	\$11,050,000
RICAP - Pastore Center Non-Medical Buildings Asset Protection	3,170,000	3,513,000	343,000	6,250,000	3,080,000
RICAP - Pastore Master Plan	116,467	188,250	71,783	1,700,000	1,583,533
RICAP - Pastore Center Power Plant	734,000	1,278,484	544,484	-	(734,000)
RICAP - Pastore Center Medical Buildings Asset Protection	750,000	750,000	-	500,000	(250,000)
RICAP - Pastore Center Electric Utility Upgrade	175,000	391,042	216,042	-	(175,000)
RICAP - Pastore Center Water Utility System	100,000	207,681	107,681	-	(100,000)
RICAP - Pastore Center Building Demolition	1,000,000	1,000,000	-	1,000,000	-
Total	\$6,045,467	\$7,328,457	\$1,282,990	\$20,500,000	\$14,454,533

- **Pastore Infrastructure:** The Budget includes \$11.1 million in RICAP funds in FY2023 to begin 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.
- **Pastore Center Non-Medical Building Asset Protection:** The Budget includes \$6.3 million in RICAP funds reflecting an increase of \$3.1 million as compared to the FY2022 Budget as Enacted.
- **Pastore Master Plan:** The Budget includes \$1.7 million in RICAP funds, an increase of \$1.6 million from the previous year. The purpose of this project is to develop a real estate valuation plan to prioritize future capital improvements for properties controlled by the executive branch.
- **Pastore Center Medical Building Asset Protection:** The Budget includes \$500,000 in RICAP funds for Pastore Center Medical Buildings asset protection expenses related to the Benton, Mathias, and Adolph Meyer Hospitals. This is a reduction of \$250,000 in RICAP funds from the FY2022 Budget as Enacted.
- **Pastore Center Demolition:** The Budget includes \$1.0 million in RICAP funds in FY2023 for use on vacant structures on the Pastore Center Campus that are scheduled for abatement and demolition. The continued demolition of the vacant unusable structures provides space for future development at the state-owned facility.
- **Capitol Hill Campus Projects:** Includes \$6.6 million, an increase of \$1.9 million from the previous year, to fund various infrastructure upgrades to structures listed as the Capitol Hill Campus, including the Cannon Building, Old State House, Chapin Health Lab, State Office Building (DOT), and the William Powers Building.

Capital Hill Campus Projects	FY2022 Enacted	FY2022 Final	Change	FY2023 Enacted	Change
RICAP - Williams Powers Building	\$1,800,000	\$2,329,937	\$529,937	\$2,700,000	\$900,000
RICAP - State House Renovations	1,478,000	1,386,000	(92,000)	2,083,000	605,000
RICAP - Cannon Building	800,000	1,113,028	313,028	1,150,000	350,000
RICAP - Chapin Health Laboratory	500,000	685,650	185,650	500,000	-
RICAP - Old State House	100,000	475,952	375,952	100,000	-
RICAP - State Office Building	100,000	177,594	77,594	100,000	-
Total	\$4,778,000	\$6,168,161	\$1,390,161	\$6,633,000	\$1,855,000

- **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 \$2.7 million in RICAP funds in FY2023 that include HVAC upgrades, bathroom renovations, window and exterior envelop repairs, and elevator renovations.
- **State House Renovations:** The capital plan consists of \$64.7 million in renovations to the State House in Providence, including an appropriation of \$2.1 million in RICAP funds for FY2023. This reflects an increase of \$605,000 from the previous fiscal year. The projects include HVAC replacement, asset protection, and improvements to the grounds and walkways around the structure.
- **Cannon Building:** The Cannon Building, located in Providence, houses the Department of Health. The Budget includes \$1.2 million in RICAP funds in FY2023, an increase of \$350,000 from the previous budget. The projects include auditorium renovations, HVAC control upgrades, bathroom renovations, electrical upgrades, and a new generator.
- **Rhode Island Convention Center Authority Venues:** The Budget includes \$16.3 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 an increase of \$11.7 million from the previous year.

RI Convention Center Authority Venues	FY2022 Enacted	FY2022 Final	Change	FY2023 Enacted	Change
RICAP - Dunkin Donuts Center	\$2,300,000	\$2,300,000	\$0	\$8,150,000	\$5,850,000
RICAP - Veterans Auditorium	285,000	285,000	-	765,000	480,000
RICAP - Rhode Island Convention Center Authority	2,000,000	2,000,000	-	7,350,000	5,350,000
Total	\$4,585,000	\$4,585,000	\$0	\$16,265,000	\$11,680,000

- **Amica Mutual Pavilion (Dunkin Donuts Center):** The Budget includes \$8.2 million in RICAP funds in FY2023 for continued asset protection, upgrades and renovations for the Amica Mutual Pavilion. This reflects an increase of \$5.9 million in RICAP funds from the previous year.
- **Veterans Auditorium:** The Budget includes \$765,000 in RICAP funds for HVAC system, stage lighting upgrades, and auditorium seating replacement for the Auditorium. This reflects an increase of \$480,000 million in RICAP funds from the previous year.
- **Rhode Island Convention Center Authority:** The Budget includes \$7.4 million in RICAP funds for continued asset protection, upgrades, and renovations to the Rhode Island Convention Center (RICC) in Providence. This reflects an increase of \$5.4 million over the FY2022 Budget as Enacted. 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.
- **Miscellaneous Capital Projects:** The Budget includes \$16.5 million in RICAP funds for various major maintenance and repairs to 19 statewide projects or structures. This is an increase of \$6.1 million from the previous year.

Miscellaneous Capital Projects	FY2022 Enacted	FY2022 Final	Change	FY2023 Enacted	Change
RICAP - 560 Jefferson Blvd Asset Protection	\$150,000	\$150,000	\$0	\$150,000	\$0
RICAP - Accessibility - Facility Renovations	1,000,000	1,392,736	392,736	1,000,000	-
RICAP - Arrigan Center	197,500	197,500	-	825,000	627,500
RICAP - BHDDH DD & Community Facilities - Asset Protection	300,000	307,228	7,228	750,000	450,000
RICAP - BHDDH DD & Community Homes - Fire Code	325,000	755,265	430,265	325,000	-
RICAP - BHDDH DD Regional Facilities - Asset Protection	450,000	518,295	68,295	1,700,000	1,250,000
RICAP - BHDDH Group Homes	750,000	798,130	48,130	1,250,000	500,000
RICAP - BHDDH Substance Abuse Asset Protection	375,000	520,442	145,442	500,000	125,000
RICAP - Big River Management Area	250,000	347,461	97,461	427,000	177,000
RICAP - Comm Fac Asset Protection	-	-	-	450,000	450,000
RICAP - Cranston Street Armory	325,000	325,937	937	750,000	425,000
RICAP - Energy Efficiency Improvements- Statewide	1,250,000	1,250,000	-	1,250,000	-
RICAP - Environmental Compliance	400,000	465,961	65,961	400,000	-
RICAP - Information Operations Center	800,000	250,000	(550,000)	3,300,000	2,500,000
RICAP - Replacement of Fueling Tanks	800,000	1,044,770	244,770	680,000	(120,000)
RICAP - State Office Reorganization & Relocation	500,000	1,875,286	1,375,286	250,000	(250,000)
RICAP - Washington County Government Center	500,000	604,892	104,892	500,000	-
RICAP -Security Measures State Buildings	500,000	856,355	356,355	500,000	-
RICAP -Shepard Building Upgrades	1,500,000	1,966,635	466,635	1,500,000	-
Total	\$10,372,500	\$13,626,893	\$3,254,393	\$16,507,000	\$6,134,500

- **Cranston Street Armory:** The Budget includes \$750,000 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 an increase of \$425,000 from the previous year. According to the Department, the agreement is 75.0 percent complete to transform and energize the Armory. The development agreement will be a long-term lease to the developer (Scout) to create a unique destination that will be a cultural and economic engine for Providence and the entire State.

Department of Business Regulation

Expenditures By Program	FY2021 Actual	FY2022 Enacted	FY2022 Final	Change to Enacted		FY2023 Enacted	Change to Enacted	
Central Management	\$3.3	\$3.2	\$3.5	\$0.2	6.8%	\$3.8	\$0.6	17.6%
Banking Regulation	1.6	1.7	2.0	0.3	18.0%	2.0	0.3	18.3%
Board of Accountancy	0.0	0.0	0.0	(0.0)	-6.7%	0.0	(0.0)	-6.7%
Commercial Licensing	1.8	1.9	2.1	0.1	6.8%	2.1	0.1	7.2%
Building, Design & Fire Professionals	8.5	8.8	11.4	2.6	29.9%	12.1	3.3	37.7%
Insurance Regulation	5.4	6.2	6.3	0.1	1.1%	6.5	0.3	4.4%
Office of Cannabis Regulation	1.1	1.2	1.7	0.5	44.7%	6.5	5.3	454.5%
Office of the Health Insurance Commissioner	2.3	2.3	2.5	0.3	11.0%	4.7	2.4	105.8%
Securities Regulation	0.6	0.8	0.8	(0.0)	-2.5%	0.9	0.0	5.6%
Total	\$24.7	\$26.1	\$30.2	\$4.1	15.7%	\$38.5	\$12.4	47.3%

Expenditures by Funds	FY2021 Actual	FY2022 Enacted	FY2022 Final	Change to Enacted		FY2023 Enacted	Change to Enacted	
General Revenue	\$15.2	\$19.2	\$21.3	\$2.1	11.0%	\$26.3	\$7.0	36.5%
Federal Funds	3.9	0.3	1.0	0.7	226.3%	0.7	0.39	125.9%
Restricted Receipts	5.5	6.5	7.8	1.3	19.9%	10.8	4.3	65.5%
Other Funds	0.1	0.1	0.1	0.0	4.8%	0.7	0.7	996.3%
Total	\$24.7	\$26.1	\$30.2	\$4.1	15.7%	\$38.5	\$12.4	47.3%

Authorized FTE Levels	161.0	162.0	162.0	-	-	181.0	19.0	11.7%
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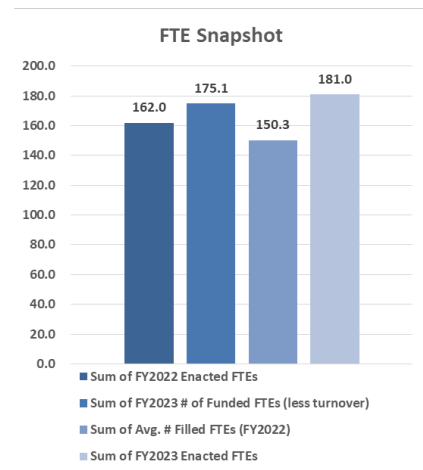
\$ in millions. Totals may vary due to rounding.

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

MAJOR ISSUES AND TRENDS

The FY2023 Budget includes an all funds increase of \$12.4 million, or 47.3 percent, from the FY2022 Budget as Enacted. The Budget includes a \$7.0 million general revenue increase and \$385,187 in federal funds as compared to the FY2022 Budget as Enacted. The increase is primarily caused by the expansion of e-permitting and for equipment for the bomb squad. The federal fund increase is largely due to ARPA State Fiscal Recovery Funds proposals.

The passage of the Rhode Island Cannabis Act which legalizes adult use marijuana and established the Cannabis Control Commission, increases restricted receipt expenditures by \$4.3 million. The Budget also includes an increase of 19.0 FTE positions, including 18.0 new FTEs for the state-controlled adult-use marijuana program and 1.0 FTE for the State Building Code Commission to support the expansion of online permitting.



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
FY2022 Enacted	\$3,232,684
<i>Target and Other Adjustments</i>	<i>(37,871)</i>
Centralized Service Charges	493,029
Statewide Cost of Living Adjustment	113,348
FY2023 Enacted	\$3,801,190

Centralized Service Charges ***\$493,029***

The Budget increases general revenue expenditures by \$493,029 to reflect billed amounts for human resources, capital asset management and maintenance and information technology services. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. These expenditures are reflected in each agency based on actual use, showing the true costs associated with a particular program or agency. The FY2022 Budget as Enacted appropriated \$1.4 million for the centralized services, increased to \$1.9 million in the FY2023 Budget.

Statewide Cost of Living Adjustments ***\$113,348***

Based on recently negotiated contract bargaining agreements between the State and the state employee bargaining units for a proposed 4-year contract, the Budget includes the following cost-of-living adjustments (COLAs): 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. In addition, the Budget includes a \$1,500 retention bonus to those eligible union employees that was included as part of the recently completed contract negotiation. The current agreement is projected to increase general revenue expenditures by \$113,348 in FY2023 and \$74,810 in FY2022 within DBR.

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
FY2022 Enacted	\$1,620,842
<i>Target and Other Adjustments</i>	<i>(6,019)</i>
Personnel Adjustments	179,651
Statewide Cost of Living Adjustment	148,213
FY2023 Enacted	\$1,942,687

Personnel Adjustments ***\$179,651***

The Budget increases general revenue by \$179,651 for personnel adjustments within the Banking Regulation Division. This includes increased costs for retirement benefits and health insurance. The increase also includes upgrades to several FTE positions involved in the review of licensees of the banking division. Bank examiners in the private sector earn higher salaries and typically move out of state

government after gaining experience to a higher earning potential. The proposal is intended to reduce turnover by rewarding individuals who perform well in their position and who have remained in state service.

Statewide Cost of Living Adjustment

\$148,213

Based on recently negotiated contract bargaining agreements between the State and the state employee bargaining units for a proposed 4-year contract, the Budget includes the following cost-of-living adjustments (COLAs): 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. In addition, the Budget includes a \$1,500 retention bonus to those eligible union employees that was included as part of the recently completed contract negotiation. The current agreement is projected to increase general revenue expenditures by \$148,213 in FY2023 and \$108,780 in FY2022 within DBR.

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
FY2022 Enacted	\$5,883
<i>Targets and Other Adjustments</i>	<i>(393)</i>
FY2023 Enacted	\$5,490

COMMERCIAL LICENSE AND 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
FY2022 Enacted	\$1,053,287
<i>Target and other Adjustments</i>	<i>29,762</i>
Statewide Cost of Living Adjustment	84,501
FY2023 Enacted	\$1,167,550

Statewide Cost of Living Adjustment

\$84,501

Based on recently negotiated contract bargaining agreements between the State and the state employee bargaining units for a proposed 4-year contract, the Budget includes the following cost-of-living adjustments (COLAs): 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. In addition, the Budget includes a \$1,500 retention bonus to those eligible union employees that was included as part of the recently completed contract negotiation. The current agreement is projected to increase general revenue expenditures by \$84,501 in FY2023 and \$60,310 in FY2022 within DBR.

DIVISION OF BUILDING, DESIGN, AND FIRE PROFESSIONALS

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

Division of Building, Design, and Fire Professionals	General Revenue
FY2022 Enacted	\$6,697,958
<i>Target and Other Adjustments</i>	<i>(168,104)</i>
E-permitting and Expansion	1,220,026
Bomb Squad Equipment	830,700
Statewide Cost of Living Adjustment	272,119
FY2023 Enacted	\$8,852,699
Division of Building, Design and Fire Professionals	Other Funds
Fire Academy Expansion (RICAP)	\$500,000

E-Permitting Expansion ***\$1.2 million***

The Budget increases general revenues by \$1.2 million to expand e-permitting in the State, including \$167,526 for 1.0 new FTE to administer the expansion. RIGL 23-27.3-108.2 requires all municipalities to adopt and implement an electronic construction permitting process on or before July 1, 2023. This proposal would standardize the submission and approval of building permits and plans and improve the scheduling of inspections, the tracking of projects, and the collection of fees. Although most of the cities and towns are already using e-permitting, the application process is different in each of them. This requires applicants who work in different municipalities to be familiar with different sets of forms and procedures. Standardizing the process statewide will ease doing business in the State for permit applicants.

Bomb Squad Equipment ***\$830,700***

The Budget includes \$920,700 in general revenue, reflecting an increase of \$830,700 for safety equipment for the bomb squad. The bomb squad relies heavily on highly specialized equipment to perform a myriad of tasks. The funds would replace existing equipment that has failed over time, become obsolete and unserviceable including robots, a truck, radios, and x-ray systems. The funding would allow the bomb squad to maintain the minimum requirements necessary for FBI accreditation. The Department expects about \$100,000 in recurring equipment costs associated with accreditation.

Statewide COLA and Bonus ***\$272,119***

Based on recently negotiated contract bargaining agreements between the State and the state employee bargaining units for a proposed 4-year contract, the Budget includes the following cost-of-living adjustments (COLAs): 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. In addition, the Budget includes a \$1,500 retention bonus to those eligible union employees that was included as part of the recently completed contract negotiation. The current agreement is projected to increase general revenue expenditures by \$272,119 in FY2023 and \$279,929 in FY2022 within DBR.

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
FY2022 Enacted	\$4,152,139
<i>Target and Other Adjustments</i>	<i>(76,420)</i>
Statewide Cost of Living Adjustment	324,319
Position Upgrades	44,903
Turnover	(25,625)
FY2023 Enacted	\$4,419,316

Statewide COLA and Bonus **\$324,319**

Based on recently negotiated contract bargaining agreements between the State and the state employee bargaining units for a proposed 4-year contract, the Budget includes the following cost-of-living adjustments (COLAs): 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. In addition, the Budget includes a \$1,500 retention bonus to those eligible union employees that was included as part of the recently completed contract negotiation. The current agreement is projected to increase general revenue expenditures by \$324,319 in FY2023 and \$249,008 in FY2022 within DBR.

Position Upgrades **\$44,903**

The Budget adds \$44,903 for upgrades to several FTE positions involved in the review of licensees of the insurance regulation division. Insurance examiners in the private sector earn higher salaries and typically move out of state government after gaining experience to a higher earning potential. The proposal is intended to reduce turnover by rewarding individuals who perform well in their position and who have remained in state service.

Turnover **(\$25,625)**

The Budget includes \$25,625 in general revenue savings within the Insurance Regulation Division for turnover savings.

OFFICE OF CANNABIS REGULATION

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

Office of Cannabis Regulation	General Revenue
Adult Use Cannabis	\$1,440,464
<i>Target and Other Adjustments</i>	-
FY2023 Enacted	\$1,440,464

Office of Cannabis Regulation	Other Fund Changes
Adult Use Marijuana (restricted receipts)	\$1,935,807
Medical Marijuana Program (restricted receipts)	1,307,056
Cannabis Control Commission (restricted receipts)	613,468

Adult Use Cannabis **\$1.4 million**

The Rhode Island Cannabis Act of May 2022 established the Cannabis Control Commission. The Budget as Enacted includes \$1.4 million in general revenue to aid the Cannabis Control Commission in assuming the administrative duties of the Office of Cannabis Regulation – renamed the Office of Cannabis, and will fund 5.0 new positions associated with the Cannabis Control Commission.

Adult-Use Marijuana (restricted receipts) **\$1.9 million**

The Rhode Island Cannabis Act legalizes the recreational, adult-use of marijuana, licensed and regulated by the Office of Cannabis and the Cannabis Control Commission, increasing restricted receipt expenditures within the Office by \$1.9 million, of which \$600,000 is for the administrative costs of the market including record keeping, office-related expenses, and obtaining outside legal counsel.

The Budget includes a \$1.3 million increase in restricted receipts to fund 13.0 FTEs to support the operations of the proposed adult-use marijuana market. This includes 6.0 Chief Public Protection Inspectors, 2.0 Licensing Aides, 1.0 Economic and Policy Analysts, 1.0 Administrative Officers, 1.0 Chief of Inspections, and 1.0 Investigative Auditors. The proposed positions have an average salary of \$56,177 and an average total cost of \$97,944 per FTE.

Medical Marijuana Program (restricted receipts) **\$1.3 million**

The Budget adds \$1.3 million in restricted receipts within the medical marijuana program, including \$131,819 for 1.0 Chief Public Protection Inspector that was excluded in the FY2022 Budget as Enacted. Currently, the Office oversees 79 licensed medical marijuana compassion centers, cultivators, and industrial hemp growers and handlers with one inspector. The Budget also adds \$ 1.2 million for a contract with a new vendor to develop a new seed-to-sale system, which would allow the Department to develop and manage a cannabis licensing and tracking system. The increases are offset slightly by a reduction in various operating costs.

Cannabis Control Commission (restricted receipts) **\$613,468**

The ratification of the Rhode Island Cannabis Act established the Cannabis Control Commission, an independent office which oversees Rhode Island’s recreational cannabis industry. The Commission issues licenses to cannabis retailers and cultivators, and regulates the recreational industry. The Act charges the Commission with creating a system to license up to as many as 33 new stores – 24 of which will be divided equally among geographic zones of the state. Of these new licenses, 25 percent are reserved for social equity applicants, and another 25 percent are reserved for worker-cooperatives.

The Budget includes \$613,468 in restricted revenue to fund the functioning of the Cannabis Control Commission. These funds will support 5.0 additional FTE positions within the Commission. New positions include 1.0 commission chair, 1.0 legal counsel, 1.0 fiscal officer, 2.0 administrative assistants, and two other commissioners who are not state employees but are paid a monthly stipend.

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, and provider affairs.

Office of the Health Insurance Commissioner	General Revenue
FY2022 Enacted	\$1,659,713
<i>Targets and Other Adjustments</i>	36,992
Human Service Programs Rates and Benefits Analysis	1,500,000
Health Spending and Transparency Program	500,000
Statewide Cost of Living Adjustment	81,030
FY2023 Enacted	\$3,777,735

Human Service Programs Rate and Benefit Analysis

\$1.5 million

The Budget increases general revenue by \$1.5 million to conduct a comprehensive review on the rates and services provided by the State's Health and Human Services agencies. Of these funds, \$200,000 will be allocated to 1.0 new FTE position. This review intends to evaluate the current rates of human service programs to determine whether they are suitable to provide safe, effective and equitable services to beneficiaries. The analysis will focus on contracted providers whose programs are primarily funded through Medicaid and/or reside within the Department of Children, Youth and Families; Executive Office of Health and Human Services, Human Services, and Health. The analysis will be submitted on January 1, 2023 and a final report will be published by April 1, 2023. The departments will be required to include recommended rates by October 1, 2023.

Health Spending Accountability and Transparency Program

\$500,000

The Office of the Health Insurance Commissioner, in conjunction with a Cost Trends Steering Committee comprising representatives from the health care community, businesses, and consumers, will oversee the program. Preliminary work to create the program has been conducted by OHIC and funded by philanthropic organizations, including the Peterson Center on Healthcare in New York and the Rhode Island Foundation. Current grants are expiring in August 2022. This work is supported by Executive Order 19-03, which established a cost growth target (CGT) and charged OHIC and EOHHS with taking necessary actions to implement the target. The Budget includes \$500,000 from general revenue to continue the Health Care Cost Trend Project.

The Budget adds \$500,000 in general revenue in FY2023 for a Health Spending Accountability and Transparency program. In August 2018, the Governor convened the Rhode Island Cost Trend Steering Committee to advise the Rhode Island Health Care Cost Trend Project. The project's goal is to provide all Rhode Islander's with access to high-quality, affordable healthcare with spending that does not increase at a rate higher than the consumer price index (CPI). Key stakeholders including hospital systems, health insurers, physicians' groups, advocates, and researchers agreed to a voluntary target of 3.2 percent total healthcare cost growth. The Steering Committee is working on cost trend targets for the next five years.

Statewide COLA and Bonus**\$81,030**

Based on recently negotiated contract bargaining agreements between the State and the state employee bargaining units for a proposed 4-year contract, the Budget includes the following cost-of-living adjustments (COLAs): 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. In addition, the Budget includes a \$1,500 retention bonus to those eligible union employees that was included as part of the recently completed contract negotiation. The current agreement is projected to increase general revenue expenditures by \$81,030 in FY2023 and \$53,100 in FY2022 within DBR.

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
FY2022 Enacted	\$817,118
<i>Target and Other Adjustments</i>	<i>(16,197)</i>
Statewide Cost of Living Adjustment	62,709
FY2023 Enacted	\$863,630

Statewide COLA and Bonus**\$62,709**

Based on recently negotiated contract bargaining agreements between the State and the state employee bargaining units for a proposed 4-year contract, the Budget includes the following cost-of-living adjustments (COLAs): 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. In addition, the Budget includes a \$1,500 retention bonus to those eligible union employees that was included as part of the recently completed contract negotiation. The current agreement is projected to increase general revenue expenditures by \$62,709 in FY2023 and \$36,500 in FY2022 within DBR.

CAPITAL PROJECTS

The Budget includes \$8.2 million in capital plan funds for projects related to updating the fire academy. This includes \$525,000 in FY2023, \$3.8 million in FY2024 and \$1.9 million in FY2025 and FY2026. 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.

Department of Labor and Training

Expenditures By Program	FY2021 Actual	FY2022 Enacted	FY2022 Final	Change from Enacted		FY2023 Enacted	Change from Enacted	
Central Management	\$0.5	\$0.8	\$1.6	\$0.7	87.1%	\$1.4	\$0.6	72.2%
Governor's Workforce Board	42.4	29.4	31.3	1.9	6.4%	40.5	11.0	37.5%
Income Support	2,542.6	903.6	823.3	(80.3)	-8.9%	555.9	(347.7)	-38.5%
Injured Workers Services	9.5	11.2	11.1	(0.1)	-0.8%	11.4	0.2	2.1%
Labor Relations Board	0.4	0.4	0.5	0.0	10.7%	0.5	0.0	11.2%
Workforce Development Services	22.6	19.8	26.5	6.7	33.9%	20.6	0.8	3.9%
Workforce Regulation and Safety	3.1	3.5	3.9	0.4	12.8%	4.2	0.8	21.5%
Total	\$2,621.1	\$968.7	\$898.2	(\$70.6)	-7.3%	\$634.5	(\$334.3)	-34.5%

Expenditures By Source								
General Revenue	\$12.7	\$15.4	\$16.6	\$1.3	8.2%	\$22.8	\$7.5	48.6%
Federal Funds	2,021.4	435.8	421.4	(14.4)	-3.3%	187.2	(248.6)	-57.0%
Restricted Receipts	19.8	27.9	32.7	4.8	17.0%	32.3	4.4	15.7%
Other Funds	567.3	489.7	427.5	(62.2)	-12.7%	392.1	(97.6)	-19.9%
Total	\$2,621.1	\$968.7	\$898.2	(\$70.6)	-7.3%	\$634.5	(\$334.3)	-34.5%

Authorized FTE Levels 425.7 462.7 461.7 (1.0) -0.2% 461.7 (1.0) -0.2%

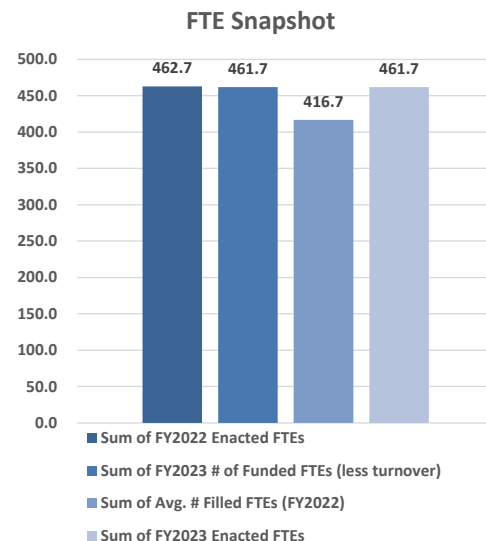
\$ in millions. Totals may vary due to rounding

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

MAJOR ISSUES AND TRENDS

The Budget includes \$634.5 million in total expenditures for FY2023, including \$22.8 million in general revenue, an increase of \$7.5 million or 48.6 percent, over the FY2022 Enacted level. The \$7.5 million increase in general revenue is mainly related to \$6.0 million in additional funding for Real Jobs RI, which specifically aims to enhance and boost the state's healthcare workforce by partnering with Skills for Rhode Island's Future. Additionally, this increase includes statewide cost-of-living adjustments (COLAs) and bonuses based on the negotiated contract bargaining agreements between the State and the state employee bargaining units for a proposed 4-year contract. The 15.7 percent increase in restricted receipts is mostly associated with an additional \$4.2 million that will be used to support education services within the Governor's Workforce Board.

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



The Budget authorizes 461.7 FTE positions in FY2022 and FY2023, a decrease of 1.0 FTE position from the FY2022 Enacted level. The decreased position reflects the removal of 1.0 Industrial Safety Specialist.

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
FY2022 Enacted	\$712,826
Target and Other Adjustments	42,095
Centralized Service Charges	310,826
FY2023 Enacted	\$1,065,747

Centralized Service Charges **\$310,826**

The Budget includes \$952,183 in general revenue expenditures for Information Technology, Capital Asset Management, and Human Resource Service Center projected costs in FY2023. This is an increase of \$310,826 from the FY2022 Budget as Enacted amount of \$641,357. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In FY2019 these expenditures were reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. The Budget increases these costs for FY2023.

	FY2022 Enacted	FY2023 Enacted	Change from Enacted	
Centralized Service Charges				
Information Technology	\$364,205	\$526,133	\$161,928	44.5%
Capital Asset Management	222,221	346,034	123,813	55.7%
Human Resources	54,931	80,016	25,085	45.7%
Total	\$641,357	\$952,183	\$310,826	48.5%

GOVERNOR'S WORKFORCE BOARD

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

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

Article 11 of the FY2019 Budget included an adjustment to the Job Development Assessment, for tax year 2019 only, allowing the Department to divert an amount, up to 75.0 percent of the Employment Security

Fund's investment earnings for 2018, to the Job Development Fund (JDF). Since 1989 Rhode Island employers have paid a Job Development Assessment (JDA) to support workforce development activities. The JDA is collected with the State's payroll and unemployment insurance taxes.

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

The FY2021 Budget 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
FY2022 Enacted	\$6,050,000
<i>Target and Other Adjustments</i>	-
Real Jobs RI	5,981,000
FY2023 Enacted	\$12,031,000

Governor's Workforce Board	Other Funds
ARPA SFRF: Enhance Real Jobs RI (federal funds)	\$10,000,000
GWB Education Services (restricted receipts)	4,225,420

Real Jobs RI ***\$6.0 million***

Pursuant to a Governor's Budget Amendment dated May 20, 2022, the Budget increases general revenue by \$6.0 million in the Governor's Workforce Board program. The Budget appropriates additional funds to the Department to contract with the Real Jobs RI sector partnership administered by Skills for Rhode Island's Future (Skills RI). Skills RI will partner with Rhode Island healthcare systems to facilitate the outreach, recruitment, screening, placement, onboarding, supportive services, training curriculum assistance, and outcome reporting of medical personnel to address the heightened need for healthcare services in the state.

ARPA SFRF: Enhanced Real Jobs RI (federal funds) ***\$10.0 million***

The Budget includes an additional \$10.0 million in federal American Rescue Plan Act (ARPA) State Fiscal Recovery Funds (SFRF) for FY2023 to enhance the Real Jobs Rhode Island platform initiative representing a direct response to the economic impact of the pandemic. The proposal would focus on providing services to individuals facing unemployment, communities of color and low-income communities, small businesses, and industries severely affected by the Covid-19 health emergency and subsequent negative economic impacts.

Under the proposed model, funding would be directed to providing career readiness programming, job-related basic skills education (including digital skills), supportive services, financial literacy and coaching, and workforce development training for members of communities hit hardest by Covid-19 and businesses (particularly small business) within industries most impacted by the pandemic. Learning from and expanding upon the Back to Business initiative, this enhanced investment will support training, basic skills education, and wraparound services to ensure that those Rhode Islanders reentering employment will do so with new skills and the capacity to succeed, while also providing the state's employers with a skilled workforce ready to increase competitiveness in the new economy. By leveraging the state's existing training and placement platforms, the plan is to connect thousands of Rhode Islanders to the skills and resources

they need to return to the workforce in more resilient jobs and careers and provide meaningful workforce solutions for employers in hardest hit industries as they emerge from the negative effects of the pandemic. According to the Department, this presents an opportunity to finally address longstanding inequities and systemic challenges facing our state's workers in the hardest hit communities.

The Department reports that this initiative has an average cost of engagement of \$5,600 per person. It is anticipated that with an investment of \$40.0 million over three (3) years, the Department could engage approximately 7,000 Rhode Islanders and serve hundreds of businesses in industries driving the state's economy. The Governor's plan includes \$10.0 million in funding the first year (FY2023), with an additional \$15.0 million planned for both FY2024 and FY2025.

Key components of the proposal include (quoted directly from budget documents):

- **U.S. Treasury Eligibility Category:** Economic and Workforce Development
- **Equity Components:**
 - **Population:** The initiative would focus on those communities hardest hit by the pandemic, to ensure those who have most borne the brunt of the pandemic have a meaningful opportunity to reap the benefits of the response and would target impacted small businesses and hardest-hit industries.
 - **Awareness:** This initiative leverages existing sector partnerships, training providers, institutions of higher education, community-based organizations, and recruitment entities to ensure broad and equal awareness of its programmatic offerings. Organizations like Skills for Rhode Island's Future have years of experience recruiting within historically underserved communities, and the Department deploys a multi-platform strategy to ensure statewide awareness.
 - **Access and Distribution:** The industry partnerships that are the core drivers of the services provided in this initiative ensure that they are made available across the state to all communities. They work to intentionally identify and address any administrative challenges and the Department is committed to removing any bureaucratic barriers that may incidentally result in disparities in ability to access or complete services and trainings. Additionally, the robust support services offered through the initiative provide a means to overcome obstacles that might prevent an individual from participating in a training or accepting a job.
 - **Outcomes:** Among the outcomes that will be evaluated are the program's success in serving the target populations described above, looking specifically at the number of individuals enrolled in training, successfully completing training, placed in new jobs, and placed in higher income positions.
- **Performance Metrics:** Monitor the following:
 - Demographic and economic characteristics of participants;
 - Program wide cost per head
 - Number of new hires
 - Number of individuals with skills gains
 - Number of individuals who have a demonstrable increase in wages and,
 - Businesses served through recruitment, job placement, or incumbent worker training.

GWB Education Services (restricted receipts)**\$4.2 million**

The FY2023 Budget includes \$13.6 million in restricted receipts within the Governor's Workforce Board (GWB) for education services, an increase of \$4.2 million from the FY2022 Budget as Enacted. The Department has reported higher collections in this program and requests to utilize the available funding.

Funding for education services is generated through a 0.19 percent tax on employer paid wages. Education Services funds programs within the Governor's Workforce Board including Real Skills for Youth, Incumbent Worker Training, etc.

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
FY2022 Enacted	\$3,801,667
<i>Target and Other Adjustments</i>	<i>32,810</i>
Police and Firefighters' Relief Fund	114,581
Unemployment Insurance Benefit Statistics	Informational
FY2023 Enacted	\$3,949,058
Income Support	Other Funds
Unemployment Benefits (federal funds/other funds)	(\$461,707,966)
ARPA SFRF: Unemployment Insurance Trust Fund Contribution (federal funds)	70,000,000

Police and Firefighters' Relief Fund**\$114,581**

The Budget includes a total increase of \$114,581 in general revenue for the Police and Firefighters' Relief Fund. Pursuant to a Governor's Budget Amendment dated April 22, 2022, the Budget includes \$304,081 of general revenue to provide a one-time death benefit payment to the family of deceased Police Officers, Correctional Officers, and Firefighters. The state is required to provide a 40 percent match to federal death benefit payments from the U.S. DOJ's Public Safety Officers' Benefits (PSOB) Program, which provides death benefits for law enforcement officers and firefighters killed in the line of duty. Additionally, the Budget includes a reduction of both \$93,000 in annuity benefits and \$96,500 in tuition benefits paid to the families of deceased or injured firefighters and police officers from the FY2022 Budget as Enacted.

Police Officers' Relief Fund	FY2022	FY2023	Change
Police Officer Annuities	\$707,000	\$684,000	(\$23,000)
Tuition Benefits	151,500	110,000	(41,500)
Supplemental Pension	-	-	-
One-Time Death Benefit	-	304,081	304,081
Total	\$858,500	\$1,098,081	\$239,581
Firefighters' Relief Fund			
Firefighter Annuities	\$2,500,000	\$2,430,000	(\$70,000)
Tuition Benefits	330,000	275,000	(55,000)
Supplemental Pension	-	-	-
Total	\$2,830,000	\$2,705,000	(\$125,000)
Grand Total	\$3,688,500	\$3,803,081	\$114,581

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

Unemployment Insurance Benefit Statistics

Informational

Rhode Island currently ranks among the top 20 highest average weekly UI benefits paid nationally, and has the fourth highest average weekly UI benefits paid in New England.

12 Months Ending 1st Quarter 2022			
Average UI Benefits Paid			
State	Amount	New England	National
Massachusetts	\$9,353	1	1
Maine	5,629	2	21
Connecticut	5,447	3	24
Vermont	4,664	4	30
New Hampshire	3,594	5	37
Rhode Island	3,584	6	39

Source: US Dept. of Labor/UI Data Summary

12 Months Ending 1st Quarter 2022			
Average Weekly UI Benefits Paid			
State	Amount	New England	National
Massachusetts	\$578.72	1	1
Vermont	446.68	2	11
Connecticut	440.07	3	15
Rhode Island	426.30	4	20
Maine	395.55	5	23
New Hampshire	333.85	6	34

Source: US Dept. of Labor/UI Data Summary

As of January 2022			
Maximum Weekly UI Benefit			
State	Amount	New England	National
Massachusetts	\$974	1	1
Connecticut	685	2	6
Rhode Island	661	3	7
Vermont	583	4	13
Maine	511	5	24
New Hampshire	427	6	34

Source: US Dept. of Labor

As of January 2022			
Maximum Weekly UI Benefit with Dependents			
State	Rate	New England	National
Massachusetts	\$1,461	1	1
Maine	894	2	3
Rhode Island	826	3	4
Connecticut	760	3	7
Vermont*	583	5	17
New Hampshire*	427	6	35

* No dependent's benefit provision

Source: US Dept. of Labor

Unemployment Benefits (federal funds/other funds)

(\$461.7 million)

The FY2023 Budget includes \$26.7 million in federal funds and \$177.1 million in other funds for unemployment insurance benefits, this is a decrease of \$354.7 million in federal funds and \$107.1 million in other funds from the FY2022 Budget as Enacted. These additional funds were required in FY2022 due to the COVID-19 pandemic. The Department experienced an uptick in individuals applying for unemployment insurance requiring additional federal funds to meet the demand for the additional claims.

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

As of August 2022, the Unemployment Insurance Trust Fund had a balance of \$292.3 million compared to \$207.4 million in February 2022. In FY2021, the Department paid \$2.3 billion in UI benefits, including \$369.9 million from the UI Trust fund and \$1.9 billion from federal unemployment insurance funds. For FY2022, the Department has paid \$458.5 million in UI benefits, including \$140.7 million from the UI trust fund and \$317.7 million from federal unemployment insurance funds.

	As of February 2022	As of August 2022	Difference	
UI Trust Fund Balance	\$207,352,854	\$292,252,558	\$84,899,704	40.9%

Unemployment Benefits	FY2021	FY2022
Amount Paid out of UI Trust Fund	\$369,906,729	\$140,733,010
Federal UI Benefits Paid	\$1,886,456,567	\$317,744,628
Total	\$2,256,363,296	\$458,477,638

ARPA SFRF: Unemployment Insurance Trust Fund Contribution (federal funds) \$100.0 million

The Budget includes \$100.0 million in federal American Rescue Plan Act (ARPA) State Fiscal Recovery Funds (SFRF) in FY2023, to be allocated into the Unemployment Insurance (UI) trust fund on an as needed basis to make up for any lost revenue or address tax schedule shifts. The Governor's Budget proposed \$30.0 million and the General Assembly increased the figure by \$70 million to the current \$100.0 million balance. Holding these funds in reserve allows for the ability to rapidly respond if a shortfall is identified in the trust fund and allows them to be put toward other effective uses to support the state's employers if no such need is identified.

For tax year 2022, the state has made a number of administrative adjustments to more accurately determine the health of the trust fund and the rate of UI taxes to be assessed. While these adjustments were made using the most accurate modeling and analysis available, it is possible that the trust fund will experience unexpected shortfalls in the coming tax years. If the funds are put into the trust fund, there will be an impact on the tax rates for the following calendar year.

Article 1 of the Governor's FY2023 Budget states that if the Director of the Department of Labor and Training determines the allocation to the employment security fund is not beneficial for eligible employees in the next calendar year, these funds shall be allocated to the Enhanced Real Jobs initiative.

Key components of the proposal include (quoted directly from budget documents):

U.S. Treasury Eligibility Category: Economic and Workforce Development

Equity Components:

Population: This proposal's impact is shared across all of Rhode Island's employers.

Awareness: Not applicable.

Access and Distribution: Not applicable.

Outcomes: Not applicable.

Performance Metrics: Monitor the following:

The only relevant metric would be trust fund balance.

INJURED WORKERS SERVICES

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

Injured Workers Services	Other Funds
FY2022 Enacted (restricted receipts)	\$11,172,336
<i>Target and Other Adjustments</i>	<i>128,812</i>
Arrigan Center Operations (restricted receipts)	101,979
FY2023 Enacted (restricted receipts)	\$11,403,127

Arrigan Center Operations (restricted receipts) \$101,979

The Budget includes an additional \$101,979 in restricted receipts for the Chief Judge Robert F. Arrigan Rehabilitation Center. The Arrigan Center, formerly titled the Donley Center, has resumed in-person activities, resulting in an increase in operating costs as well as contract professional services.

The Arrigan Center is a non-profit outpatient rehabilitation facility under the purview of the Rhode Island Department of Labor and Training. The Arrigan Rehabilitation Center's mission is to restore every Rhode Island injured worker to health, social independence, and optimal working capacity by providing a multidisciplinary level of care that is comprehensive in nature and administered by highly qualified, licensed, and compassionate staff. The center takes a holistic approach to rehabilitation based on a belief that an injured worker needs more than just physical/ occupational therapy to return to work. Currently, the center provides physical, aquatic, and occupational therapy, work hardening, comprehensive pain management, psychological counseling, support groups, educational workshops, vocational services, job placement assistance, and re-training programs.

LABOR RELATIONS BOARD

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

Labor Relations Board	General Revenue
FY2022 Enacted	\$407,364
<i>Target and Other Adjustments</i>	<i>391</i>
Statewide Cost of Living Adjustment and Bonus	25,067
Legal/Stenographic Services	20,000
FY2023 Enacted	\$452,822

Statewide Cost of Living Adjustment and Bonus \$25,067

Based on recently negotiated contract bargaining agreements between the State and the state employee bargaining units for a proposed 4-year contract, the Budget includes the following cost-of-living adjustments (COLAs): 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. In addition, the Budget includes a \$1,500 retention bonus to

eligible union employees that was included as part of the recently completed contract negotiation. The current agreement is projected to increase general revenue expenditures by \$25,067 in FY2023 and \$26,339 in FY2022 within the Labor Relations Board.

Legal/Stenographic Services

\$20,000

The Budget includes \$50,000 for legal and stenographic services within the Labor Relations Board, an additional \$20,000 above the FY2022 Budget as Enacted. This increase is intended to align funding with historical expenditures; in FY2020 \$63,564 was spent on legal and stenographic services.

WORKFORCE DEVELOPMENT SERVICES

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

Workforce Development Services	General Revenue
FY2022 Enacted	\$904,898
<i>Target and Other Adjustments</i>	<i>(1,793)</i>
Year-Up	200,000
FY2023 Enacted	\$1,103,105

Workforce Development Services	Other Funds
Federal Assistance and Grants (federal funds)	\$1,080,369

Year-Up

\$200,000

The Budget provides an additional \$200,000 of general revenue in FY2023 to support at-risk youth programming for internships, wrap-around support, academics, and workforce skill development through Year-Up. Training specialties offered to students in recent years include instruction on business fundamentals and desktop support. This work has previously been supported by Governor's contingency funds for the period of FY2018 through FY2020.

Federal Assistance and Grants (federal funds)

\$1.1 million

The Budget includes \$11.9 million, an increase of \$2.1 million from FY2022 enacted levels, in federal funds for workforce development programs primarily due to changes in Workforce Innovation and Opportunity Act (WIOA) grants. Some of these grants include:

- **WIOA Adult Program:** Provides funding to enable workers to obtain good jobs by providing them with job search assistance and training opportunities. This grant is funded at \$4.1 million in FY2023, an increase of \$1.4 million above FY2022 Enacted levels.
- **WIOA Youth Activities:** This grant 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. This grant is funded at \$3.4 million in FY2023, an increase of \$332,970 above FY2022 Enacted levels.

- **WIOA Dislocated Worker Grants:** This grant provides funding for significant dislocation events. DLT's Rapid Response team provides services for closing businesses and dislocated workers. This grant is funded at \$4.3 million in FY2023, an increase of \$301,072 above FY2022 Enacted levels.

WORKFORCE REGULATION AND SAFETY

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

Workforce Regulation and Safety	General Revenue
FY2022 Enacted	\$3,489,965
<i>Target and Other Adjustments</i>	<i>(74,630)</i>
Personnel	496,232
Statewide Cost of Living Adjustment and Bonus	329,052
FY2023 Enacted	\$4,240,619

Personnel **\$496,232**

The Budget includes an additional \$496,232 in general revenue for personnel expenditures within the Misclassification Fraud Investigations and Fraud Efforts Division, totaling \$1.0 million in FY2023. The increase fully funds the Program's personnel through general revenues.

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

Statewide Cost of Living Adjustment and Bonus **\$329,052**

Based on recently negotiated contract bargaining agreements between the State and the state employee bargaining units for a proposed 4-year contract, the Budget includes the following cost-of-living adjustments (COLAs): 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. In addition, the Budget includes a \$1,500 retention bonus to eligible union employees that was included as part of the recently completed contract negotiation. The current agreement is projected to increase general revenue expenditures by \$329,052 in FY2023 and \$303,074 in FY2022 within the Workforce Regulation and Safety Program.

CAPITAL PROJECTS

The Budget includes no RICAP funding in FY2023. Starting in FY2020, the Department of Administration began overseeing all of the Department of Labor and Training's facilities and related capital budgeting.

Department of Revenue

Expenditures By Program	FY2021 Actual	FY2022 Enacted	FY2022 Final	Change from Enacted		FY2023 Enacted	Change from Enacted	
Director of Revenue	\$47.9	\$1.8	\$2.0	\$0.2	12.0%	\$2.3	\$0.5	25.9%
Division of Collections	0.6	0.8	0.8	(0.0)	-4.4%	0.9	0.1	7.1%
Lottery Division	261.0	434.2	366.6	(67.6)	-15.6%	436.8	2.6	0.6%
Municipal Finance	2.0	133.7	133.6	(0.1)	0.0%	133.7	0.0	0.0%
Office of Revenue Analysis	0.7	0.9	0.8	(0.1)	-6.6%	1.0	0.1	9.2%
Registry of Motor Vehicles	31.4	32.5	33.5	1.1	3.3%	42.8	10.3	31.7%
State Aid	197.2	200.6	190.7	(10.0)	(0.0)	293.2	92.6	46.1%
Taxation	31.5	35.0	37.1	2.0	5.8%	37.1	2.1	5.9%
Total	\$572.3	\$839.6	\$765.2	(\$74.4)	-8.9%	\$947.7	\$108.2	12.9%

Expenditures By Source

General Revenue	\$122.6	\$267.9	\$261.5	(\$6.4)	-2.4%	\$371.9	\$104.0	38.8%
Federal Funds	185.7	132.4	132.2	(0.2)	-0.2%	\$132.2	(0.2)	-0.2%
Restricted Receipts	2.2	4.9	4.7	(0.2)	-4.1%	\$6.6	1.7	35.4%
Other Funds	261.7	434.4	366.8	(67.6)	-15.6%	\$437.0	2.6	0.6%
Total	\$572.3	\$839.6	\$765.2	(\$74.4)	-8.9%	\$947.7	\$108.2	12.9%

Authorized FTE Levels	602.5	570.5	570.5	-	-	575.5	5.0	0.9%
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\$ in millions. Totals may vary due to rounding.

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

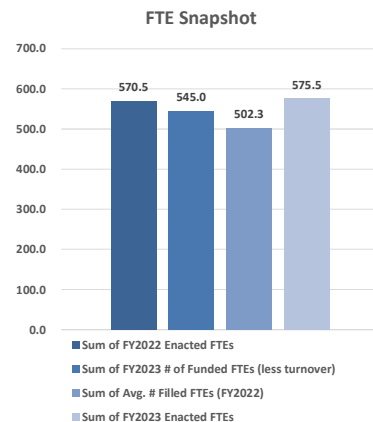
MAJOR ISSUES AND TRENDS

The Budget includes \$947.7 million from all funds in FY2023, a 12.9 percent increase. The Final FY2022 Budget totals \$765.2 million, \$74.4 million less than the enacted level (8.9 percent less) and \$192.9 million more than actual expenditures in FY2021.

The Budget also includes a net \$104.0 million increase in general revenue (\$108.2 million all funds increase) for the DOR and a net increase of 5.0 FTE positions in FY2023. Major budget initiatives include:

State Aid

- Motor Vehicle Excise Tax Reimbursement:** The General Assembly enacted legislation in 2017 to phase out the motor vehicle excise tax by 2024. Municipalities are reimbursed annually for lost revenue. Article 6 of the Budget advances the full phase-out by one year. For FY2023, the Budget includes \$222.0 million in total general revenue reimbursement funding for cities and towns. This is \$91.3 million above the FY2022 enacted level.
- Distressed Communities Relief Fund:** The Budget level funds the Distressed Community Relief Fund in FY2023 at \$12.4 million in general revenue.



- **Payment in Lieu of Taxes (PILOT):** The Budget provides \$48.4 million for the State PILOT program in FY2023, \$2.3 million more than the FY2022 enacted level. This funding amount meets the statutory reimbursement rate of 27.0 percent of forgone tax revenue, without a ratable reduction.

Division of Motor Vehicles

- **License Plate Reissuance:** The Budget Governor recommends \$8.5 million in general revenue to fund statutorily required reissuance of motor vehicle license plates.
- **Mobile DMV:** The Budget provides \$750,000 to fund a program that will provide mobile DMV services.

Taxation

- **Taxpayer Steward:** The Budget includes \$104,323 in general revenue personnel expenditures and 1.0 new FTE position to support a new Taxpayer Steward capacity within the Division of Taxation. The role of the Taxpayer Steward is to assist taxpayers, coordinate the resolution of complaints and problems, and provide recommendations for changes that improve taxpayer education, reduce errors, and improve compliance.
- **Adult-Use Marijuana Program:** The Budget provides \$424,552 in new restricted receipt funds to support the personnel costs of 4.0 new FTE positions that will oversee taxation compliance under the new Rhode Island Cannabis Act.

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
FY2022 Enacted	\$1,792,985
<i>Target and Other Adjustments</i>	<i>47,337</i>
Centralized Services	313,859
Statewide COLA and Bonus	103,294
FY2023 Enacted	\$2,257,475

Centralized Services **\$313,859**

The Budget includes a \$313,859 increase in general revenue centralized services spending as compared to the FY2022 enacted level. The increase reflects the office's adjusted percentage share of human resources and information technology services based on its activity in FY2022.

	FY2022 Enacted	FY2023 Enacted	Change
Centralized Service			
HR Service Centers	\$559,347	\$858,223	\$298,876
Information Technology Charges	202	15,185	14,983
Total	\$559,549	\$873,408	\$313,859

Statewide COLA and Bonus **\$103,294**

Based on recently negotiated contract bargaining agreements between the State and the state employee bargaining units for a proposed 4-year contract, the Budget includes the following cost-of-living adjustments (COLAs): 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. In addition, the Budget includes a \$1,500 retention bonus to those eligible union employees that was included as part of the recently completed contract negotiation. The current agreement is projected to increase general revenue expenditures by \$103,294 in FY2023 and \$102,758 in FY2022 within the Director of Revenue program.

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
FY2022 Enacted	\$828,769
<i>Target and Other Adjustments</i>	3,660
Statewide COLA and Bonus	55,239
FY2023 Enacted	\$887,668

Statewide COLA and Bonus **\$55,239**

Based on recently negotiated contract bargaining agreements between the State and the state employee bargaining units for a proposed 4-year contract, the Budget includes the following cost-of-living adjustments (COLAs): 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. In addition, the Budget includes a \$1,500 retention bonus to those eligible union employees that was included as part of the recently completed contract negotiation. The current agreement is projected to increase general revenue expenditures by \$55,239 in FY2023 and \$49,682 in FY2022 within the Division of Collections program.

LOTTERY DIVISION

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

Lottery Division	Other Funds
FY2022 Enacted	\$434,215,853
<i>Target and Other Adjustments</i>	54,154
Statewide COLA and Bonus (other funds)	826,378
Commissions and Prize Payments (other funds)	605,770
Lottery Building Enhancements (other funds)	290,000
FY2023 Enacted	\$435,992,155

Statewide COLA and Bonus (other funds) **\$826,378**

Based on recently negotiated contract bargaining agreements between the State and the state employee bargaining units for a proposed 4-year contract, the Budget includes the following cost-of-living adjustments (COLAs): 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. In addition, the Budget includes a \$1,500 retention bonus to those eligible union employees that was included as part of the recently completed contract negotiation. The current agreement is projected to increase Lottery fund expenditures by \$826,378 in FY2023 and \$813,588 in FY2022 within the Lottery Division program.

Commissions and Prize Payments (other funds) **\$605,770**

The net increase of \$605,770 in Commissions and Prize Payments is based on the May 2022 Revenue Estimating Conference (REC) estimates of VLT net terminal income and other lottery games. Net terminal income from VLTs is estimated to total \$478.4 million and net table game revenue (NTGR) is estimated to total \$130.3 million. NTGR 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.

Lottery Building Enhancements (other funds) \$290,000

The Budget includes \$290,000 from Lottery funds and \$850,000 from the Rhode Island Capital Plan Fund in FY2023 to support upgrades at Lottery Division's headquarters on Pontiac Avenue in Cranston. The \$1.1 million project includes increasing operational capacity to better administer new functions such as online lottery games and mobile sports betting. The funds will also cover the installation of a backup power generator to be used in case of an extended power outage.

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
FY2022 Enacted	\$1,718,168
<i>Target and Other Adjustments</i>	-
Personnel and Operating Changes	19,876
FY2023 Enacted	\$1,738,044
Division of Municipal Finance	Other Funds
ARPA Local Fiscal Relief Funds (federal funds)	Informational

Personnel and Operating Changes \$19,876

The Budget provides a net \$19,876 in additional personnel and operating expenditures in FY2023 within the Division of Municipal Finance compared to the FY2022 Budget as Enacted. Included in these funds is an additional \$104,116 in personnel costs associated with the recently negotiated contract bargaining agreements between the State and the state employee bargaining units for a proposed 4-year contract. This increase is offset by a net \$119,321 decrease in other personnel costs associated with other statewide changes in healthcare and fringe benefits, and other personnel changes. The remaining \$35,081 represents an increase in information technology services charges that are assessed by the Department of Administration. The increase reflects changes in the planned use of these services by the Division.

ARPA Local Fiscal Recovery Fund (federal funds) Informational

The Budget includes \$132.0 million in FY2023 in pass-through federal funds related to pandemic recovery. The American Rescue Plan Act of 2021 (ARPA) established the Local Fiscal Recovery Fund within the U.S. Department of Treasury to assist local-level jurisdictions with pandemic recovery. Congress appropriated \$536.8 million for Rhode Island municipalities under the program. These funds are to support public health expenditures, address negative economic impacts caused by the public health emergency, replace lost public sector revenue, provide premium pay for essential workers, and invest in water, sewer, and broadband infrastructure.

According to guidance from Treasury, Local Fiscal Recovery Funds are allocated across three categories: county-level, non-entitlement unit level, and entitlement unit level. Treasury disburses funds directly to entitlement unit level governments while county and non-entitlement level unit funding must be

appropriated by the General Assembly. Entitlement communities in Rhode Island include Cranston, East Providence, Pawtucket, Providence, Warwick, and Woonsocket. These communities will receive a total of \$272.8 million directly from Treasury in FY2022 and FY2023. The county-level and non-entitlement unit level funds are disbursed in two tranches, with 50.0 percent, or \$132.0 million appropriated in FY2022 and the second \$132.0 million appropriated by the General Assembly in FY2023.

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
FY2022 Enacted	\$889,151
<i>Target and Other Adjustments</i>	<i>16,845</i>
Statewide COLA and Bonus	57,842
Training Expenses	6,800
FY2023 Enacted	\$970,638

Statewide COLA and Bonus **\$57,842**

Based on recently negotiated contract bargaining agreements between the State and the state employee bargaining units for a proposed 4-year contract, the Budget includes the following cost-of-living adjustments (COLAs): 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. In addition, the Budget includes a \$1,500 retention bonus to those eligible union employees that was included as part of the recently completed contract negotiation. The current agreement is projected to increase general revenue expenditures by \$57,842 in FY2023 and \$52,752 in FY2022 within the Office of Revenue Analysis.

Training Expenses **\$6,800**

The Budget provides \$13,600 in general revenue in FY2023 to fund ORA training expenses, \$6,800 more than the FY2022 enacted level. According to the DOR, this funding is to pay for staff travel to conferences and registration fees. With pandemic limitations on such activity increasingly being lifted, ORA plans to increase its staff training opportunities in FY2023.

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
FY2022 Enacted	\$30,331,973
<i>Target and Other Adjustments</i>	<i>(312,843)</i>
License Plate Reissuance	8,475,011
Information Technology Services	(1,801,816)
Statewide COLA and Bonus	1,620,273
Mobile DMV	750,000
FY2023 Enacted	\$39,062,598

License Plate Reissuance**\$8.5 million**

The Budget includes \$8.5 million in general revenue in FY2023 to fund statutorily required reissuance of motor vehicle license plates. This includes \$5.7 million for the production of the new plates and \$2.8 million for postage.

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

Article 7 of the FY2020 Budget as Enacted changed the fee for the plates from \$6.00 per reissued set to \$8.00. Article 6 of the FY2022 Budget as Enacted extended the reissuance deadline from June 1, 2020, to July 1, 2022.

The reissuance is currently required to take place July 2022; however, the DMV has indicated that supply chain issues may delay implementation until after November 2022. The fee for reissued plates is \$8.00. Article 6 of the Budget waives the fee for this reissuance cycle.

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

Information Technology Services**(\$1.8 million)**

The Budget shifts \$1.8 million in general revenue for contracted services supporting the Rhode Island Motor Vehicle System (RIMS) to restricted receipts in FY2023.

In 2017 the General Assembly increased the technology surcharge on all Division of Motor Vehicle transactions from \$1.50 to \$2.50. Two-thirds of the fee is deposited into the State's Information Technology Investment Fund (ITIF) to fund large State IT projects and \$1.00 is retained by the Division within a restricted receipt account to maintain RIMS. By statute, the entire fee becomes available to the Division beginning July 1, 2022, and the expenditures shift to the restricted receipt account accordingly.

Statewide COLA and Bonus**\$1.6 million**

Based on recently negotiated contract bargaining agreements between the State and the state employee bargaining units for a proposed 4-year contract, the Budget includes the following cost-of-living adjustments (COLAs): 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. In addition, the Budget includes a \$1,500 retention bonus to those eligible union employees that was included as part of the recently completed contract negotiation. The current agreement is projected to increase general revenue expenditures by \$1.6 million in FY2023 and \$1.6 million in FY2022 within the Division of Motor Vehicles.

DMV – Mobile Locations**\$750,000**

The Budget includes an additional \$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. These services had been provided at each communities' respective town halls. DMV suspended these services during the pandemic. In 2002 the State acquired the capacity to deliver mobile DMV services via the RI Emergency Management Agency Mobile Command Center. The Budget provides \$750,000 in general revenue to deploy this mobile capacity to meet the service delivery requirements under the law. Article 3 contains statutory changes needed to switch to the mobile service delivery.

Real ID**Informational**

Real ID is a minimum security standard for the issuance of driver's licenses and state-issued identification cards that is mandated by Congress and regulated by the U.S. Department of Homeland Security (DHS). Congress enacted the Real ID Act in 2005 which prohibits federal agencies from accepting, for official purposes, licenses or ID cards from states that do not meet these standards. Rhode Island is currently among 25 states that have a waiver from complying with the law. The waiver was originally set to end in October 2020. In March 2020, the U.S. Department of Homeland Security extended the enforcement deadline to May 3, 2023 in response to the pandemic.

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

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
FY2022 Enacted	\$199,634,001
<i>Target and Other Adjustments</i>	-
Motor Vehicle Excise Phase Out	91,298,519
PILOT	2,344,087
Property Revaluation Program	(1,088,730)
FY2023 Enacted	\$292,187,877

Motor Vehicle Excise Phase Out**\$91.3 million**

The Budget includes \$222.0 million in general revenue to pay for the increase in State aid to municipalities in FY2023. This is \$91.3 million over the FY2022 enacted level and \$64.4 million over the original aid level for FY2023.

The Motor Vehicle and Trailer Excise Tax Elimination Act of 1998 was enacted to offer broad-based property tax relief to the residents of Rhode Island. The FY2010 Budget as Enacted included \$135.4 million for Motor Vehicle Excise Tax reimbursement. The FY2010 Revised Budget reduced that amount to \$117.2 million. In FY2011, funding was reduced to \$10.0 million, funding for fire districts was eliminated, and the State-mandated motor vehicle tax exemption was reduced from \$6,000 to \$500. These provisions remained in effect through FY2017.

Article 11 of the FY2018 Budget as Enacted decreased the motor vehicle excise tax each year from FY2018 through FY2023, fully eliminating the tax in FY2024. The tax has been reduced over a seven-year period by decreasing tax rate caps and assessment ratios, while raising exemption floors and exempting vehicles that are more than 15 years old. Additionally, to ensure taxpayer relief, the article removed the motor vehicle

excise tax from the levy calculation related to the 4.0 percent cap on municipal property tax levy increases. The following table shows the phase-out schedule under current law and aid amounts estimated by the

Motor Vehicle Tax Phase-out and Forecast Based on Current Law							
	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
State Assessment Ratio	95.0%	90.0%	85.0%	80.0%	75.0%	70.0%	-
Rate Cap	\$60.0	\$50.0	\$35.0	\$35.0	\$30.0	\$20.0	-
Exemption Amount	1,000	2,000	3,000	4,000	5,000	6,000	-
FY2011 Base Phase-out	10,000,000	10,000,000	10,000,000	9,912,491	10,000,000	10,000,000	10,000,000
FY2018 Additional Phase-out	24,543,927	46,281,611	80,265,446	113,619,337	116,520,346	156,594,596	221,974,356
Total Statewide Aid	\$34,543,927	\$56,281,611	\$90,265,446	\$123,531,828	126,520,346	166,594,596	\$231,974,356
<i>Additional Aid from Previous FY</i>	<i>24,543,927</i>	<i>21,737,684</i>	<i>33,983,835</i>	<i>\$33,266,382</i>	<i>2,988,518</i>	<i>40,074,250</i>	<i>65,379,760</i>

The total statewide aid for FY2021 is comprised of \$37.7 million in general revenue, \$72.9 million in federal Coronavirus Relief Funds (CRF) for a statutorily-prescribed (formula) \$110.4 million. The total does not include the \$13.2 million in additional CRF funds, also distributed by the phase-out formula to municipalities as an enhancement. Note, FY 2021 Base account is less than \$10 million due to timing of general revenue payment distributions to East Providence. However, the variance of \$88K in the Base account is factored into the FY 2021 Additional Phase-out amount of \$113.6 million.

Source: ORA and Division of Municipal Finance

Office of Revenue Analysis.

Article 6 of the Budget repeals the motor vehicle excise tax, provides a mechanism for East Providence to receive its complete reimbursement based on the city's unique assessment and taxation timeframe, and provides a method to resolve municipalities' final levies in FY2023.

PILOT

\$2.3 million

The Budget includes \$48.4 million in general revenue for the State's Payment in Lieu of Taxes (PILOT) program in FY2023, \$2.3 million more than the FY2022 Budget as Enacted. The program reimburses 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 institution 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. Current law requires reimbursement at 27.0 percent of forgone tax revenue, but allows for a ratable reduction if the appropriation is less than this amount. The FY2022 Budget as Enacted provided \$46.1 million for the program which under the current program represents 25.7 percent of foregone revenue. The Budget adds an additional \$2.3 million to bring the appropriation up to 27.0 percent.

Property Revaluation Program

(\$1.2 million)

The Budget includes \$414,947 in general revenue for the Property Revaluation program in FY2023, reflecting a savings of \$1.2 million relative to the FY2022 enacted level. The change is based on a reduction in anticipated reimbursements, which are required by law. The following communities will be reimbursed for statistical updates in FY2023: Exeter, Foster, Middletown, Narragansett, Newport, Pawtucket, Tiverton, and Woonsocket. Full revaluations will occur in Barrington, Cranston, and East Greenwich.

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
FY2022 Enacted	\$32,673,073
<i>Target and Other Adjustments</i>	<i>(\$126,253)</i>
Statewide COLA and Bonus	1,971,991
Scanners	550,000
Centralized Services	(380,084)
Taxpayer Steward	104,323
FY2023 Enacted	\$34,793,050

Division of Taxation	Other Funds
Adult-use Marijuana Program (restricted receipts)	474,522

Statewide COLA and Bonus **\$2.0 million**

Based on recently negotiated contract bargaining agreements between the State and the state employee bargaining units for a proposed 4-year contract, the Budget includes the following cost-of-living adjustments (COLAs): 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. In addition, the Budget includes a \$1,500 retention bonus to those eligible union employees that was included as part of the recently completed contract negotiation. The current agreement is projected to increase general revenue expenditures by \$2.0 million FY2023 and \$1.9 million in FY2022 within the Division of Taxation.

Scanners **\$550,000**

The Budget includes an additional \$550,000 in general revenue to purchase office equipment that will digitize documents in order to integrate with the Division of Taxation's data system. According to the Division of Taxation the vendor that currently provides this service is not going to renew the maintenance contract for the existing scanners and parts for the existing equipment are no longer available.

Centralized Services **(\$380,084)**

The Budget includes a \$380,084 savings in general revenue centralized services spending as compared to the FY2022 enacted level. The increase reflects the Division's adjusted percentage share of information technology services based on its activity in FY2022.

Taxpayer Steward **\$104,323**

The Budget includes \$104,323 in general revenue personnel expenditures and 1.0 new FTE position to support a new Taxpayer Steward capacity within the Division of Taxation. The role of the Taxpayer Steward is to assist taxpayers, coordinate the resolution of complaints and problems, and provide recommendations for changes that improve taxpayer education, reduce errors, and improve compliance. According to the Taxation, the new initiative is a planned evolution of the Division's capacity to foster voluntary compliance and improve customer service.

Adult Use Marijuana Program (restricted receipts) **\$474,522**

The Budget includes \$474,522 in new restricted receipt funding to support the personnel and other costs within Taxation associated with the State's new Adult Use Marijuana program.

In 2022 General Assembly enacted the Rhode Island Adult Use Cannabis Act. The act provides a detailed framework for the legal recreational use of marijuana. Oversight and regulation of the program is centered in a new Office of Cannabis Regulation within the Department of Business Regulation, with multi-agency cooperation from law enforcement, health, and revenue agencies.

For the Department of Revenue and the Division of Taxation, the work will primarily consist of increased administration over new revenue collections and enforcement, communication with partner agencies and licensees, and other functions.

The new law establishes a new a multi-agency restricted receipt account for the program that includes the Department of Revenue. It is out of this fund that the \$474,522 for the Taxation is appropriated. The Budget provides \$ 374,522 and 4.0 FTEs within Taxation, including 2.0 Tax Investigators and 2.0 Revenue Agents. The Budget also provides \$100,000 in other unspecified contracted services associated with the program.

Legislature

Expenditures By Program	FY2021 Actual	FY2022 Enacted	FY2022 Final	Change from Enacted		FY2023 Enacted	Change from Enacted	
Auditor General	\$4.9	\$5.8	\$6.3	\$0.5	8.8%	\$6.4	\$0.6	9.8%
Fiscal Advisory Staff	1.7	2.1	2.3	0.2	8.8%	2.3	0.2	8.4%
General Assembly	6.7	6.6	8.9	2.3	34.5%	6.9	0.3	5.3%
Joint Comm. on Legislative Services	24.0	27.2	31.2	4.0	14.8%	29.6	2.5	9.1%
Legislative Council	3.7	4.9	5.2	0.3	6.1%	5.2	0.3	5.5%
Special Legislative Commissions	0.0	0.0	0.0	-	-	0.0	-	-
Total	\$41.1	\$46.6	\$53.9	\$7.3	15.6%	\$50.5	\$3.8	8.2%

Expenditures By Source								
General Revenue	\$38.5	\$44.8	\$52.0	\$7.2	16.0%	\$48.5	\$3.7	8.2%
Federal Funds	1.0	-	0.0	0.0	-	-	-	-
Restricted Receipts	1.6	1.8	1.9	0.1	6.7%	1.9	0.1	7.7%
Total	\$41.1	\$46.6	\$53.9	\$7.3	15.6%	\$50.5	\$3.7	8.2%

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

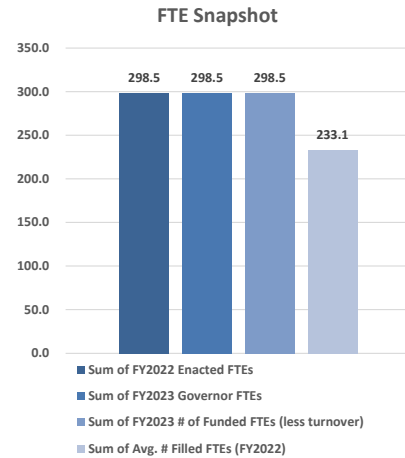
The Rhode Island General Assembly enacts laws, develops state policy, and evaluates programs through the appropriation process. The General Assembly consists of six programs which assist in executing its constitutional role:

- 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 includes \$50.5 million for the Legislature in FY2023, including \$48.5 million in general revenue. Restricted receipts total \$1.9 million and are dedicated to the Auditor General's office. These funds are derived from a 0.5 percent audit fee that is assessed on all federal grants in State departments and are used to finance personnel costs associated with the Auditor General's annual Single Audit Report. The Budget provides for 298.5 FTE positions for FY2022 and FY2023, consistent with the FY2022 Budget as Enacted.

The Budget provides \$48.5 million in general revenue for the General Assembly in FY2023 and \$50.2 million in FY2022, \$3.7 million and \$7.2 million more than the enacted levels, respectively. These increases are related to the recently negotiated contract bargaining agreements (CBA) between the State and the state employee bargaining units for a proposed 4-year contract. Per the contract the Budget includes the following cost-of-living adjustments (COLAs): 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. In addition, the Budget includes a \$1,500 retention bonus to those eligible union employees that was included as part of the recently completed contract negotiation. As has historically occurred, the General Assembly indicated that it would adopt the same provisions as the CBA for its employees. As a result, general revenue expenditures increase by \$2.5 million in FY2023 and \$2.4 million in FY2022. The following table shows the increases, by program.



Program	All Funds		General Revenue	
	FY2022 Final	FY2023 Enacted	FY2022 Final	FY2023 Enacted
Joint Comm. on Legislative Services	\$1,559,946	\$1,629,691	\$1,559,946	\$1,629,691
Auditor General	340,929	365,357	237,888	255,746
Legislative Council	271,852	290,694	271,852	290,694
General Assembly	187,748	209,945	187,748	209,945
Fiscal Advisory Staff	128,854	138,291	128,854	138,291
Total	\$2,489,329	\$2,633,978	\$2,386,288	\$2,524,367

Lieutenant Governor

Expenditures By Program	FY2021 Actual	FY2022 Enacted	FY2022 Final	Change from Enacted		FY2023 Enacted	Change from Enacted	
Lieutenant Governor	\$1.0	\$1.2	\$1.3	\$0.1	6.1%	\$1.4	\$0.2	13.7%
Expenditures By Source								
General Revenue	\$1.0	\$1.2	\$1.3	\$0.1	6.1%	\$1.4	\$0.2	13.7%
Federal Funds	0.0	-	-	-	-	-	-	-
Authorized FTE Levels	8.0	8.0	8.0	-	-	8.0	-	-

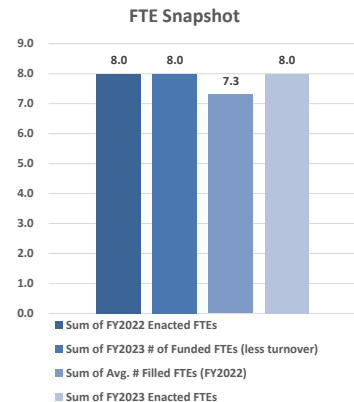
\$ in millions. Totals may vary due to rounding.

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 Office of the Lieutenant Governor's budget is financed entirely by general revenue. The FY2022 Budget as Enacted included \$1.2 million in general revenue. The FY2022 Final Budget includes an increase of \$64,193, of which \$45,416 reflects the cost-of-living adjustment (COLA) recently negotiated by the State. The FY2023 Budget as Enacted includes \$1.4 million, an increase of \$154,407. Salary and benefit costs increase of \$62,561 for the COLA costs. In addition, there are increases of \$10,000 for contracted legal services and \$61,979 for operating expenses and for centralized information technology adjustments.

The Budget includes 8.0 FTE positions for FY2022 and FY2023, consistent with the enacted budget.



Lieutenant Governor	General Revenue
FY2022 Enacted	\$1,199,161
<i>Target and Other Adjustments</i>	<i>4,261</i>
Cost of Living Adjustment	62,561
Operating Expenses	50,000
Lt. Governor Salary Adjustment	15,606
Centralized Service Charges	11,979
Contracted Services	10,000
FY2023 Enacted	\$1,353,568

Statewide Cost of Living Adjustment**\$62,561**

Based on recently negotiated contract bargaining agreements between the State and the state employee bargaining units for a proposed 4-year contract, the Budget includes the following cost-of-living adjustments (COLAs): 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. The current agreement is projected to increase general revenue expenditures by \$62,561 in FY2023 and \$45,416 in FY2022 within the Office of the Lieutenant Governor.

Operating Expenses**\$50,000**

The Budget increases general revenue expenses by \$25,000 for computer supplies, software and equipment and \$25,000 for office supplies and equipment. The planned expenditures include the purchase of monitors, desk chairs, white boards and smart boards, standing desk floor pads, printing ink, business cards, and other general supplies. Also included is the first phase of a three-year laptop replacement plan.

Lt. Governor's Salary Adjustment**\$15,606**

The Budget adds \$15,606 in general revenue reflecting an increase of \$10,755 for salary and \$4,851 for benefits. The compensation increase is set by RIGL 36-6-1 and 36-6-2 for the statutorily set salary adjustment for General Officers. The statutes pertaining to the Lieutenant Governor state, "after December 31, 1998, the salary of the Lieutenant Governor was \$80,000 and shall thereafter be adjusted at the beginning of each succeeding term by the total percentage increase in the Consumer Price Index for all Urban Consumers (CPI-U) published by the United States Department of Labor Bureau of Labor Statistics for the Northeast Region for the four (4) previous fiscal years, but in any event not to exceed twelve percent (12%)." The Budget Office used an assumed increase of 10.36 percent, a placeholder as the FY2022 CPI-U figure was not yet known, to calculate the salary of the Lieutenant Governor in the succeeding term.

Centralized Service Charges**\$11,979**

The Budget increases general revenue expenditures to reflect billed amounts for information technology services. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In FY2019 these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. The FY2022 Budget as Enacted appropriated \$39,005 for centralized information technology expenses, which increased by \$11,979 to \$50,984 in the FY2023 Budget as Enacted.

Contracted Services**\$10,000**

The Budget increases general revenue expenditures by \$10,000, reflecting an increase for staff training and education costs. Part of the requested increase, \$7,000 will be used to enroll staff members in Leadership Rhode Island and to train staff in programs such as Salesforce. The remaining \$3,000 is not yet designated for any specific trainings.

Office of the Secretary of State

Expenditures By Program	FY2021 Actual	FY2022 Enacted	FY2022 Final	Change from Enacted		FY2023 Enacted	Change from Enacted	
Administration	\$3.7	\$3.6	\$4.0	\$0.3	8.8%	\$3.9	\$0.3	7.4%
Corporations	2.5	2.5	2.5	0.0	0.0%	2.7	0.1	5.6%
State Archives	0.7	0.7	0.8	0.1	15.2%	0.7	(0.0)	-0.1%
Elections and Civics	7.5	3.9	4.2	0.3	8.3%	5.2	1.3	34.1%
State Library	0.9	0.8	0.8	0.1	6.8%	0.8	0.1	6.8%
Office of Public Information	0.4	0.5	0.6	0.0	8.1%	0.7	0.2	30.0%
Total	\$15.7	\$12.1	\$12.9	\$0.8	0.1%	\$14.0	\$1.9	16.2%

Expenditures By Source	FY2021 Actual	FY2022 Enacted	FY2022 Final	Change from Enacted		FY2023 Enacted	Change from Enacted	
General Revenue	\$12.3	\$9.8	\$10.3	\$0.5	5.1%	\$11.9	\$2.1	21.4%
Federal Funds	2.3	1.8	2.0	0.2	11.1%	1.6	(0.2)	-11.1%
Restricted Receipts	1.1	0.5	0.6	0.1	27.1%	0.5	0.0	5.9%
Operating Transfers from Other Funds	-	-	-	-	-	-	-	-
Total	\$15.7	\$12.1	\$12.9	\$0.8	6.9%	\$14.0	\$1.9	16.2%

Authorized FTE Levels

59.0

59.0

59.0

-

-

59.0

-

-

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

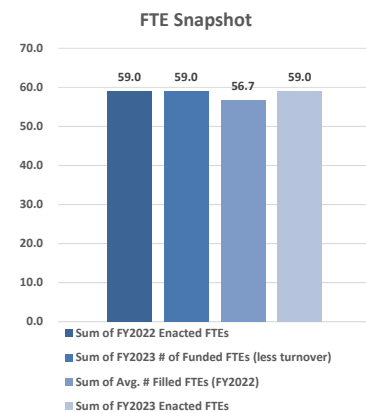
The Secretary of State is one of five general officers subject to voter election under the Constitution of Rhode Island. The Office of the Secretary of State prepares for state and local elections, manages the State's records, and provides public information about state government. The Office's budget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

MAJOR ISSUES AND TRENDS

The FY2022 Final Budget increases by \$489,639 in general revenue (\$860,198 all funds) from the FY2022 Budget as Enacted, primarily as a result of the statewide cost of living adjustment and retention bonus for state employees.

For FY2023, all fund expenditures increase by \$1.9 million, reflecting increases of \$2.0 million in general revenue for general election expenses that will occur in 2022. These expenses increase in odd-numbered fiscal years when there is a general election. In addition, personnel costs increase as a result of the statewide cost of living adjustment and retention bonus for state employees.

The Budget includes 59.0 FTE positions in FY2022 and in FY2023, consistent with the enacted level.



ADMINISTRATION

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

Administration	General Revenue
FY2022 Enacted	\$3,633,858
<i>Target and Other Adjustments</i>	<i>46,108</i>
Statewide Cost of Living Adjustment	205,199
Let RI Vote Act	140,000
Secretary of State's Salary Adjustment	15,605
Centralized Services	8,613
FY2023 Enacted	\$4,049,383

Statewide Cost of Living Adjustment ***\$205,199***

Based on recently negotiated contract bargaining agreements between the State and the state employee bargaining units for a proposed 4-year contract, the Budget includes the following cost-of-living adjustments (COLAs): 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. The current agreement is projected to increase general revenue expenditures by \$205,199 in FY2023 and \$206,765 in FY2022 within the Administration program.

Let RI Vote Act ***\$140,000***

The Budget includes \$140,000 in general revenue to meet the requirements of the Let RI Vote Act. These funds will be used to establish a multi-language voter helpline, shorten braille ballot requests periods, and expand access to mail ballots.

Secretary of State's Salary Adjustment ***\$15,605***

The Budget adds \$15,605 in general revenue reflecting an increase of \$10,755 for salary and \$4,850 for benefits for the Secretary. The compensation increase is set by RIGL 36-6-2 for the statutorily set salary adjustment for General Officers. The statutes pertaining to the Secretary of State require, "after December 31, 1998, the salary of the Secretary of State was \$80,000 and shall thereafter be adjusted at the beginning of each succeeding term by the total percentage increase in the Consumer Price Index for all Urban Consumers (CPI-U) published by the United States Department of Labor Bureau of Labor Statistics for the Northeast Region for the four (4) previous fiscal years, but in any event not to exceed twelve percent (12%)." The Budget Office used an assumed increase of 10.36 percent, a placeholder as the FY2022 CPI-U figure was not yet known, to calculate the salary of the Secretary of State in the succeeding term. Currently, the salary of the Secretary Of State is \$122,740 and the benefit cost is \$57,934.

Centralized Services ***\$8,613***

The Budget increases general revenue expenditures to reflect billed amounts for information technology services. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In FY2019 these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. The FY2022 Budget as Enacted appropriated \$28,455 for this expense, which is increased by \$8,613 to \$37,068 in the FY2023 budget.

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
FY2022 Enacted	\$2,539,285
<i>Target and Other Adjustments</i>	<i>(103,726)</i>
Statewide Cost of Living Adjustment and Bonus	168,125
Operating Adjustments	100,100
Records Scanning Project	(36,000)
Legal Services	20,000
FY2023 Enacted	\$2,687,784

Statewide Cost of Living Adjustment **\$168,125**

Based on recently negotiated contract bargaining agreements between the State and the state employee bargaining units for a proposed 4-year contract, the Budget includes the following cost-of-living adjustments (COLAs): 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. The current agreement is projected to increase general revenue expenditures by \$168,125 in FY2023 and \$167,874 in FY2022 within the Corporations program.

Operating Adjustments **\$100,100**

The Budget increases general revenue by \$100,100 for operating adjustments within the Corporations program, mainly for computer supplies and equipment, of which \$67,500 is to rebuild the Corporation Program's notary website. The notary public program currently operates as an all paper-based system that the Office of the Secretary of State wants to update to electronic. The remaining \$32,600 in this category is made up of smaller expenses. The biggest increases are of \$14,500 in postage and \$6,300 for office supplies and equipment to update equipment (such as tablets) used to process credit cards over the phone.

Operating Adjustments	FY2022 Enacted	FY2022 Final	FY2023 Enacted	Change
Computer Supplies/Software & Equipment	\$2,500	\$2,500	\$70,000	\$67,500
Postage and Postal Services	55,500	65,500	70,000	14,500
Office Supplies and Equipment	11,200	11,200	17,500	6,300
Printing - Outside Vendors	10,000	10,000	15,000	5,000
All Other Adjustments	272,912	272,912	279,712	6,800
Total	\$352,112	\$362,112	\$452,212	\$100,100

Records Scanning Project **(\$36,000)**

The Budget decreases general revenue by \$36,000 reflecting reduced expenses for the business records scanning project, including the temporary contract staff. The proposed reduction eliminates an appropriation in FY2023, the amount requested by the Office of the Secretary of State.

Pursuant to Chapters 7-1 through 7-6 of the Rhode Island General Laws, the Office of the Secretary of State stores records that document the existence of various business entities, including some that date back to 1741. The imaging and matching of approximately 38,000 active files, each containing up to 1,000 pages, will enable the viewing of those files online and provide for greater transparency of businesses in Rhode Island. The Office projected that it would take more than twenty years to complete the project utilizing only existing staff and scanning hardware; an unacceptable timeline to gain efficiencies and expand services to the public. To expedite the project, the FY2019 Budget as Enacted included \$30,940 to lease two scanners and hire two temporary staff. Funding for the project continued with \$58,000 in FY2020, \$70,000 in FY2021, and \$36,000 in FY2022.

Legal Services **\$20,000**

The Budget adds \$20,000 in general revenue for contracted legal services in the Corporations program. The increase in legal services for FY2023 is for reenactment legislation aimed at modernizing Rhode Island

general laws with regards to partnerships, limited partnerships, and the Rhode Island Limited Liability Company Act. Updating the laws will improve the existing business climate, but requires the updating of guidance, forms, and legal procedures, which requires legal review.

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
FY2022 Enacted	\$243,954
<i>Target and Other Adjustments</i>	<i>200</i>
Staffing Base Adjustment	(85,549)
Operating Adjustments	20,046
FY2023 Enacted	\$178,651

State Archives	Other Fund Changes
Historical Records Trust (restricted receipts)	<i>Informational</i>

Staffing Base Adjustment **(\$85,549)**

The Budget decreases general revenue by \$85,549. The FY2022 Budget as Enacted included \$85,549 in general revenue pursuant to the Governor's Budget Amendment dated May 21, 2021, to fund a projected deficit in general revenue and over-projection of restricted receipts for the Historical Records Trust. These general revenues are not required in FY2023. There is a corresponding increase of \$125,371 in restricted receipts for personnel expenses, including an increase of \$28,783 for the recently negotiated contract bargaining agreements between the State and the state employee bargaining units for a proposed 4-year contract, the Budget includes the following cost-of-living adjustments and bonus.

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

Operating Adjustments **\$20,046**

The Budget includes \$174,951 in general revenue (\$317,941 in all funds) in FY2023 for operating expenses, reflecting a net increase of \$20,046 in general revenue from the FY2022 Budget as Enacted. The largest adjustment is the increase of \$11,096 in general revenue for software maintenance agreements. The Budget also decreases restricted receipts funded operating expenses by \$52,322, including \$15,240 for reduced centralized service expenses.

Operating Adjustments	FY2022 Enacted	FY2022 Final	FY2023 Enacted	Change
Software Maintenance Agreements	\$33,700	\$34,396	\$44,796	\$11,096
CUF : Electricity	-	6,700	6,700	6,700
Printing - Outside Vendors	3,500	4,000	5,500	2,000
All Other Adjustments	117,705	117,955	117,955	250
Total	\$154,905	\$163,051	\$174,951	\$20,046

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 FY2023 Budget increases restricted receipt expenditures for personnel costs in the State Archive program thereby reducing the amount of general revenue needed to cover those costs.

The Historical Records Trust account is funded by collecting a \$4 fee per instrument for recording (for example, contracts for sale of land or letters of attorney) from municipalities to assist local governments with preservation of public records in their custody or care. Revenue generated from the Trust funds the personnel and operating costs in the State Archives program. The collections for FY2022 are \$549,703. The Office of the Secretary of State projected collections to reach \$570,000 in FY2022 based on real estate transactions.

	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Historic Records Trust	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Final	Enacted
Collections	\$466,886	\$379,423	\$415,273	\$476,078	\$471,342	\$482,704	\$576,390	\$549,703	\$520,000
Expenditures	470,308	378,549	409,008	413,839	429,350	468,041	471,082	614,872	520,197

Source: Office of the Secretary of State, Budget Database, and RIFANS

ELECTIONS AND CIVICS

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

Elections and Civics	General Revenue
FY2022 Enacted	\$2,067,371
Target and Other Adjustments	41,684
Election Costs	1,238,163
Mail Ballot Equipment	50,000
Statewide Cost of Living Adjustment and Bonus	42,244
FY2023 Enacted	\$3,439,462

Elections and Civics	Other Fund Changes
Federal HAVA Grant (federal funds)	(\$188,435)

Election Costs **\$1.2 million**

The Budget includes \$2.5 million in general revenue for election expenses, an increase of \$1.2 million as compared to the FY2022 Budget as Enacted, reflecting that FY2023 is in the general election cycle, when printing, mailing of ballots and referenda materials, and advertising expenses increase in odd-numbered fiscal years when there is a statewide election or on the general election cycle which will occur again in FY2023.

	FY2019	FY2020	FY2021	FY2022	FY2022	FY2023	
Election Costs	Actual	Actual	Actual	Enacted	Final	Enacted	Change
Ballot Printing	\$646,191	\$21,602	\$987,195	\$0	\$0	\$885,000	\$885,000
Election Mailing	54,212	22,174	717,260	-	-	200,000	200,000
Computer Supplies and Equipment	(13)	27	182,951	2,000	2,000	3,000	1,000
Clerical Services	16,496	-	14,588	-	-	20,000	20,000
Legal/Advertising	104,789	89,656	154,686	50,000	50,000	125,000	75,000
Software Maintenance Agreements	585,029	621,036	603,490	1,233,648	1,272,440	1,290,811	57,163
Total	\$1,406,704	\$754,495	\$2,660,170	\$1,285,648	\$1,324,440	\$2,523,811	\$1,238,163

Mail Ballot Equipment**\$50,000**

The Budget includes \$50,000 in general revenue for improvements to the mail ballot process needed for the upcoming general election in 2022. Previously, the Office of the Secretary of State used federal funds in the FY2022 Budget as Enacted to obtain the necessary mail ballot equipment. However, these federal funds are no longer available; therefore, the Office of the Secretary of State, was provided general revenue funding for the scanner and equipment needed to process mail ballots.

Statewide Cost of Living Adjustment**\$42,244**

Based on recently negotiated contract bargaining agreements between the State and the state employee bargaining units for a proposed 4-year contract, the Budget includes the following cost-of-living adjustments (COLAs): 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. The current agreement is projected to increase general revenue expenditures by \$42,244 in FY2023 and \$51,458 (\$52,293 all funds) in FY2022 within the Elections program.

Federal HAVA Grant (federal funds)**(\$188,435)**

The Office of the Secretary of State received two federal Help America Vote Act (HAVA) awards to assist the state with the federal 2020 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. Total federal HAVA awards received was \$6.2 million.

A total of \$2.7 million has been expended with another \$1.8 million appropriated in the FY2022 Budget as Enacted. The Budget includes \$1.6 million for FY2023, a reduction of \$188,435 from the FY2022 Budget as Enacted. This leaves an award balance of \$104,760 that must be expended on state election assistance items prior to September 2024.

HAVA Award Revenue	
2018 HAVA Award	\$3,000,000
2020 HAVA Award	3,216,181
Total HAVA Award	\$6,216,181
Expenditures	
FY2019 Actual	\$907,311
FY2020 Actual	1,358,787
FY2021 Actual	413,758
FY2022 Enacted	1,810,000
FY2023 Enacted	1,621,565
Total	\$6,111,421
HAVA Award Balance	\$104,760

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
FY2022 Enacted	\$768,685

<i>Target and Other Adjustments</i>	<i>10,615</i>
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Statewide Cost of Living Adjustment	46,175
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FY2023 Enacted	\$825,475
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Statewide Cost of Living Adjustment **\$46,175**

Based on recently negotiated contract bargaining agreements between the State and the state employee bargaining units for a proposed 4-year contract, the Budget includes the following cost-of-living adjustments (COLAs): 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. The current agreement is projected to increase general revenue expenditures by \$46,175 in FY2023 and \$49,345 in FY2022 within the State Library program.

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
FY2022 Enacted	\$521,918

<i>Target and Other Adjustments</i>	<i>22,715</i>
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Operating Adjustments	92,025
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Statewide Cost of Living Adjustment	26,602
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Contract Services	18,000
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State House Tours	5,000
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FY2023 Enacted	\$686,260
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Operating Adjustments **\$92,025**

The Budget increases general revenue by \$92,025, including \$65,000 for the continuation of the Open Meetings computer application and \$21,000 for printing services related to the Rhode Island Government Owner's Manual. The 300-page directory is published every two years to reflect the results of the November election. It includes contact information for hundreds of officials, including Congressional delegates, general officers, members of the General Assembly, as well as city and town councils. The printing of the manual was not required in FY2022.

Operating Adjustments	FY2022 Enacted	FY2022 Final	FY2023 Enacted	Change
Software Maintenance Agreements	\$0	\$0	\$65,000	\$65,000
Printing - Outside Vendors	4,000	4,000	25,000	21,000
All Other Adjustments	126,955	127,250	132,980	6,025
Total	\$130,955	\$131,250	\$222,980	\$92,025

Statewide Cost of Living Adjustment **\$26,602**

Based on recently negotiated contract bargaining agreements between the State and the state employee bargaining units for a proposed 4-year contract, the Budget includes the following cost-of-living adjustments (COLAs): 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. The current agreement is projected to increase general revenue expenditures by \$26,602 in FY2023 and \$25,590 in FY2022 within the Office of Public Information program.

Contract Services**\$18,000**

The Budget increases general revenue by \$18,000, reflecting an increase of \$10,000 for legal costs and \$8,000 for IT Systems Support within this program. The increase for legal costs is due to the reliance on outside legal counsel, particularly for State Archive and Administrative Records legal needs. The slight increase for IT Support reflects work on the Lobby Registration Desk application.

State House Tours**\$5,000**

The Budget includes \$45,000 in general revenue for State House tours. This is an increase of \$5,000 from the previous fiscal year. The increase funding will allow for additional unspecified exhibitions in the State House library.

RECORDS CENTER

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

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

	FY2020	FY2021	FY2022	FY2022		FY2023	
Records Center Fund - ISF	Actual	Actual	Enacted	Final	Change	Enacted	Change
Personnel	\$311,532	\$272,019	\$506,084	\$562,318	\$56,234	\$565,807	\$59,723
Contract Services	(12)	2,714	17,500	76,793	59,293	56,293	38,793
Operations	483,232	533,571	536,475	536,675	200	521,630	(14,845)
Capital Equipment	-	-	-	-	-	-	-
Total	\$794,752	\$808,304	\$1,060,059	\$1,175,786	\$115,727	\$1,143,730	\$83,671

Office of the General Treasurer

Expenditures By Program	FY2021 Actual	FY2022 Enacted	FY2022 Final	Change from Enacted		FY2023 Enacted	Change from Enacted	
General Treasurer	\$3.6	\$3.5	\$3.6	\$0.1	2.3%	\$3.8	\$0.2	6.3%
Employees' Retirement System	10.6	13.6	14.5	0.9	6.5%	14.7	1.1	8.0%
Unclaimed Property	1.8	28.9	2.6	(26.3)	-91.1%	2.6	(26.3)	-91.1%
Crime Victim Compensation Program	1.4	1.8	1.8	0.0	2.2%	1.8	0.0	2.6%
Total	\$17.5	\$47.8	\$22.5	(\$25.3)	-53.0%	\$22.8	(\$25.0)	-52.2%

Expenditures By Source	FY2021 Actual	FY2022 Enacted	FY2022 Final	Change from Enacted		FY2023 Enacted	Change from Enacted	
General Revenue	\$3.4	\$3.2	\$3.4	\$0.2	5.9%	\$3.6	\$0.3	10.2%
Federal Funds	0.5	0.7	0.8	0.0	6.0%	0.8	0.0	5.9%
Restricted Receipts	12.8	43.2	17.6	(25.6)	-59.3%	17.8	(25.4)	-58.8%
Other Funds	0.7	0.6	0.7	0.0	0.1	0.7	0.0	7.4%
Total	\$17.5	\$47.8	\$22.5	(\$25.3)	-53.0%	\$22.8	(\$25.0)	-52.3%

Authorized FTE Levels 89.0 89.0 89.0 - - 89.0 - -

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

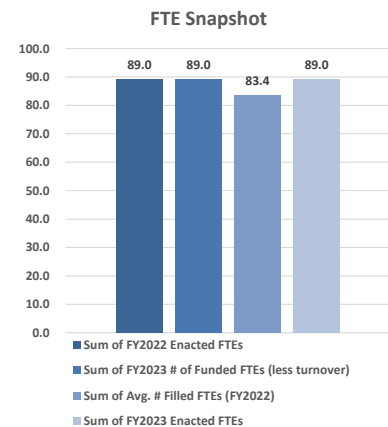
Note: Unclaimed Property restricted receipts were eliminated in FY2021 following GASB 84 rules.

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

MAJOR ISSUES AND TRENDS

The Budget includes \$22.5 million in FY2022, of which \$3.4 million (15.2 percent) is general revenue. This reflects an all fund decrease of \$25.3 million from the FY2022 Budget as Enacted. The decrease primarily reflects the removal of reporting Unclaimed Property restricted receipt accounts in the General Fund expenditure, but rather as a Custodial Fund, pursuant to Government Accounting Standards Board (GASB 84) reporting requirements.

The FY2023 Budget includes \$22.8 million, of which \$3.6 million (15.6 percent) is general revenue. This reflects an all funds decrease of \$25.0 million from the FY2022 Budget as Enacted. The decrease primarily reflects the removal of reporting Unclaimed Property restricted receipt accounts in the General Fund expenditure, but rather as a Custodial Fund, pursuant to Government Accounting Standards Board (GASB 84) reporting requirements. The Budget provides 89.0 FTE positions in FY2022 and in FY2023, consistent with the enacted budget.



GENERAL TREASURY

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

General Treasury	General Revenue
FY2022 Enacted	\$2,582,131
<i>Target and Other Adjustments</i>	<i>(84,082)</i>
Statewide Cost of Living Adjustment	132,647
Centralized Service Charges	66,876
General Treasurer Salary Adjustment	11,444
FY2023 Enacted	\$2,709,016

Statewide Cost of Living Adjustment **\$132,647**

Based on recently negotiated contract bargaining agreements between the State and the state employee bargaining units for a proposed 4-year contract, the Budget includes the following cost-of-living adjustments (COLAs): 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. The current agreement is projected to increase general revenue expenditures by \$132,647 (\$196,117 all funds) in FY2023 and \$138,414 (\$200,805 all funds) in FY2022 within the Treasury program.

Centralized Service Adjustment **\$66,876**

The Budget increases general revenue expenditures by \$66,876 to reflect the decentralization of statewide services provided by and previously centralized in the Department of Administration. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. As of FY2019, these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. The FY2022 Budget as Enacted appropriated \$156,254 for these expenses, which is increased by \$66,876 to \$223,130 in the FY2023 Budget.

General Treasurer Salary Adjustment **\$11,444**

The Budget adds \$11,444 in general revenue reflecting an increase of \$7,888 for salary and \$3,556 for benefits for the Treasurer. The compensation increase is set by RIGL 36-6-2 for the statutorily set salary adjustment for General Officers. The statutes pertaining to the General Treasurer require that, "after December 31, 1998, the salary of the General Treasurer was \$80,000 and shall thereafter be adjusted at the beginning of each succeeding term by the total percentage increase in the Consumer Price Index for all Urban Consumers (CPI-U) published by the United States Department of Labor Bureau of Labor Statistics for the Northeast Region for the four (4) previous fiscal years, but in any event not to exceed twelve percent (12%)." The Budget Office used an assumed increase of 10.36 percent, a placeholder as the FY2022 CPI-U figure was not yet known, to calculate the salary of the General Treasurer in the succeeding term. Currently, the salary of the General Treasurer is \$128,951, and the benefit cost is \$76,069.

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	Other Fund Changes
Statewide Cost of Living Adjustment (restricted receipts)	\$559,285
Operating Adjustments (restricted receipts)	361,601
Contract Service Adjustments (restricted receipts)	(175,000)
Centralized Service Adjustment (restricted receipts)	56,953

Statewide Cost of Living Adjustment (restricted receipts) \$559,285

Based on recently negotiated contract bargaining agreements between the State and the state employee bargaining units for a proposed 4-year contract, the Budget includes the following cost-of-living adjustments (COLAs): 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. The current agreement is projected to increase restricted receipt expenditures by \$559,285 in FY2023 and \$543,406 in FY2022 within the Employees' Retirement System program.

Operating Adjustments (restricted receipts) \$361,601

The Budget includes \$1.4 million in restricted receipts in FY2023 for operating expenses, reflecting a net increase of \$361,601 from the FY2022 Budget as Enacted. The largest adjustments are the increases of \$150,000 for new software for disability determination, \$110,000 for an increase in cyber insurance, \$100,000 for the rental of outside property in the event the system must temporary move during the HVAC system replacement, and an increase of \$60,000 for a new telephone system.

Operating Adjustments	FY2022 Enacted	FY2023 Enacted	Change
Computer Supplies/Software & Equipment	\$30,500	\$180,500	\$150,000
Insurance	90,000	200,000	110,000
Rental of Outside Property	-	100,000	100,000
Postage and Postal Services	327,500	262,500	(65,000)
Telephone and Telegraph	65,000	125,000	60,000
Building Maintenance & Repairs	25,000	-	(25,000)
Out-of-State: Lodging	10,000	25,000	15,000
Printing - Outside Vendors	103,500	91,500	(12,000)
All Other Operating	396,799	425,400	28,601
Total	\$1,048,299	\$1,409,900	\$361,601

Analyst Note: Treasury had revised the FY2023 Budget request to remove the \$100,000 restricted receipt appropriation for the rental of outside property, stating that funding outside property rental was not required in FY2023. However, the funding was not removed in the FY2023 Budget as Enacted.

Contract Service Adjustments (restricted receipts) (\$175,000)

The Budget includes \$4.8 million in restricted receipts for contracted services at the State Retirement System. This reflects a net decrease of \$175,000. The largest adjustment is a decrease of \$625,000 for IT systems support related to the new Ariel 360 computer system. This is offset by increases of \$365,000 for the State Actuary to perform an experience study and for valuation services, and an increase of \$100,000 for other services involving a cyber security contract.

Contract Services	FY2022 Enacted	FY2023 Enacted	Change
IT System Support	\$3,353,200	\$2,728,200	(\$625,000)
Actuary	345,000	710,000	365,000
Other Professional Svcs	100,000	200,000	100,000
IT General Services	50,000	100,000	50,000
Temporary Services	345,000	300,000	(45,000)
All Other Contract Services	770,750	750,750	(20,000)
Total	\$4,963,950	\$4,788,950	(\$175,000)

Centralized Service Adjustment (restricted receipts) \$56,953

The Budget increases restricted receipt expenditures by \$56,953 to reflect the decentralization of statewide services provided by and previously centralized in the Department of Administration. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital

asset management and maintenance, and human resources. As of FY2019, these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. The FY2022 Budget as Enacted appropriated \$175,000 for these expenses, which is increased by \$56,953 to \$231,953 in the FY2023 proposed budget.

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	Other Fund Changes
Unclaimed Property (restricted receipts)	(\$26,500,000)
Statewide Cost of Living Adjustment (restricted receipts)	112,356

Unclaimed Property (restricted receipts) (\$26.5 million)

The Budget includes restricted receipt expenditures in the Unclaimed Property program that would be removed pursuant to implementing the Government Accounting Standards Board (GASB 84) reporting requirements for custodial funds issued in January 2017. The effective date of the GASB 84 requirement was December 15, 2018, which was delayed by one-year to December 15, 2019. The impact of GASB 84 is that Unclaimed Property restricted receipt accounts will no longer be reported as a General Fund expenditure, but rather as a Custodial Fund and therefore not listed in the annual state budget. Implementing the GASB 84 ruling will decrease restricted receipts by \$26.5 million in FY2023 and in FY2022.

Statewide Cost of Living Adjustment (restricted receipts) \$112,356

Based on recently negotiated contract bargaining agreements between the State and the state employee bargaining units for a proposed 4-year contract, the Budget includes the following cost-of-living adjustments (COLAs): 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. The current agreement is projected to increase restricted receipt expenditures by \$112,356 in FY2023 and \$110,676 in FY2022 within the Unclaimed Properties program.

CRIME VICTIM COMPENSATION PROGRAM

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

Crime Victim Compensation Program	General Revenue
FY2022 Enacted	\$646,179
<i>Target and Other Adjustments</i>	<i>8,468</i>
Personnel Cost Shift	158,007
Statewide Cost of Living Adjustment	36,962
FY2023 Enacted	\$849,616

Crime Victim Compensation Program	Other Fund Changes
Personnel Cost Shift (restricted receipts)	(\$158,007)

Personnel Cost Shift \$158,007

The FY2023 Budget increases \$158,007 reflecting a shift of personnel costs from restricted receipts to general revenue as a result of the continued declining projected receipts from court ordered restitution payments to victims of violent crime. There is a corresponding decrease of \$158,007 in restricted receipts.

Statewide Cost of Living Adjustment**\$36,962**

Based on recently negotiated contract bargaining agreements between the State and the state employee bargaining units for a proposed 4-year contract, the Budget includes the following cost-of-living adjustments (COLAs): 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. The current agreement is projected to increase general revenue expenditures by \$36,962 in FY2023 and \$32,798 (\$2,994 restricted receipts) in FY2022 within the Crime Victims' Compensation program.

Board of Elections

Expenditures By Program	FY2021 Actual	FY2022 Enacted	FY2022 Final	Change from Enacted		FY2023 Enacted	Change from Enacted	
Board of Elections	\$3.4	\$2.7	\$2.8	\$0.1	3.7%	\$6.2	\$3.5	129.6%
Expenditures By Source								
General Revenue	\$3.4	\$2.7	\$2.8	\$0.1	3.7%	\$6.2	\$3.5	129.6%
Federal Funds	0.0	-	-	-	-	-	-	-
Total	\$3.4	\$2.7	\$2.8	\$0.1	3.7%	\$6.2	\$3.5	129.6%
Authorized FTE Levels	13.0	13.0	13.0	-	-	13.0	-	-

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

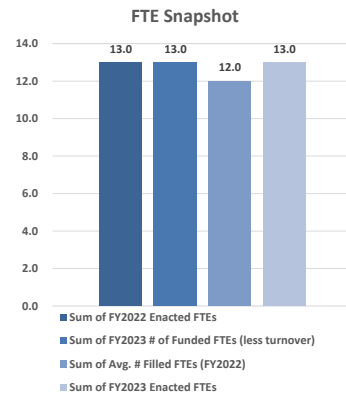
The Board of Elections supervises all elections and state and local referenda. The Board oversees voter registration and public education activities and provides all registration materials used in the State. The Board supervises and monitors the campaign finance activities of candidates, political action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

MAJOR ISSUES AND TRENDS

The Budget includes \$2.8 million in FY2022, reflecting a net increase of \$112,128 in general revenue, mainly due to an increase in personnel costs related to the statewide COLA and retention bonus.

For FY2023, the Budget includes \$6.2 million in general revenue, of which is \$3.5 million more than the FY2022 Budget as Enacted. The increase is largely attributable to temporary employees, voting equipment transportation, printing, and postage expenses that are required in a general election year and due to an increase in personnel costs related to the statewide COLA and retention bonus.

The Budget includes 13.0 FTE positions in FY2022 and FY2023, consistent with the enacted level.



Central Management	General Revenue
FY2022 Enacted	\$2,671,768
Target and Other Adjustments	(31,750)
General Election Adjustments	3,386,939
Statewide Cost of Living and Bonus	133,794
Let RI Vote Act	122,602
Centralized Services	(33,890)
FY2023 Enacted	\$6,249,463

General Election Adjustments **\$3.4 million**

The Budget increases general revenue expenditures by \$3.4 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.

	FY2022 Enacted	FY2022 Final	FY2023 Enacted	Change
Election Costs				
Public Finance of Elections	\$0	\$0	\$2,700,000	\$2,700,000
Seasonal Staff	21,000	28,000	382,939	361,939
Express Delivery	-	-	160,000	160,000
Miscellaneous Expenses	40,000	40,000	100,000	60,000
Postage and Postal Svcs	20,000	20,000	30,000	10,000
Printing - Outside Vendors	10,000	10,000	80,000	70,000
Telecomm: Overhead	40,000	40,000	65,000	25,000
Total	\$131,000	\$138,000	\$3,517,939	\$3,386,939

Statewide Cost of Living and Bonus**\$133,794**

Based on recently negotiated contract bargaining agreements between the State and the state employee bargaining units for a proposed 4-year contract, the Budget includes the following cost-of-living adjustments (COLAs): 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. In addition, the Budget includes a \$1,500 retention bonus to those eligible union employees that was included as part of the recently completed contract negotiation. The current agreement is projected to increase general revenue expenditures by \$133,794 in FY2023 and \$114,864 in FY2022 within the Board of Elections.

Let RI Vote Act**\$122,602**

The Budget includes \$122,602 in general revenue to meet the requirements of the Let RI Vote Act. These funds will be used to operate its high-speed ballot sorting equipment.

Centralized Services**(\$33,890)**

The Budget increases general revenue expenditures reflecting billed amounts for information technology and facilities management services. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In FY2019 these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. The FY2022 Budget as Enacted appropriated \$138,370 for these expenses, which is decreased by \$33,890 to \$104,480 in the FY2023 proposed budget.

Rhode Island Ethics Commission

Expenditures by Program	FY2021 Actual	FY 2022 Enacted	FY2022 Final	Change from Enacted		FY2023 Enacted	Change to Enacted	
RI Ethics Commission	\$1.8	\$1.9	\$2.0	\$0.1	5.5%	\$2.0	\$0.2	9.0%
Expenditures by Source	FY2021 Actual	FY 2022 Enacted	FY2022 Final	Change from Enacted		FY2023 Enacted	Change to Enacted	
General Revenue	\$1.8	\$1.9	\$2.0	\$0.1	5.5%	\$2.0	\$0.2	9.0%
Authorized FTE Levels	12.0	12.0	12.0	-	-	12.0	-	-

\$ in millions

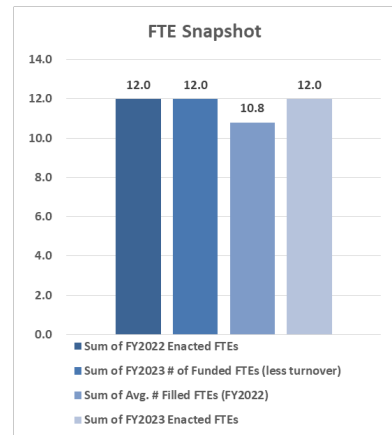
The Rhode Island Ethics Commission is responsible for adopting and disseminating the Rhode Island Code of Ethics, issuing advisory opinions to public officials and employees, enforcing financial disclosure policies and maintaining financial disclosure records, investigating and adjudicating complaints 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 Budget includes \$2.0 million for FY2022. The final net increase in general revenue is \$102,295 mainly to reflect the personnel costs related to the statewide COLA increase.

The FY2023 Budget includes \$2.0 million, with a net increase of \$161,794 (9 percent) from the FY2022 Budget as Enacted. This includes an increase of \$110,151 to support personnel costs related to the statewide COLA increase.

The Budget includes 12.0 FTE positions in FY2022 and FY2023, consistent with the enacted level.



RI Ethics Commission	General Revenue
FY2022 Enacted	\$1,867,351
Target and Other Adjustments	\$0
Statewide Cost of Living Adjustment	110,151
Personnel Adjustments	41,274
Centralized Service Changes	16,369
FY2023 Governor	\$2,035,145

Statewide Cost of Living Adjustment **\$110,151**

Based on recently negotiated contract bargaining agreements between the State and the state employee bargaining units for a proposed 4-year contract, the Budget includes the following cost-of-living adjustments (COLAs): 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. The current agreement is projected to increase general revenue expenditures by \$110,151 in FY2023 and \$107,480 in FY2022 within the Rhode Island Ethics Commission.

Personnel Adjustments***\$59,479***

The Budget increases general revenue expenditures by a net \$41,274, reflecting the restoration of \$59,479 for vacancy savings experienced in FY2022, offset by statewide personnel planning value adjustments set by the Budget Office.

Centralized Service Charges***\$16,369***

The Budget increases general revenue expenditures by \$10,369 to reflect the decentralization of statewide services provided by and previously centralized in the Department of Administration. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. Beginning in FY2019 these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. The FY2022 Budget as Enacted appropriated \$65,617 for these expenses, which is increased by \$10,369 to \$75,986 in the FY2023 proposed budget. There is a corresponding increase of \$6,000 in general revenue for expenses associated with the Commission's renewed office lease at 40 Fountain Street in Providence.

Office of the Governor

Expenditures By Program	FY2021 Actual	FY2022 Enacted	FY2022 Final	Change from Enacted		FY2023 Enacted	Change from Enacted	
Governor	\$6.5	\$6.7	\$7.2	\$0.5	6.8%	\$7.2	\$0.5	6.7%
Expenditures By Source								
General Revenue	\$6.5	\$6.7	\$7.1	\$0.4	6.4%	\$7.2	\$0.5	6.7%
Federal Funds	0.0	-	0.0	0.0	-	-	-	-
Total	\$6.5	\$6.7	\$7.2	\$0.5	6.8%	\$7.2	\$0.5	6.7%
Authorized FTE Levels	45.0	45.0	45.0	-	-	45.0	-	-

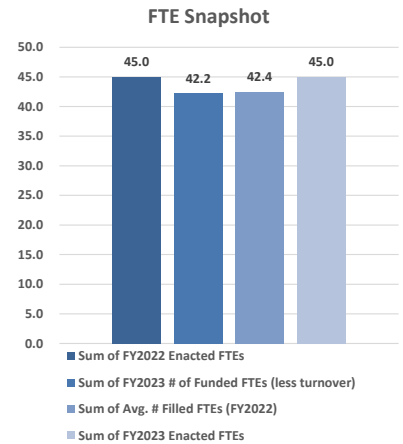
\$ in millions. Totals may vary due to rounding.

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 FY2022 Final Budget for the Office of the Governor is \$7.1 million in general revenue, \$432,260 more than the amount appropriated in the FY2022 Budget as Enacted. The majority of this increase in funding (90.0 percent) supports personnel costs related to the statewide COLA.

The FY2023 Budget includes \$7.2 million in general revenue, reflecting a \$448,654 increase from the previous year. The majority of this increase in funding (92.0 percent) supports personnel costs related to the statewide COLA and general officer salary increases. The Budget includes 45.0 FTE positions in both FY2022 and FY2023, consistent with the enacted budget.



Governor	General Revenue
FY2022 Enacted	\$6,703,626
Target and Other Adjustments	(\$47,113)
Cost of Living Adjustment	451,060
Centralized Services	31,036
Governor Salary Adjustment	13,671
Contingency Fund	Informational
FY2023 Enacted	\$7,152,280

Statewide Cost of Living Adjustment **\$451,060**

Based on recently negotiated contract bargaining agreements between the State and the state employee bargaining units for a proposed 4-year contract, the budget includes the following cost-of-living adjustments (COLAs): 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. The current agreement is projected to increase general revenue expenditures by \$451,060 in FY2023 and by \$303,658 in FY2022 within the Office of the Governor.

Centralized Services**\$31,036**

The Budget increases general revenue expenditures to reflect billed amounts for information technology services. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In FY2019 these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. The FY2022 Budget as Enacted appropriated \$148,649 for this expense, which is increased by \$31,036 to \$179,685 in the FY2023 Budget.

Governor's Salary Adjustment**\$13,671**

The Budget adds \$13,671 in general revenue reflecting an increase of \$9,368 for salary and \$4,303 for benefits. The compensation increase is set by RIGL 36-6-1 and 36-6-2 for the statutorily set salary adjustment for General Officers. The statutes pertaining to the Governor state, "after December 31, 1998, the salary of the Governor was \$95,000 and shall thereafter be adjusted at the beginning of each succeeding term by the total percentage increase in the Consumer Price Index for all Urban Consumers (CPI-U) published by the United States Department of Labor Bureau of Labor Statistics for the Northeast Region for the four (4) previous fiscal years, but in any event not to exceed twelve percent (12%)." The Budget Office used an assumed increase of 10.36 percent, a placeholder as the FY2022 CPI-U figure was not yet known, to calculate the salary of the Governor in the succeeding term. This action increases the Governor's salary to \$

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 FY2022 Budget as Enacted included \$150,000 in general revenue. A total of \$22,129 was spent from the fund in FY2022, leaving a balance of \$127,871. The following table illustrates the contingency fund appropriations and expenditures over the past eight 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	22,129	127,871
FY2023	150,000	-	150,000	-	150,000

Source: Budget Data Tables and RIFANs

FY2022 Preliminary Closing Report Final Expenditures

Rhode Island Commission for Human Rights

Expenditures By Program	FY2021 Actual	FY2022 Enacted	FY2022 Final	Change from Enacted		FY2023 Enacted	Change from Enacted	
Commission for Human Rights	\$1.7	\$1.9	\$2.0	\$0.1	4.4%	\$2.2	\$0.3	13.1%
Expenditures By Source								
General Revenue	\$1.3	\$1.5	\$1.6	\$0.1	6.8%	\$1.7	\$0.3	17.8%
Federal Funds	0.4	0.4	0.4	(0.0)	-4.0%	0.4	(0.0)	-3.3%
Total	\$1.7	\$1.9	\$2.0	\$0.1	4.4%	\$2.2	\$0.3	13.1%
Authorized FTE Levels	14.5	14.0	14.0	-	-	15.0	1.0	7.1%

\$ 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.

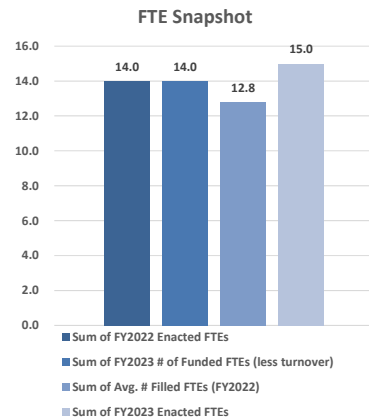
The Commission is reimbursed \$800 for each co-filed employment case processed pursuant to its work-sharing agreement with the federal Equal Employment Opportunities Commission (EEOC). The Commission also receives a reimbursement between \$1,400 and \$3,100 for each co-filed housing case processed pursuant to its contract with the federal Department of Housing and Urban Development (HUD). Annual federal receipts are used to estimate the following federal fiscal year appropriation to the Commission. When the Commission processes fewer EEOC or HUD cases, the Commission receives a lower federal reimbursement, resulting in the need to appropriate additional general revenues to cover the annual operation of the Commission. The Commission's office is located at 180 Westminster Street in the City of Providence.

MAJOR ISSUES AND TRENDS

The FY2022 Final Budget includes \$2.0 million in all funds, of which \$1.6 million is general revenue and \$405,321 is federal funds. This reflects an increase of \$93,527 in general revenue and a decrease of \$17,097 in federal funds over the enacted budget.

The FY2023 Budget includes \$2.2 million in all funds, of which \$1.7 million is general revenue and \$408,411 is federal funds, reflecting an increase of \$257,753 in general revenue and a decrease of \$14,007 in federal funds.

The Budget includes 14.0 FTE positions in FY2022 and 15.0 FTE positions in FY2023, reflecting the addition of a 1.0 Compliance Officer.



Commission for Human Rights	General Revenue
FY2022 Enacted	\$1,486,581
Target and Other Adjustments	23,417
New Compliance Officer	111,430
Cost of Living Adjustment and Bonus	100,105
Centralized Services	22,801
FY2023 Enacted	\$1,744,334

New Compliance Officer***\$111,430***

The Budget increases general revenue personnel expenditures by \$111,430, reflecting the addition of a 1.0 Chief Compliance Officer. The Commission requested the new position to coordinate and hold education and training sessions regarding state and federal anti-discrimination laws. The compliance officer will also be involved in mediations and investigations of discrimination charges.

Statewide Cost of Living Adjustment and Bonus***\$100,105***

Based on recently negotiated contract bargaining agreements between the State and the state employee bargaining units for a proposed 4-year contract, the Budget includes the following cost-of-living adjustments (COLAs): 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. In addition, the Budget includes a \$1,500 retention bonus to those eligible union employees that was included as part of the recently completed contract negotiation. The current agreement is projected to increase general revenue expenditures by \$100,105 (\$125,018 all funds) in FY2023 and \$99,269 (\$122,718 all funds) in FY2022 within the Commission for Human Rights.

Centralized Service Charges***\$22,801***

The Budget increases general revenue expenditures by \$22,801 to reflect the decentralization of statewide services provided by and previously centralized in the Department of Administration. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. Beginning in FY2019 these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. The FY2022 Budget as Enacted did not include funding for these expenses. The FY2023 Budget includes \$22,801 in the proposed budget.

Public Utilities Commission

Expenditures By Program	FY2021 Actual	FY2022 Enacted	FY2022 Final	Change from Enacted		FY2023 Enacted	Change from Enacted	
Public Utilities Commission	\$9.2	\$12.4	\$13.6	\$1.1	9.2%	\$13.6	\$1.1	9.2%
Expenditures By Source								
Federal Funds	\$0.2	\$0.5	\$0.5	\$0.0	0.0%	\$0.6	\$0.1	16.0%
Restricted Receipts	9.0	11.9	13.1	1.1	9.6%	13.0	1.1	8.9%
Total	\$9.2	\$12.4	\$13.6	\$1.1	9.2%	\$13.6	\$1.1	9.2%
Authorized FTE Levels	52.0	54.0	54.0	-	-	54.0	-	-

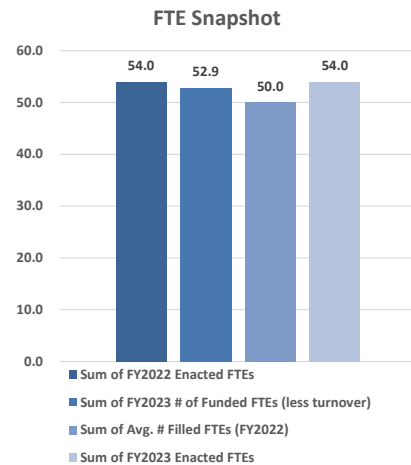
\$ in millions. Totals may vary due to rounding.

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 FY2022 Final Budget provides a total operating budget of \$13.6 million, including \$13.1 million in restricted receipts, and \$566,124 in federal funds. The recommendation represents an increase of \$1.1 million (9.2 percent) from the FY2022 Budget as Enacted. As the agency does not receive any general revenue funding, the costs are a pass-through expenditure and are paid by the regulated utilities pursuant to RIGL 39-1-23.

The FY2023 Budget provides a total operating budget of \$13.6 million, including \$13.0 million in restricted receipts and \$582,689 in federal funds. The Budget reflects an all funds increase of \$1.1 million (9.2 percent) compared to the FY2022 Budget as Enacted, and reflects an increase of \$1.1 million in restricted receipts and \$42,436 in federal funds. The single largest increase is \$597,893 in all funds for the COLA and employee bonus. In addition, the Budget shifts \$150,000 in restricted receipts for legal expenses from FY2022 to FY2023. The Budget provides a staffing level of 54.0 FTE positions in FY2022 and in FY2023 consistent with the enacted budget.



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

Public Utilities Commission	Other Fund Changes
Cost of Living Adjustment and Bonus (restricted receipts)	\$564,444
Contracted Legal Services (restricted receipts)	400,000
Contracted Financial Services (federal funds)	130,000
Centralized Services (restricted receipts)	38,461

Statewide Cost of Living Adjustment and Bonus (restricted receipts)***\$564,444***

Based on recently negotiated contract bargaining agreements between the State and the state employee bargaining units for a proposed 4-year contract, the Budget includes the following cost-of-living adjustments (COLAs): 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. In addition, the Budget includes a \$1,500 retention bonus to those eligible union employees that was included as part of the recently completed contract negotiation. The current agreement is projected to increase restricted receipt expenditures by \$564,444 and increase federal fund expenses by \$33,449 in FY2023. There are similar increases of \$546,342 in restricted receipts and \$26,535 in federal funds in FY2022 within the Public Utilities Commission.

Contracted Legal Services (restricted receipts)***\$400,000***

The Budget adds \$400,000 in restricted receipts for contracted legal services pertaining to a lawsuit involving the Division of Public Utilities and Carriers (DPUC) and the treatment of National Grid electric and gas utility customers who are certified as “seriously ill” and requiring protections from utility shut offs when the seriously ill customer is unable to remit payment for their utility services. In addition, the Budget increases restricted receipts by \$150,000, reflecting a shift of funds from FY2022, to reflect a more updated projection of contracted legal services needs related to pending litigation before Superior Court in FY2023.

Contracted Financial Services (federal funds)***\$130,000***

The Budget adds \$130,000 in federal funds for contracted financial services pertaining to the Division of Public Utilities and Carriers (DPUC) and Public Utility Commission’s review of the proposed sale and transfer of the Narragansett Electric Company by National Grid to PPL Corporation, a Pennsylvania based utility company. Pursuant to state statutes and the DPUC’s rules, the DPUC is required to thoroughly review the proposed transfer using existing staff and expert witnesses. The FY2022 Revised Budget includes \$500,000 in restricted receipts and \$130,000 in federal funds for the same purpose.

Centralized Services (restricted receipts)***\$38,462***

The Budget increases restricted receipt expenditures to reflect billed amounts for information technology services. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In FY2019 these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. The FY2022 Budget as Enacted appropriated \$136,467 for this expense, which is increased by \$38,461 to \$174,928 in the FY2023 budget.

CAPITAL PROJECTS

The 5-year capital plan includes \$825,000 in restricted receipts for two capital projects including ongoing asset protection of the state-owned facility at 89 Jefferson Boulevard in the City of Warwick and to develop an online electronic business portal (EBP).

- The Budget includes \$250,000 in FY2022 and in FY2023 to finance the development of an online electronic business portal (EBP) for docket (official proceedings) management and for e-filing capabilities. The EBP will have an in-house scheduler for Commission employees to track dockets and tasks assigned to each docket, and will have a list server to allow the public to track specific dockets. The EBP will relieve the Division and Commission staff of document filing and document management responsibilities. The total project cost is \$500,000.
- The Budget includes \$125,000 in FY2023, \$100,000 in FY2024, \$200,000 in FY2025, and \$150,000 in FY2026 to fund five asset protection projects at the Public Utilities Commission headquarters at 89 Jefferson Boulevard, including replacing exterior windows, the roof membrane, handicap railings and ramp, resurface the parking lot, and to do interior renovations. The structure has been used by the

Division of Public Utilities and Carriers/Public Utilities Commission since 2002 for office and public hearing space. The Public Utilities Commission and the Division of Public Utilities and Carriers assess public utility corporations up to \$300,000 per fiscal year for capital, asset protection, or maintenance programs for the Division. Assessments on public utilities are placed into a restricted receipt account and used for capital projects.

Executive Office of Commerce

Expenditures By Program	FY2021 Actual	FY2022 Enacted	FY2022 Final	Change from Enacted		FY2023 Enacted	Change from Enacted	
Central Management	\$3.3	\$9.5	\$9.0	(\$0.5)	-5.4%	\$2.4	(\$7.2)	-75.2%
Commerce Programs	1.2	1.6	34.1	32.5	20.3	54.8	53.2	3327.1%
Economic Development Initiatives Fund	63.7	110.7	92.1	(18.5)	-16.7%	37.0	(73.7)	-66.6%
Housing and Community Development	32.9	49.8	102.9	53.1	106.6%	122.3	72.5	145.5%
Quasi-Public Appropriations	12.4	21.1	21.4	0.3	0.0	26.2	5.1	24.2%
Total	\$113.5	\$192.7	\$259.5	\$66.8	34.7%	\$242.7	\$50.0	25.9%

Expenditures By Source	FY2021 Actual	FY2022 Enacted	FY2022 Final	Change from Enacted		FY2023 Enacted	Change from Enacted	
General Revenue	\$59.7	\$98.8	\$111.8	\$12.9	13.1%	\$49.2	(\$49.6)	-50.2%
Federal Funds	48.4	79.6	133.3	53.7	67.4%	185.0	105.4	132.4%
Restricted Receipts	5.1	7.7	7.7	(0.0)	-0.4%	7.7	(0.0)	-0.5%
Other Funds	0.3	6.6	6.8	0.3	0.0	0.8	(5.8)	-87.8%
Total	\$113.5	\$192.7	\$259.5	\$66.8	34.7%	\$242.7	\$50.0	25.9%

Authorized FTE Levels 16.0 16.0 16.0 0.0 0.0% 20.0 4.0 25.0%

\$ 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 lead agency for economic development throughout Rhode Island.

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

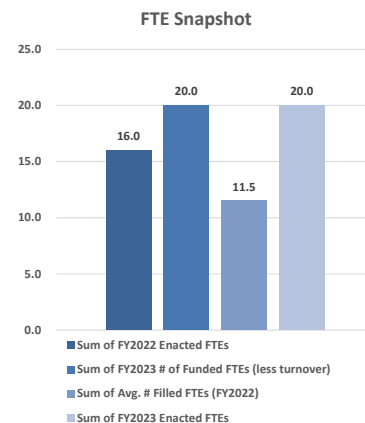
MAJOR ISSUES AND TRENDS

The Budget provides a total of \$271.9 million to fund the economic development initiatives and operations of the Executive Office of Commerce and Commerce RI in FY2023. Only 14.0 percent, or \$38.1 million, is general revenue, a decrease of \$60.7 million (-61.4 percent) from the FY2022 Enacted level. This large general revenue decrease is primarily related to two large, one-time investments made by the General Assembly in FY2022 to support the Rebuild RI program and the Housing Production Fund. The change in general revenue's relative proportion in EOC's budget is the result of the significant increase in federal funding associated with the American Rescue Plan Act.

The Budget authorizes 16.0 FTE positions in FY2022 and 20.0 in FY2023. As of June 20, 2022, EOC had 12.0 filled FTE positions.

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 \$218.0 million prior to FY2023. The FY2023 Budget includes an additional \$25.9 million and the FY2022 Budget includes \$56.1 million. The following table shows the total appropriations, awards, and remaining balances for each of the incentives:

Incentive	Pre-FY2022	FY2022 Enacted	FY2022 Final	FY2023 Enacted	Appropriated To Date	Awarded to Date	Balance
Rebuild RI	\$82.2	\$52.5	\$52.5	\$13.5	\$148.2	\$213.6	(\$65.4)
I-195 Redevelopment Fund	28.0	-	-	-	28.0	25.5	2.5
First Wave Closing Fund	15.3	-	-	-	15.3	3.3	12.0
Wavemaker Fellowship	8.5	1.6	1.6	3.2	13.3	4.0	9.3
Small Business Assistance Fund	6.0	0.7	0.7	0.7	7.3	5.5	1.8
Innovation Initiative	11.5	1.0	1.0	1.0	13.5	8.9	4.6
Main Street RI Streetscape Improvement Fund	3.0	-	-	5.0	8.0	2.8	5.2
Air Service Development Fund	2.5	-	-	2.3	4.8	2.5	2.3
P-Tech	2.5	-	-	-	2.5	1.6	0.9
Industry Cluster Fund	1.6	-	-	-	1.6	1.3	0.2
SupplyRI/Small Business Promotion	0.9	0.3	0.3	0.3	1.5	1.4	0.1
Qualified Jobs Tax Incentive	-	-	-	-	-	95.1	(95.1)
Tax Increment Financing	-	-	-	-	-	80.1	(80.1)
Tax Stabilization Agreement Incentive	-	-	-	-	-	2.1	(2.1)
Total	\$161.9	\$56.1	\$56.1	\$25.9	\$243.9	\$447.7	(\$203.8)

\$ in millions

The Budget includes revisions to some of the incentives as follows:

- **Reauthorization of Economic Development Incentive Programs:** Extends the sunset provisions on economic development incentive programs from December 31, 2022, to December 31, 2023.
- **Wavemaker Fellowship Program:** Expands the Wavemaker Fellowship Program to explicitly include healthcare and mental health practitioners.

ARPA Initiatives

The Budget includes \$186.4 million in federal American Rescue Plan Act Funds to be programmed and administered by the Executive Office of Commerce in FY2023, and \$553.5 million through FY2026. The following table summarizes the funding by issue area. The individual proposed initiatives are detailed within their respective programs analyses below

Initiative	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	Total
Affordable Housing/Homelessness Initiatives	\$29.0	\$97.0	\$73.0	\$48.5	\$2.5	-	\$250.0
Economic Development	-	21.5	56.5	29.0	1.0	-	108.0
Small Business Assistance	45.0	34.5	6.0	2.5	-	-	88.0
Infrastructure	-	18.0	42.4	27.0	7.6	-	95.0
Broadband	0.5	15.4	5.2	4.4	-	-	25.5
Total	\$74.5	\$186.4	\$183.1	\$111.4	\$11.1	-	\$566.5

\$ in millions

CENTRAL MANAGEMENT

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
FY2022 Enacted	\$2,202,211

<i>Target and Other Adjustments</i>	37,543
Statewide Cost of Living Adjustment	75,708
Centralized Services	40,713
FY2023 Enacted	\$2,356,175

Central Management	Other Fund Changes
ARPA - EAA Revolving Loan Capitalization (federal funds)	(6,836,000)

Statewide Cost of Living Adjustment **\$75,708**

Based on recently negotiated contract bargaining agreements between the State and the state employee bargaining units for a proposed 4-year contract, the Budget includes the following cost-of-living adjustments (COLAs): 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. In addition, the Budget includes a \$1,500 retention bonus to those eligible union employees that was included as part of the recently completed contract negotiation. The current agreement is projected to increase general revenue expenditures by \$75,708 in FY2023 and \$50,920 in FY2022 within the Central Management program.

Centralized Services **\$40,713**

The Budget includes a \$40,713 increase in general revenue centralized services spending as compared to the FY2022 enacted level. The increase reflects the office's adjusted percentage share of human resources and information technology services based on its activity in FY2022.

	FY2022	FY2023	
Service	Enacted	Enacted	Change
Information Technology Charges	\$28,922	\$56,897	\$27,975
HR Service Centers	20,837	33,575	12,738
Total	\$49,759	\$90,472	\$40,713

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

The FY2022 Budget as Enacted includes \$6.8 million in federal American Rescue Plan Act (ARPA) funding in FY2022 from the U.S. Department of Commerce's Economic Adjustment Assistance Revolving Loan Fund (EAA RLF) program. The program supports loans to businesses that cannot otherwise obtain traditional bank financing and provide access to capital as gap financing that enables small businesses to grow and lead to new employment opportunities with competitive wages and benefits. These funds are only available through FY2022. The FY2023 Budget as compared to the FY2022 Budget as Enacted reflects this as a reduction in federal funds.

COMMERCE PROGRAMS

The Budget includes \$10.5 million from general revenues in FY2023 to support Commerce Programs, \$8.5 million more than the FY2022 Enacted level. The Budget also includes \$44.4 million in federal American Rescue Plan Act funds for business assistance, economic development, and infrastructure initiatives.

Commerce Programs	General Revenue
FY2022 Enacted	\$1,600,000
<i>Target and Other Adjustments</i>	-
Main Streets Revitalization	5,000,000
Air Service Development Fund	2,250,000
Wavemaker Fellowship Programs	1,600,000
FY2023 Enacted	\$10,450,000
Commerce Programs	Other Fund Changes
ARPA SFRF Initiatives (federal funds)	29,000,000
ARPA CPF Broadband (federal funds)	15,383,000

Main Streets Revitalization**\$5.0 million**

The Budget includes \$5.0 million of general revenue in FY2023 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. Recipients are required to provide a 30.0 percent match. According to the EOC, \$4.5 million of this appropriation will go towards direct grants for 18-36 projects. The \$500,000 balance would support technical assistance to municipalities to design and implement programming. The assistance would include \$250,000 to support 1.0 FTE position at the Commerce Corporation for 2.5 years, \$200,000 to support contract awards for technical assistance, and \$50,000 for other program implementation costs.

Air Service Development Fund**\$2.3 million**

The Budget includes \$2.3 million in total general revenue to support the development of additional direct airline routes to major metropolitan areas. 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 (Green). 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.

Current Service at Rhode Island T.F. Green International Airport	
Airline	Non-Stop Service
Air Canada	Toronto (currently suspended)
Allegiant Airlines	Cincinnati (starts 6/16/22), Nashville (starts 4/21/22, Punta Gorda/Ft. Meyers
American Airlines	Charlotte, Chicago/O'Hare, Philadelphia, Washington-Reagan National
Breeze Airways	Charleston, Norfolk, Pittsburgh
Delta Air Lines	Atlanta, Detroit, New York LGA, Minneapolis (starts 6/7/22)
Frontier Airlines	Atlanta (starts 4/28/22), Cancun, Ft. Lauderdale, Ft. Meyers, Orlando, Tampa
JetBlue	Ft. Lauderdale, Ft. Meyers, Orlando, Tampa, West Palm Beach
Southwest Airlines	Baltimore, Chicago-Midway, Ft. Lauderdale, Ft. Meyers, Orlando, Tampa, Washington-Reagan National
Southern Airways Express	Nantucket
Sun Country	Minneapolis (starts 5/20/22)
United Airlines	Chicago-O'Hare, Newark, Washington-Dulles
11 Total Airlines	26 Total Non-Stop Destinations

Rhode Island T.F. Green International Airport currently accommodates 26 non-stop destinations, including Canada and Mexico, serviced by 11 airlines.

Since FY2017 the ASDF has received a net \$2.0 million in appropriations and has awarded an equivalent amount to two airlines, Frontier and Norwegian. Neither airline utilized the backstop route insurance incentive. The Air Service Development Council approved funds to be used for marketing expenses that are not recoupable by the State. Originally serving five cities in Ireland and the U.K. from Green, Norwegian Airlines ended its services in Rhode Island in September 2019, citing the grounding of the Boeing 737 Max as the cause. According to the Executive Office of Commerce, the loosening of pandemic

restrictions on travel has been accompanied by a renewed interest from airlines for expanding service and recapitalizing the ASDF will help Rhode Island compete with other regional airports.

Recipient	Date Approved	Incentive Parameters	Funds	Use	Number of New Routes
			Disbursed to Date		
Norwegian	8/9/2017	Up to \$750,000 per route	\$1,663,540	Reimbursable marketing expenses	4
Frontier	8/9/2017	Up to \$200,000 per route	336,460	Reimbursable marketing expenses	5
Total			\$2,000,000		9

Analyst Note: On March 8, 2022, Breeze Airlines announced five new nonstop routes from Rhode Island T.F. Green International Airport – Columbus, OH; Jacksonville, FL; Richmond, VA; Savannah, GA; and Los Angeles CA.

Wavemaker Fellowship Programs

\$1.6 million

The Budget includes \$3.2 million of general revenue in FY2023 for expanded programming for Wavemaker Fellowships, \$1.6 million more than the FY2022 enacted level.

Established in 2015, the Wavemaker Fellowship is a competitive student loan reimbursement program for college and university graduates who take employment in science, technology, engineering, and mathematics (STEM) fields in Rhode Island. The program provides Wavemaker Fellows with refundable personal income tax credits that can be used to offset their annual student loan payments for up to 4 years. The amount of the tax credit depends upon the degree earned by the taxpayer, i.e. \$1,000 for an associate's degree up to \$6,000 for a graduate or post-graduate degree. 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 (Wavemaker STEM 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 Wavemaker's inception the General Assembly has appropriated \$10.1 million in general revenue to the fund and the Rhode Island Commerce Corporation has awarded \$9.1 million to date to approximately 896 fellows. A typical Wavemaker cohort of 100 fellows costs approximately \$800,000.

Article 9 of the Budget expands the Wavemaker program to "high-demand" healthcare professionals, including mental health care professionals such as licensed clinical social workers and mental health counselors. The expansion is intended to attract and retain healthcare workers at a time when the industry is experiencing significant staffing shortages. A committee, to be established by the Commerce Corporation in consultation with the Executive Office of Health and Human Services, is charged with determining what types of professions will be eligible. The Budget also creates a Healthcare Stay Invested in RI Wavemaker Fellowship Fund (Wavemaker Healthcare Fund), distinct from the Wavemaker STEM Fund, and provides \$1.6 million in general revenue in FY2023, \$800,000 for healthcare fellowships and \$800,000 for mental health care fellowships. This is to support a cohort of 100 fellows for each discipline in FY2023. The Budget also includes \$1.6 million, level with the FY2022 enacted appropriation, for the existing Stay Invested in RI Wavemaker Fund to fund an additional cohort of 200 STEM/Design fellows.

ARPA SFRF Initiatives (federal funds)

\$29.0 million

The Budget includes \$29.0 million in federal SFRF funds to support various economic development initiatives in FY2023 and \$141.0 million in total through FY2027.

Initiative	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	Total
ARPA SFRF: South Quay Marine Terminal	-	12.0	23.0	-	-	-	35.0
ARPA SFRF: Blue Economy Investments	-	10.0	40.0	20.0	-	-	70.0
ARPA SFRF: Bioscience Investments	-	5.0	15.0	9.0	1.0	-	30.0
ARPA SFRF: Minority Business Accelerator	-	2.0	4.0	-	-	-	6.0
Total	-	\$29.0	\$82.0	\$29.0	\$1.0	-	\$141.0

\$ in millions

ARPA SFRF: South Quay Marine Terminal

The Budget includes \$12.0 million in federal ARPA State Fiscal Relief Funds in FY2023, and \$35.0 million in total through FY2024, to help finance the build-out of new port facilities at the proposed South Quay Marine Terminal in East Providence. These funds will combine with an additional \$68.0 million in proposed funding from other sources, for a total investment of \$103.0 million in port infrastructure.

South Quay is a 32 acre peninsula in East Providence located along the 16.8 mile Providence River waterway. The waterway is a deep water channel with access through Narragansett Bay to the Atlantic shipping lanes and nearby off-shore wind-energy leased property. It was created by the US Army Corps of Engineers (USACE) in the 1940's and has always been planned to be a maritime terminal. The USACE approved the parcel to be used for maritime and rail in 1978. Despite these plans, the land has not been developed. According to the EOC, Rhode Island Waterfront Enterprises, LLC (RIWE) purchased the land in 2019 with the intent of developing for industrial uses.



Rhode Island's industrial ports have been reorienting towards the growing off-shore wind energy industry. Facilities at the Port of Davisville and ProvPort supported the layout and assembly needs of the first off-shore wind farm in the United States in 2016. According to the EOC, the US Bureau of Ocean Energy Management (BOEM) has since leased over 1.2 million acres of Atlantic Ocean floor for installation of wind turbines, most of which is in the Northeast. Off-shore wind-energy production requires an extensive maritime transportation facilities within close proximity of the geographic leases. According to the EOC industry requires these facilities be equipped to "berth a vessel(s), provide a stable surface to off- and on-load heavy components, provide stevedoring services and to have access to shore power to eliminate the use of vessel auxiliary engines."

ARPA SFRF funding will be used to partially finance phase 1 of the proposed South Quay Marine Terminal (SQMT). A stated primary goal of the project is to "serve coaster vessels delivering heavy cargo consisting of large OSW components (e.g., foundation elements, towers, nacelles, blades, etc.)." The project leadership team consists of the City of East Providence, RIWE, and ProvPort. The components of the project includes the following:

- Finalization of the design package and development of procurement specifications.
- The construction of a 650 ft. cofferdam bulkhead to support berthing vessels.
- Dredging the berth dredged to a 32 ft. depth with lead-in off the Providence River federal channel.
- Construction of a 400 ft. x 150 ft. wide pile supported hard point/concrete deck.
- Installation of fendering, bollards, and water service at the bulkhead.
- Drainage and fire protection for the site.
- Security fencing for the entire perimeter.
- **Job Creation:** According to the EOC, these improvements are estimated to immediately create 902 jobs over a period of 18-24 months. Additionally EOC notes that, "if utilized as a construction base port for offshore wind projects, approximately 948 direct annual jobs have been estimated to be created as long-term operational employment."

Analyst Note: This latter figure is contingent upon the full completion of the port facility beyond the first phase. The economic evaluation does not address other state incentives and how they tie into the return on investment (e.g. Rebuild RI tax credits).

Funding: According to the Executive Office of Commerce, the total cost of the project through phase 1 is estimated to be \$103.0 million. The Budget includes \$12.0 million of SFRF funds in FY2023, and \$35.0 million total through FY2027. In addition to the SFR, EOC indicates that it plans to secure an additional \$68.0 million. It is proposed that this will come from federal infrastructure grants from the US Department of Transportation, private sectors funds, and state-provided tax credits and grants (the EOC has committed \$15 million in Rebuild RI tax credits and another \$200,000 in CommerceRI grants to the project). EOC indicates that matching funds for federal grants will come from private equity. The City of East Providence is currently not funding any portions of the project. The Rhode Island Waterfront Enterprises (RIWE) is contributing the real estate, financing for the permitting processes, and other private capital totaling \$16.0 million. The EOC further indicates that future expansion stages will be funded through federal grants and is estimated to lead to an additional \$92.1 million in construction spending.

Source	South Quay						Total
	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	
ARPA SFRF	-	\$12.0	23.0	-	-	-	\$35.0
Other Funds	-	-	68.0	-	-	-	68.0
Total	-	\$12.0	\$91.0	-	-	-	\$103.0

\$ in millions

- **Timeline:** EOC indicates that the design phase of the South Quay Marine Terminal would be completed within 3 months of receiving funds. Procurement of materials for the proposed bulkhead would be completed by the “winter of 2022”. Dredging and bulkhead construction for phase 1 would be completed by the end of December 2022. The entire full build out as planned would be completed by 2025.

ARPA SFRF: Blue Economy Investments

The Budget includes \$10.0 million in federal State Fiscal Recovery Funds in FY2023 and \$70.0 million in total through FY2025 to support investments in Rhode Island’s blue economy sector. Article 1 of the Budget requires that Rhode Island secure at least \$35.0 million from the United States Economic Development Administration before these SFRF funds can be allocated and spent.

Initiative	Blue Economy Investments						Total
	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	
ARPA SFRF: Blue Economy Investments	-	\$10.0	\$40.0	\$20.0	-	-	\$70.0
Total	-	\$10.0	\$40.0	\$20.0	-	-	\$70.0

\$ in millions

According to the World Bank the blue economy is the “sustainable use of ocean resources for economic growth, improved livelihoods, and jobs while preserving the health of the ocean ecosystem. It includes conventional economic sectors such as fisheries, aquaculture, and maritime transport.” It also includes coastal renewable energy, waste management, tourism, seabed mining and bioprospecting.

Rhode Island’s Blue Economy spans 6 sub-industries: ports and shipping, defense, marine trades, ocean-based renewables, aquaculture and fisheries, and tourism and recreation. According to EOC, Rhode Island’s current blue economy supports \$5.0 billion in sectoral output or approximately 9.0 percent of the State’s gross regional product, and employs 67,600 people (12.0 percent of the State’s workforce).

In December 2021, Rhode Island was awarded a \$500,000 phase 1 planning grant from the U.S. Economic Development Administration as part of the Biden Administration’s Build Back Better Regional Challenge

The applicant receiving the award is known as the Rhode Island Blue Economy Tech Cluster (BETC) Coalition and is led by the University of Rhode Island Research Foundation. The BETC consists of 37 entities that are regional leaders across state and local governments, educational institutions, workforce organizations, economic development districts, non-profits, philanthropy, trade organizations, small business coalitions, and private companies. Phase 1 finalists are eligible to receive upwards of \$100.0 million from the EDA for “catalytic economic development initiatives”. The planning grant focuses on 5 projects that mirror the ones identified in the following SFRF proposal.

SFRF funds will be used to fund the following projects over the next three years:

- **Smart Bay Platform and Infrastructure Development:** According to the EOC, “the Smart Bay” infrastructure will support research and development, prototyping, and testing platforms for “blue technology”. The EOC sites the unique geography of Narragansett Bay as enabling cost-effective deployment of infrastructure, sensors, equipment, and 5G technology “currently unavailable and economically infeasible at any other location in the world”. The EOC further notes that the region’s unique physical, institutional, and regulatory systems enables wider access to cutting-edge data and equipment, which is typically reserved only for the largest industry and governmental organizations.
- **Blue Technology Innovation Center (BTIC):** The funding will support the creation of a Blue Technology Innovation Center to serve as the hub of Rhode Island’s “Blue Economy ecosystem”. The project envisions a space to collaborate and innovate around challenges such as developing a wave energy sector to understanding the impact of sea level rise. The center would bring together thinkers, venture capitalists, and other experts.
- **Blue Economy Workforce Development Pipeline:** The funding will support the State’s Real Jobs RI program in scaling up existing programs and develop new ones focused on the Blue Economy’s workforce needs, including a new focus on offshore wind.
- **Ocean-based Renewables Infrastructure:** The funding will support two projects related to Rhode Island’s growing role in the offshore wind energy sector. The first is the Quonset Multi-Modal OSW Transport and Training Center and the second is a new and state-of-the-art Regional OSW Deep Water Port in East Providence. The former would bring together transport and international standards-based training and certification programming for the wind industry.
- **Aquaculture, Fisheries, and Seafood Technology:** The SFRF funds will support the development of a smart shellfish hatchery to support Rhode Island’s 84 oyster farms and help fulfill the growing demand along the East Coast, taking advantage of Rhode Island’s uniquely favorable regulatory landscape that allows out-of-state shipping (while many other states have restrictions). He also recommends supporting the development of seafood wastewater processing infrastructure which represents a potential growth area in the blue economy.

ARPA SFRF: Bioscience Investments

The Budget includes \$5.0 million of federal SFRF funds in FY2023 and \$30.0 million in total through FY2026 to support a variety of bioscience industry sector investments. Article 1 of the Budget requires that Rhode Island secure at least \$15.0 million from the United States Economic Development Administration before these SFRF funds can be allocated and spent.

Initiative	Bioscience Investment						Total
	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	
ARPA SFRF: Bioscience Investments	-	\$5.0	\$15.0	\$9.0	\$1.0	-	\$30.0
Total	-	\$5.0	\$15.0	\$9.0	\$1.0	-	\$30.0

\$ in millions

These investments include support for the following projects and programs:

- **Shared Wet Lab Space:** \$17.0 million in total to support the creation of wet lab space designed to meet the needs and services of start-up bioscience ventures and that meets global standards for such facilities. A wet lab, or experimental lab, is a type of laboratory where it is necessary to handle various types of chemicals and potential "wet" hazards, so the room has to be carefully designed, constructed, and controlled to avoid spillage and contamination. According to the EOC, a facility of this type would “enable further testing, research, and development of critical biotechnology to occur in Rhode Island and would serve as an entry point for those just starting out in the life sciences field.”
- **Life Sciences Site Acquisition and Facility Investments Program:** \$10.0 million to support an industrial site acquisition program that focuses on sites for future life sciences facilities, such as laboratories, distribution sites, research facilities, and more.
- **Small Business Supports:** \$2.0 million to fund small business supports that advance the life sciences supply chain and provides businesses with procurement opportunities related to the bioscience industry. The Commerce Corporation would also provide matching grants to businesses to facilitate research and development for small businesses in the life sciences sector.
- **Administration, Strategic Planning, & Research/Analysis/Consultant Support:** \$1.0 million for “program administration, strategic planning, and external research, analysis and consultant support.” According to EOC, these funds could be used as future match for federal U.S. Economic Development Administration’s Build Back Better Regional Challenge initiatives.

ARPA SFRF: Minority Business Accelerator

The Budget includes \$2.0 million of federal SFRF funds in FY2023, and \$6.0 million in total through FY2024, to advance minority businesses across the state. Article 1 of the Budget requires that EOC work with minority small business associations, including the RI Black Business Association (RIBBA), reserves \$500,000 for RIBBA, and reserves \$300,000 for Roger Williams University’s Business Start-up Clinic.

Initiative	Minority Business Accelerator						Total
	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	
ARPA SFRF: Minority Business Accelerator	-	2.0	4.0	-	-	-	6.0
Total	-	\$2.0	\$4.0	-	-	-	\$6.0

\$ in millions

According to US Census data provided by EOC, Black- or African American-owned Rhode Island firms represent 1.3 percent of all firms in the state despite Black or African American residents comprising 5.0 percent of the State’s population. Hispanic residents comprise 16.6 percent of the State’s population while Hispanic-owned firms represent 2.4 percent of all firms. Additionally, EOC indicates that minority-owned businesses have been disproportionately impacted by the pandemic.

According to Department of Administration regulations minority (or women) business enterprises (MBE/WBE) means a “small business concern which is at least 51.0 percent owned and controlled by one or more socially and economically disadvantaged individuals or in the case of a publicly owned business, at least 51.0 percent of the stock of which is owned by one or more socially and economically disadvantaged individuals; and whose management and daily business operations are controlled by one or more such individuals.”

State-level public support for minority-owned business enterprises (MBEs) takes place in several ways including the State Minority Business Enterprises Program, which certify MBEs and promote supportive procurement and other policies, and the non-profit business incubator Urban Ventures.

In 2022, the EOC and the Rhode Island Foundation conducted a study that analyzed the factors need to grow minority-owned businesses in the state. The study made recommendations related to capital, workforce and talent development, business assistance, specialized infrastructure, community culture, supportive regulation, and market access.

The initiative includes funding for technical and grant assistance, physical space build out for a minority business support center and the provision of other infrastructure for minority entrepreneurs, loan assistance, administration, and planning and capacity building. Programming is to be “aligned with the findings and recommendations of the joint EOC-RI Foundation’s Rhode Island Minority Business Eco-system Initiative”.

ARPA CPF Broadband (federal funds)

\$15.4 million

The Budget includes \$15.4 million of federal ARPA Capital Projects Funds in FY2023, and \$25.0 million through FY2025, to support enhanced broadband capacity and access in Rhode Island.

Initiative	ARPA Capital Project Funds						Total
	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	
Broadband	-	\$15.4	\$5.2	\$4.4	-	-	\$25.0
Total	-	\$15.4	\$5.2	\$4.4	-	-	\$25.0

\$ in millions

Article 1 of the Budget requires the EOC, in partnership with the Department of Business Regulation, to allocate these funds to municipalities, public housing authorities, business cooperatives,, and local internet providers through a request for proposals for broadband projects process. Projects are to target those unserved or underserved by current infrastructure. Investments may be used to provide match for additional federal funding related to broadband. The funds must be spent in accordance to the State’s statewide broadband strategic plan and may not be obligated or spent prior to the plan’s adoption.

Article 9 of the Budget establishes the parameters of the new program. It provides for a Broadband director within the EOC responsible for implementing and overseeing the State’s various broadband efforts, including a strategic plan. It also establishes a broadband advisory council with nine members with the Broadband director serving ex-officio and as chair. Two members are appointed by the President of the Senate and two by the Speaker of the House of Representatives. The League of Cities and Towns, RI Emergency Management Agency, the Boys and Girls Club, the RI Infrastructure Bank, RI Chamber of Commerce, and underserved communities each have representation on the council. The Council is to report to the General Assembly each quarter, providing updates on initiatives and spending levels and obligations.

One member shall be appointed in “consultation” with the Speaker of the House and one shall be appointed in “consultation” with the President of the Senate. Consultation is not further defined. The committee is charged with advising the Governor on broadband implementation and planning.

ECONOMIC DEVELOPMENT INITIATIVES FUND

The Budget provides \$15.5 million from general revenues in FY2023 to support various incentives, business assistance, and development programs designed to create and expand economic development in Rhode Island. The Budget also includes \$1.5 million in federal American Rescue Plan Act funds to support destination marketing at out-of-state airports.

Economic Development Initiatives Fund	General Revenue
FY2022 Enacted	\$54,450,000
<i>Target and Other Adjustments</i>	-
Rebuild RI	(39,000,000)
FY2023 Enacted	\$15,450,000
Economic Development Initiatives Fund	Other Fund Changes
ARPA Direct: State Small Business Credit Initiative (federal funds)	(36,234,176)
ARPA SFRF: Destination Marketing	1,500,000

Rebuild RI**(\$39.0 million)**

The Budget includes \$13.5 million in general revenue in FY2023 for the Rebuild RI fund, \$39.0 million less than the FY2022 enacted level of \$52.5 million.

The Rebuild RI program 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 \$210.0 million and the per-project cap is set at \$15.0 million. Article 9 of the Budget extends the Rebuild RI sunset from December 31, 2022, to December 31, 2023.

Since the program's inception, Commerce has awarded \$158.2 million in Rebuild RI tax credits and \$47.7 million in sales tax exemptions across 57 projects, for a combined total of \$205.9 million, or 98.1 percent of the current \$210.0 million program cap.

When Rebuild RI credits and exemptions are exercised by a developer, they negatively impact State revenue. To mitigate this impact, State law requires the state General Fund be reimbursed for the amount of the credits and exemptions from the Rebuild RI Fund. This fund is capitalized by annual appropriations by the General Assembly. Since 2016, the Rebuild RI Fund has received \$139.7 million in appropriations.

With a projected general revenue surplus in FY2022, the General Assembly decided to make large one-time investment into the Rebuild RI fund. The General Assembly appropriated \$52.5 million in FY2022 and another \$37.5 million in the FY2021 revised budget, for a combined \$90.0 million to the Rebuild RI Fund. This significantly reduced the out-year appropriation level required to cover the revenue draw downs and leave a reasonable ending balance, for the following fiscal year. The following table provides the estimated obligations and annual drawdowns by fiscal year.

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Beginning Balance	\$48.2	\$39.0	\$62.4	\$74.7	\$50.5	\$31.4	\$23.2	\$21.5	\$17.7	\$13.9	\$10.1
Combined Draw Downs*	(9.2)	(14.1)	(40.2)	(37.7)	(34.1)	(23.2)	(16.7)	(18.8)	(18.8)	(18.8)	(18.8)
Estimated Appropriation [^]	0.0	37.5	52.5	13.5	15.0	15.0	15.0	15.0	15.0	15.0	15.0
Ending Balance	39.0	62.4	74.7	50.5	31.4	23.2	21.5	17.7	13.9	10.1	6.3

*Includes tax credits and sales tax exemptions. Amounts take into consideration all projects as of November, 2022, including Fane Tower.

[^] Appropriation levels for FY2021 through FY2030 have been chosen for demonstration purposes only. Consideration was given to keeping annual appropriations below \$25.0 million, while covering the draw downs, and leaving a reasonable ending balance (Senate Fiscal Staff estimates).

The Budget reduces the FY2023 appropriation by \$39.0 million as compared to the FY2022 enacted level, reflecting the savings made possible by the previous one-time investment.

Analyst Note: The Office of Revenue Analysis (ORA) completed a statutorily required analysis of the Rebuild Rhode Island Tax Credit (link: [Rebuild RI March 3, 2022](#)). Among the findings ORA suggests that the program does not break even with respect to net state general revenues (does not pay for itself) and that reporting requirements are insufficient for purposes of evaluating the tax incentive. The ORA provides recommendations on how these findings may be addressed. The Secretary of Commerce is permitted by statute to comment on the findings. The comments from the Secretary dispute the ORA findings.

ARPA Direct: State Small Business Credit Initiative (federal funds)**(\$36.2 million)**

The Governor recommends \$20.0 million direct federal ARPA funds in FY2022 and FY2023 for the Small Business Credit Initiative (SBCI), \$36.2 million less than the FY2022 enacted level of \$56.2 million.

Funded through the US Small Business Administration (SBA), the SBCI makes funds available to expand or create new state small business investment programs that provide access to capital, collateral support, loan participation, loan guarantees, and venture capital. The reduction in funding in FY2022 and FY2023 reflects changes in SBA's disbursement schedule to states subsequent to the enactment of the FY2022 Budget.

ARPA SFRF: Destination Marketing (federal funds)**\$1.5 million**

The Budget includes \$1.5 million in federal SFRF funding in FY2023, and \$3.0 million in total through FY2024, to support the marketing of Rhode Island as a destination to out-of-state travelers.

Destination Marketing							
Source	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	Total
ARPA SFRF	-	\$1.5	1.5	-	-	-	\$3.0
Total	-	\$1.5	\$1.5	-	-	-	\$3.0

\$ in millions

The ability of the Rhode Island Airport Corporation (RIAC) to market Rhode Island as a destination in out-of-state airports is limited by federal regulations. The Budget adds \$1.5 million in federal SFRF funds for this purpose and Article 1 contains proviso language directing the use of these funds in this manner as well as requiring the Commerce Corporation to supply \$1.5 million out of its portion of the state hotel tax for the same purposes, for a total of \$3.0 million.

OFFICE OF HOUSING AND COMMUNITY DEVELOPMENT

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

Housing and Community Development	General Revenue
FY2022 Enacted	\$26,046,591
<i>Target and Other Adjustments</i>	-
Housing Production Fund	(25,000,000)
Personnel	589,336
Centralized Services Charges	(113,634)
FY2023 Enacted	\$1,522,293
Housing and Community Development	Other Fund Changes
ARPA SFRF Housing and Homelessness Initiatives (federal funds)	97,000,000
Federal Grants (federal funds)	57,713

Housing Production Fund**(\$25.0 million)**

The FY2022 Budget as Enacted included \$25.0 million in one-time general revenue to capitalize a new restricted fund to support the production of affordable housing in Rhode Island. Article 14 of 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 for the purposes of providing "financial assistance by loan, grant, or otherwise for the planning, production, or preservation of affordable housing in Rhode Island for households earning not more than 80.0 percent of area median income". The fund may also be used to support technical and financial assistance for municipalities to support increased local housing production.

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

The Budget does not include a similar investment and general revenue is reduced by \$25.0 million accordingly.

Personnel**\$589,336**

The Budget includes \$2.1 million (all funds) in total salary and benefit expenditures for OHCD in FY2023. This is a net \$589,336 general revenue increase (\$727,844 all funds) as compared to the FY2022 Budget as Enacted.

Personnel Change	General Revenue	Federal	Restricted Receipts	All Funds
Staff Capacity Increase	\$466,210	\$38,122	-	504,332
Existing Personnel Expenditure Changes	\$123,126	\$135,120	(34,734)	223,512
Total	\$589,336	\$173,242	(\$34,734)	\$727,844

The net increase consists of the following:

- **Staff Capacity Increase:** The Budget includes an additional \$466,210 in general revenue personnel expenditures (\$504,332 all funds) within OHCD related to the addition of 4.0 new FTE positions. These positions include 1.0 Chief Program Specialist FTE position (dedicated to community and homelessness support), a Data Analyst FTE position to conduct data and research analysis, a Principal Planner (to serve as a project manager), and an Information and Public Relations Specialist FTE position to coordinate communication and stakeholder engagement. These positions will build up the capacity of the OHCD's staff, which currently consists of 12.0 FTE positions. It is argued that the buildup is necessary to effectively administer the major increase in programming, changes in policy, and significant investment of public funds that has been earmarked for affordable housing and housing insecurity over the next several years.
- **Existing Personnel Expenditure Changes:** The Budget includes a \$123,126 increase in general revenue personnel expenditures (\$223,512 all funds) within OHCD related to changes related to existing personnel within the office. These changes include adjustments to salary and benefits based on recently negotiated contract bargaining agreements between the State and the state employee bargaining units for a proposed 4-year contract. The Budget includes the following cost-of-living adjustments (COLAs): 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. In addition, the Budget includes a \$1,500 retention bonus to those eligible union employees that was included as part of the recently completed contract negotiation. The current agreement is projected to increase general revenue expenditures by \$50,334 in FY2023 (\$96,873 all funds) and \$43,106 in FY2022 (\$78,946 all funds) within OHCD.

The changes also includes \$72,792 in general revenue (\$126,639 all funds) to reflect other personnel expenditure changes related to statewide salary and benefit changes and increasing a Chief Implementation Aid from part-time to full time.

Centralized Services**(\$113,634)**

The Budget includes an \$113,634 decrease in general revenue centralized services spending as compared to the FY2022 enacted level. The decrease reflects the office's adjusted percentage share of facilities management and information technology services based on its activity in FY2022.

Centralized Service	FY2022 Enacted	FY2023 Enacted	Change
Facilities Management	\$331,014	\$222,699	(\$108,315)
Information Technology Charges	22,588	17,269	-5,319
Total	\$353,602	\$239,968	(\$113,634)

ARPA SFRF Housing and Homelessness (federal funds)**\$97.0 million**

The Budget includes \$97.0 million in federal SFRF funds to support various affordable housing and homelessness initiatives in FY2023 and \$250.0 million in total through FY2027.

SFRF - Housing and Homelessness Initiatives							
Initiative	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	Total
Development of Affordable Housing	\$15.0	\$30.0	\$30.0	\$25.0	-	-	\$100.0
Down Payment Assistance	-	10.0	10.0	10.0	-	-	30.0
Site Acquisition	12.0	3.0	5.0	5.0	-	-	25.0
Home Repair and Community Revitalization	-	15.0	10.0	-	-	-	25.0
Homelessness Assistance Program	1.5	7.0	7.0	6.0	-	-	21.5
Workforce Housing	-	12.0	8.0	-	-	-	20.0
Affordable Housing Predevelopment Program	-	2.5	2.5	2.5	2.5	-	10.0
Homelessness Infrastructure	-	15.0	-	-	-	-	15.0
Statewide Housing Plan	-	2.0	-	-	-	-	2.0
OHCD Predevelopment and Capacity Building	0.5	0.5	0.5	-	-	-	1.5
Total	\$29.0	\$97.0	\$73.0	\$48.5	\$2.5	-	\$250.0

\$ in millions

Development of Affordable Housing

The Budget includes \$30.0 million of federal State Fiscal Recovery Funds (SFRF) in FY2023, and \$100.0 million in total through 2025, to provide direct gap-financing for the development of affordable housing in the State. The General Assembly appropriated \$15.0 million of the total in December 2021, as part of its FY2022 Supplemental Budget. These resources will support a new federally funded program that augments existing programs providing money to developers that cover the difference between development costs and the projected income needed to bring more affordable units to the market. Funds go to the Executive Office of Commerce (EOC) and will be administered by RIHousing.

Development of Affordable Housing							
Source	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	Total
ARPA SFRF	15.0	\$30.0	30.0	25.0	-	-	\$100.0
Total	\$15.0	\$30.0	\$30.0	\$25.0	-	-	\$100.0

\$ in millions

According to OHCD, Rhode Island faces a shortage of affordable housing, with nearly 35.0 percent of all households paying over 30.0 percent of their income on housing costs (A household that pays more than 30.0 percent is defined as being housing-cost burdened). The causes of the shortage are complex and include labor shortages, local zoning and development barriers, and developer capacity. More significant are the extraordinary regional costs that disincentivize development and the historically low-levels of state investment in affordable housing.

The federal funding will support a new gap-financing program for developing affordable housing. Eligible projects would receive the amount of a demonstrated financing gap, and projects would require a federal match to qualify for these funds. The EOC would administer these funds in coordination with RIHousing, OHCD, and/or other agency partners. Applicants would seek funding in conjunction with the Building Homes RI program and Low-Income Housing Tax Credit application process to minimize ensure efficiencies and alignment of resources. Awards are planned to be made across three allocation cycles during FY2022. Approved projects are expected to have obligated funds in FY2022 and to expend funds according to construction schedules through approximately FY2025. Projects are anticipated to begin within 6 months of program start, with new additional affordable housing units becoming available within 12-36 months.

Of the \$30.0 million appropriated in FY2023, \$10.0 million will be reserved for a pilot program to be established by RIHousing to support low income public housing through project-based rental assistance vouchers and financing for pre-development, improvement, and housing production costs. Article 1 of the Budget requires that any pilot funds not allocated to viable projects after 18 months be returned to the general affordable housing development plan. Similarly pilot funding provided to public housing authorities

that cannot demonstrate substantial completion of all work within 18 months must also return the pilot funding to the general program. Determination of project viability and substantial completion is to be at the sole discretion of the Deputy Secretary of Commerce for Housing.

ARPA SFRF: Down Payment Assistance

The Budget includes \$10.0 million of federal State Fiscal Recovery Funds in FY2023, and \$30.0 million in total through 2025, to provide down payment assistance qualifying homebuyers, through RIHousing.

Source	Down Payment Assistance						Total
	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	
ARPA SFRF	-	\$10.0	10.0	10.0	-	-	\$30.0
Total	-	\$10.0	\$10.0	\$10.0	-	-	\$30.0

\$ in millions

According to RIHousing the down payment represents one of the greatest barriers to homeownership, particularly for first time homeowners. Rhode Island has a 60.8 percent homeownership rate, below the national rate of 64.0 percent.

RIHousing currently administers several homeownership assistance programs. The Agency's First Generation Down-Payment Assistance Program provides up to \$25,000 in the form of a forgivable loan to a "first generation" homebuyer. The homebuyer must currently live in a qualified community and fall within income and credit guidelines. The 10k DPA and Spring 7500 Programs similarly provide \$10,000 and \$7,500 loan, respectively, that are geared towards first time homebuyers. Eligibility for these programs is subject to income limits and credit scores of at least 660.

The \$30.0 million in SFRF funds will be used to expand RIHousing's down payment and closing cost assistance programs. The structure and rules of the program would align with existing programming; however, the cap on individual down payment awards is \$17,500. At that amount, the program is estimated to serve 1,540 households.

RIHousing indicates that 10.0 percent, \$5.0 million, will be retained for administration of the program. Eligibility requires the applicant to be a first-time homebuyer who:

- Is purchasing a 1-4 family home or condominium in Rhode Island
- Has a minimum credit score of 620
- Completes a homebuyer education course (available in-person or online through RIHousing)
- Obtains a RIHousing-funded first mortgage through a Participating Lender or the RIHousing Loan Center
- Occupies the home as primary residence
- Buys a home for no more than \$492,201 for a one- to four-family home or eligible condominium
- Meets Mortgage Revenue Bond income limits (currently \$99,730 for a 1-2 person household or \$114,689 for a 3 or more person household)

ARPA SFRF: Site Acquisition

The Budget includes \$3.0 million of federal State Fiscal Recovery Funds in FY2023, and \$25.0 million in total through FY2025, for the purpose of funding a new real estate acquisition grant program that would identify and procure sites for the development of affordable, supportive, and emergency shelter housing. The General Assembly also appropriated \$12.0 million in FY2022 for this purpose.

Source	Site Acquisition						Total
	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	
ARPA SFRF	\$12.0	\$3.0	5.0	5.0	-	-	\$25.0
Total	\$12.0	\$3.0	\$5.0	\$5.0	-	-	\$25.0

\$ in millions

According to the EOC, there are many barriers to development of affordable and supportive housing. Included among these is the prohibitive and inflationary real estate prices that contribute to the high costs of development and exacerbate the gap between those costs and the ability for the project to be viable for the developer. Subsidizing the costs of site acquisition is a tool that Rhode Island uses to mitigate this barrier. Existing programs that have a site acquisition component include:

- **Building Homes RI (BHRI):** BHRI is the State's primary affordable housing development program. Administered by the EOC's Office of Housing and Community Development, it provides gap-financing to developers based upon a competitive process and available funding. The program is capitalized by proceeds from general obligation bonds. The most recent bond authorization was approved by voters in 2021 for \$65.0 million. Tier I funding priorities for the program include acquisition of property and/or substantial construction and/or rehabilitation to provide new rental units for households earning up to 80.0 percent of area median income.
- **Low Income Housing Tax Credit (LIHTC):** The federal LIHTC program subsidizes the acquisition, construction, and rehabilitation of affordable rental housing. The U.S. Housing and Urban Development Agency (HUD) issues tax credits to RIHousing who then awards them to affordable housing developers through a competitive process.
- **COVID Acquisition Program (CARP):** The pandemic created a need to de-densify the homeless shelter system in order to prevent vulnerable Rhode Islanders from living in a situation where the likelihood of transmission of COVID-19 was high. Federal Coronavirus Relief Funds (CRF) were used by RIHousing, in partnership with the state, to create an emergency housing acquisition program to purchase real estate that could quickly be converted to housing for shelter-dependent homeless individuals. The property purchased is in the process of being redeveloped into permanent supportive housing for homeless individuals, closing a service gap.

The \$3.0 million in SFRF funds will support the acquisition of real estate for the development of affordable housing and \$25.0 million in total from FY2022 through FY2027. Funds are appropriated to the EOC and are to be administered in partnership with RIHousing. Article 1 of the Budget requires that projects financed with these funds include requirements for deed restrictions of no less than 30 years and a non-recourse structure. According to EOC, these funds will be targeted for sites to be used for developing housing for people currently experiencing homelessness. EOC plans to build on the CARP program to purchase properties for redevelopment as permanent supportive housing. Because the availability of property is often limited at any given time, EOC plans to design a program that enables multiple rounds of award decisions. Nonetheless, the EOC estimates that new acquisitions will begin six months after funds are available and that all funds will be obligated and spent prior to FY2026.

ARPA SFRF: Home Repair and Community Revitalization

The Budget includes \$15.0 million of federal State Fiscal Recovery Funds in FY2023, and \$25.0 million in total through FY2024, to provide additional resources to remediate blighted real estate and make needed repairs to homes.

Home Repair and Community Revitalization							
Source	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	Total
	-	\$15.0	\$10.0	-	-	-	\$25.0
Total	-	\$15.0	\$10.0	-	-	-	\$25.0
\$ in millions							

\$ in millions

According to RIHousing blight refers to abandoned buildings, vacant lots, and houses in derelict condition. It includes property damaged or neglected to a point that it is incapable of being beneficial to a community without outside intervention

In 2016 Rhode Island voters approved \$50.0 million in general obligation bonds to fund affordable housing initiatives, including \$10.0 million for urban revitalization and blight remediation. These latter funds were

programmed and administered by RIHousing, through its Acquisition and Revitalization program (ARP). According to RIHousing the \$10.0 million investment has created 152 units of affordable housing, built seven community facilities, and developed 15 commercial spaces while removing blighted and hard-to-develop properties. The program targeted development in low- to moderate-income census tracts. Of the original amount of bond financing, \$400,000 remains.

The federal funds will be used to augment the existing Acquisition and Revitalization Program. RIHousing will administer the program which will be distributed through an RFP open to for profit and non-profit organizations, municipalities and public housing authorities. Eligible uses of the funds would align with the existing program and include:

- Acquisition and redevelopment of existing residential or commercial property
- Demolition of existing blighted properties
- New construction/redevelopment of residential or commercial projects on blighted lots
- Residential development will serve households earning no more than 80% area median income
- Commercial and community spaces must serve or meet the needs of residents of a particular area, where at least 51 percent of the residents are low- and moderate-income persons

RIHousing estimates that the investment will support the redevelopment of 380 residential units and 55 community or commercial spaces. Funds are anticipated to be obligated in FY2023 and FY2024, with expenditure of funds by December 21, 2026.

ARPA SFRF: Homelessness Assistance Program

The Budget includes \$7.0 million of federal State Fiscal Recovery Funds in FY2023, and \$21.5 million in total through FY2025, to provide expanded housing navigation, stabilization, and mental health services to families and individuals experiencing homelessness.

Homelessness Assistance Program							
Source	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	Total
ARPA SFRF	\$1.5	\$7.0	7.0	6.0	-	-	\$21.5
Total	\$1.5	\$7.0	\$7.0	\$6.0	-	-	\$21.5

\$ in millions

Rhode Island addresses homelessness through a multi-prong approach that emphasizes getting families and individuals into housing first, and then surrounding them with supportive services intended to provide stability and prevent a return to homelessness. The services include mental health, substance abuse, and housing navigation. The latter is a best practice that involves helping a household that is homeless develop a housing plan, address the barriers identified during the plan, and acquire documentation and complete forms required for housing.

- **Continuum of Care:** The State coordinates around homelessness through a formal continuum of care (COC) model. The COC is administered by RIHousing and consists of homelessness stakeholders including the RI Coalition to End Homelessness and other homelessness assistance providers, schools, public housing authorities, faith-based organizations, victim services, mental health and social services, and public/private partnerships. The COC promotes planning and ensures alignment and maximum use of resources to address homelessness.
- **Office of Homelessness and Consolidated Homeless Fund:** The Housing Resources Commission (HRC) is the State’s primary housing and homelessness policy making body and is staffed by the EOC’s Office of Housing and Community Development. A division within the HRC/OHCD is the Office of Homelessness Services and Emergency Assistance. This office is responsible for administration of the State's Consolidated Homeless Fund (CHF) as well as planning related to the crisis of homelessness. The CHF brings together various federal resources available to support homelessness programs into a

single, coordinated effort. The CHF provides grant funds to local government and non-profit organizations that provide services to the homeless. Eligible activities include essential services support to those in an emergency shelter, renovation costs to build or convert property into a shelter, shelter operation costs, rapid rehousing and state rental assistance, and lead mitigation expenditures.

According to the EOC, the current homelessness provider network is strained and expansion of services is needed. The \$21.5 million in SFRF funds will be used to expand housing navigation, stabilization, and mental health services to families and individuals and to improve homelessness coordination systems. This approach will encompass the following initiatives:

- **Operating Support:** The proposal includes \$5.0 million in federal SFRF operating costs associated with sheltering and permanently housing the homeless. This subsidy is estimated to be \$10,000 per year, per unit and will cover persons with little to no income, including households who were formerly homeless.
- **Service Support:** The proposal includes \$7.0 million to cover service costs associated with permanent housing units occupied by populations with special needs, particularly persons formally experiencing homelessness. OHCD plans to work with a variety of providers including Public Housing Authorities and Community Development Corporations. The subsidy is estimated to be \$8,000 per year, per person.
- **Homeless System Investments:** The proposal includes \$3.0 million to improve homelessness information technology and data systems. According to OHCD, these investments will improve referrals systems and assure the availability of more accurate and timely information. The targeted platforms includes the Homeless Management Information System (HMIS) and the Coordinated Entry System (CES). It is proposed that the funds be used for software improvements, data analysis and related staffing costs.
- **Step-Up Program:** The proposal also includes \$5.0 million in SFRF to expand transitional housing opportunities and provide temporary housing options “until such time as permanent housing opportunities can be identified and secured”. Under this new “Step-Up” program it is planned that funds will go to costs related to operating housing facilities and providing wrap-around services. According to OHCD, individuals leaving institutional settings or those with serious health concerns will be the primary focus of the program. The funding is estimated to support 100 beds/persons per \$50,000.
- **Housing Stability Services:** According to the OHCD, the current homelessness provider network is strained and expansion of services is needed. The General Assembly appropriated \$1.5 million of SFRF funds in FY2022 to expand housing navigation, stabilization, and mental health services to families and individuals. The proposal anticipates that funding would be appropriated within OHCD, which would administer sub-awards to selected service providers. OHCD would partner with RI Housing to administer this initiative. The proposal assumes a 1:15 case manager to client ratio and a roughly six month implementation period through the end of FY2022. OHCD and RIHousing anticipate being able to assist approximately 500 additional people each month. The Continuum of Care would assist in developing standards to be used in selecting service providers through this program. The funding would provide services for homeless persons that do not have rental obligations and are ineligible for Emergency Rental Assistance resources.

ARPA SFRF: Workforce Housing

The Budget includes \$12.0 million of federal State Fiscal Recovery Funds in FY2023, and \$20.0 million in total through FY2024, to support the development of workforce housing in the state.

Workforce Housing							
Source	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	Total
ARPA SFRF	-	\$12.0	\$8.0	-	-	-	\$20.0
Total	-	\$12.0	\$8.0	-	-	-	\$20.0
\$ in millions							

\$ in millions

Workforce housing is housing that is affordable to workers and is close to their jobs. It consists of both rental housing and home ownership that is affordable for those earning moderate to middle incomes and is reasonably close to workforce centers. Additionally, it is generally understood to be affordable to households making up to 100.0 percent of area medium income (AMI). Housing is understood to be affordable when no more than 30.0 percent of a household's income goes towards the monthly housing cost.

Rhode Island - Area Median Income and Affordable Housing				
Percentage of AMI	Mortgage/Rent 1 Person		Mortgage/Rent 4 Person	
		Mo. Pmt.		Mo. PMT
80.0%	\$49,300	\$1,233	\$70,400	\$1,760
100.0%	61,600	1,540	88,000	2,200

Source: RI Housing -FY2021 RI Statewide Income Limits for Low-and Moderate Income Households, US HUD

According to RIHousing workforce housing has become scarce in Rhode Island due an influx of out-of-state buyers and years of under-production. Rent for a market-rate two-bedroom apartment is currently about \$1,700, up about 8.5 percent from 2019. Current rental vacancy is 2.8 percent down from 6.2 percent in 2019 (a healthy vacancy rate where you would not expect upward or downward pressure on prices is 6.0 to 7.0 percent). According to RIHousing there are over 22,000 renters in the state earning between 80.0 and 100.0 percent of AMI.

According to RIHousing, the market is not producing housing that is affordable for earners making 100.0 to 120.0 percent of AMI. Low-income housing that is affordable to earners below 80.0 percent AMI is actively supported through federal and state programs. To address the gap, RIHousing established a pilot program in 2020 called the Workforce Housing Innovation Challenge Loan Program in 2020. The pilot consists of a \$9.0 million loan program funded through RIHousing corporate earnings loans secured by a mortgage and regulatory agreements. RIHousing oversees the request for proposals, applications, awards, and audits. In the first two rounds, up to \$80,000 per workforce housing unit with a maximum of \$2.5 million per project was available at 0.0 percent interest and deferred for 30 years. Through January 2022, 38 workforce units have been contracted to be produced under the pilot.

The Budget includes \$20.0 million in SFRF funds through FY2024 to augment the Workforce Housing Innovation Challenge Loan Program. Article 1 of the Budgets sets income eligibility to up to 120.0 percent of AMI. The structure and rules of the program would remain the same. According to RIHousing, the new funding is expected to support the development of 250 new workforce housing units and the funds would be obligated over the next two fiscal years and expended through 2026.

ARPA SFRF: Affordable Housing Predevelopment Program

The Budget includes \$2.5 million of federal State Fiscal Recovery Funds in FY2023, and \$10.0 million in total through FY2026, to support types of activities that must take place prior to affordable housing development.

Affordable Housing Predevelopment Program							
Source	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	Total
ARPA SFRF	-	\$2.5	\$2.5	\$2.5	\$2.5	-	\$10.0
Total	-	\$2.5	\$2.5	\$2.5	\$2.5	-	\$10.0
\$ in millions							

\$ in millions

As has been noted, the State is experiencing a shortage of affordable housing. Housing costs have increased significantly and inventory is at extremely low levels. A barrier to the development of affordable housing is the cost of vetting a property and determining its viability. According to the OHCD, the State needs to identify developable locations and subsidize expensive activities such as environmental testing, architectural design and legal work that often discourage development. OHCD indicates that the limited capacity of developers to finance these costs, restricts the number of developments they can have in pre-development at one time.

The \$10.0 million will be used over the next four fiscal years to support predevelopment activities. RIHousing will administer the program and funding will be used to subsidize environmental testing, architectural design, legal, and other predevelopment work. Funds will be made available on a rolling basis.

Awards will have a maximum of \$500,000 and average awards are planned to be between \$200,000 and \$400,000.

ARPA SFRF: Homelessness Infrastructure

The Budget includes \$15.0 million of federal State Fiscal Recovery Funds in FY2023 to provide additional, flexible capacity to respond to changing homelessness needs, particularly during the winter.

Homelessness Infrastructure							
Source	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	Total
ARPA SFRF	-	\$15.0	-	-	-	-	\$15.0
Total	-	\$15.0	-	-	-	-	\$15.0

\$ in millions

According to the OHCD, the State's homelessness infrastructure struggled to meet the needs of unhoused Rhode Islanders during the winter of 2021-2022. Through February 2022 there were 1,114 people waiting for a place in a shelter. The system had 1,128 shelter beds with a 91.0 percent utilization rate. Every 14 days there are at least 327 Rhode Islanders without shelter. OHCD also notes that there is a less than 2.0 percent vacancy rate for rental property and little affordable housing statewide. The pandemic put even more strain on this system.

The \$15.0 million of SFRF funds will be used "to support a program to respond to pandemic-related homelessness, including but not limited to, acquisition or construction of temporary or permanent shelter-based and/or housing-based solutions, wrap-around services and administrative costs of implementation"

Shelter, housing acquisition, and wraparound services are eligible program expenditures and the program would be administered by the OHCD. Funds may be used for temporary or permanent housing or shelters, acquisition and construction of shelter facilities, provision of wraparound services, and administration of programming. Article 1 of the Budget requires that \$10.0 million of the funding be reserved for use by Crossroads Rhode Island sponsored housing development-based and/or housing-based solutions, wrap-around services, and administrative costs of implementation.

ARPA SFRF: Statewide Housing Plan

The Budget includes \$2.0 million of federal State Fiscal Recovery Funds in FY2023 to fund the development of statewide housing plan.

Statewide Housing Plan							
Source	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	Total
ARPA SFRF	-	\$2.0	-	-	-	-	\$2.0
Total	-	\$2.0	-	-	-	-	\$2.0

\$ in millions

Under current law, the Housing Resources Commission, in conjunction with the State Planning Council, is required to develop a five-year strategic plan for housing. The plan includes quantified goals, measurable intermediate steps towards accomplishing those goals, implementation activities, and standards for the production and/or rehabilitation of year-round housing to meet the housing needs of the State. The plan addresses the need for workforce housing as well as housing for seniors, students, low-income individuals, individuals with disabilities, and other vulnerable populations. The plan currently on file with the State Planning Council is outdated, having expired in 2010. According to RIHousing staff, the development of a new plan stalled in prior to the pandemic. According to the EOC, this is related to a lack of capacity within the OHCD.

According to the EOC, planning capacity is also limited at the municipality level and restricts the ability of the state to effectively coordinate a statewide planning effort.

The \$2.0 million will be used to support affordable housing planning efforts at the state and local level. Specifically the money would fund the statewide planning efforts including stakeholder outreach, communications efforts, and data research and analysis. The OHCD would provide grants and technical

assistance to the cities and towns to assist in housing plan development, code improvements that facilitate development, and coordination of comprehensive plan changes.

These funds would be used for: (1) the creation of an initial housing plan for the State that will guide investments and strategies for pursuing both near-term and long-term opportunities, and (2) assisting municipalities undertake housing plans and/or code development that will result in increasing housing availability and affordability, either as part of their comprehensive planning process or to supplement their comprehensive plans. According to OHCD, \$1.0 million will go towards the state-level activities and \$1.0 million will be available for local-level planning.

ARPA SFRF: Predevelopment and Capacity Building (OHCD)

The Budget includes \$1.5 million through FY2024 to improve capacity within the Office of Housing and Community Development (OHCD).

Predevelopment and Capacity Building						
Source	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027
ARPA SFRF	\$0.5	\$0.5	0.5	-	-	-
Total	\$0.5	\$0.5	\$0.5	-	-	-
<i>\$ in millions</i>						

The OHCD currently is staffed by 12.0 FTE positions and historically has had an all funds budget of between \$20.0 million and \$25.0 million. The increasing scarcity of affordable housing in Rhode Island has made it a priority among policymakers, and according to the EOC, the current capacity of the OHCD is insufficient to meet the new demands that are being asked of the agency. The OHCD is also being asked to oversee increasing resources and more complex programming. The FY2022 Budget as Enacted doubled the typical budget to \$50.0 million and the Governor's FY2022 and FY2023 increase the amount above \$100.0 million. The Governor's SFRF proposal through FY2026 plans for a total of \$250.0 million for housing initiatives.

In FY2022 the General Assembly approved a Deputy Secretary of Commerce for Housing to oversee affordable housing policy and the Governor's FY2023 Budget proposal includes an additional \$586,350 in general revenue personnel expenditures (\$624,472 all funds) within OHCD related to a proposed addition of 5.0 new FTE positions. The Governor recommends adding 2.0 Chief Program Specialist FTE positions (dedicated to community and homelessness support), a 1.0 Data Analyst FTE position for data and research analysis, a 1.0 Principal Planner (to serve as a project manager), and a 1.0 Information and Public Relations Specialist FTE position to coordinate communication and stakeholder engagement. According to the Executive Office of Commerce these positions are needed to build up the capacity of the OHCD's staff, which currently consists of 12.0 FTE positions. It is argued that the buildup is necessary to effectively administer the major increase in programming, changes in policy, and significant investment of public funds that has been earmarked for affordable housing and housing insecurity over the next several years.

The \$500,000 in federal SFRF in FY2022 funds three to five full-time positions for an estimated six to ten month period focusing on "operations to ensure timing of contracting, federal compliance, and programmatic evaluation; research and data; communications and stakeholder engagement; strategic repositioning of homelessness systems and programs." Funding will also be used to pay for consultant services related to housing development in order to evaluate incoming affordable housing proposals under the several new ARPA housing initiatives and ensure alignment.

Federal Grants (federal funds)

\$57,713

The Budget includes a net \$57,713 increase in non-ARPA federal funds within the Housing and Community Development program in FY2023.

Program	FY2021 Actual	FY2022 Enacted	FY2022 Final	Change	FY2023 Enacted	Change
CDBG Program	\$4,555,756	\$9,432,714	\$9,291,963	(\$140,751)	\$9,256,449	(\$176,265)
Housing Opportunities for Persons with AIDS	778,694	762,636	779,117	16,481	752,584	(10,052)
Neighborhood Stabilization Program	242,827	480,339	478,621	(1,718)	479,066	(1,273)
Shelter Funding	3,634,132	5,391,297	2,156,808	(3,234,489)	5,636,600	245,303
Total	\$9,211,409	\$16,066,986	\$12,706,509	(\$3,360,477)	\$16,124,699	\$57,713

- **CDBG Program:** The Budget reflects a net \$140,751 reduction in standard (as opposed to CARES Act authorized) CDBG funds in FY2022 and a \$176,265 net reduction in FY2023. The changes reflect the expiration of previous year allocations, and updated project funding needs.
- **Housing Opportunities for Persons with AIDS:** The Budget provides \$752,584 in federal Housing Opportunities for Persons with AIDS (HOPWA) program in FY2023, \$10,052 less than the enacted level.
- **Neighborhood Stabilization Program:** The Budget provides \$479,066 in federal HUD grant funding for the Neighborhood Stabilization Program (NSP) in FY2023, \$1,273 less than the enacted level. The reduction reflects final federal formula appropriation levels for Rhode Island. The NSP provides assistance to state and local governments to mitigate abandonment and blight by purchasing foreclosed or abandoned homes to rehabilitate, resell, or redevelop in order to stabilize neighborhoods and prevent the values of neighboring homes from declining.
- **Shelter Funding:** The Budget provides \$5.6 million in standard federal shelter and homelessness funding in FY2023, a net \$245,303 increase as compared to the FY2022 enacted level. Rhode Island receives funding for this purpose from HUD's Emergency Shelter Grant (ESG) program, the U.S. Department of Health and Human Services' Social Services Block Grant (SSBG) program, and the Federal Emergency Management Agency. The SSB goes to the establishment and operations of shelters and supportive services for the homeless. ESG funding is increased by \$3.6 million, SSBG funding is reduced by \$3,723, and FEMA is reduced by \$3.3 million in FY2023. The reductions reflect final federal formula appropriation levels for Rhode Island.

QUASI-PUBLIC APPROPRIATIONS

The Budget provides \$19.4 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
FY2022 Enacted	\$14,546,801
<i>Target and Other Adjustments</i>	-
OSCAR	4,000,000
Municipal Infrastructure Grant Match	1,500,000
QDC Transfer Correction	(1,200,000)
CommerceRI Base Appropriation	288,213
I-195 Commission	200,000
Polaris	100,000
FY2023 Enacted	\$19,435,014
Quasi-Public Appropriations	Other Fund Changes
ARPA SFRF - Port of Davisville (federal funds)	6,000,000

OSCAR \$4.0 million

The Budget provides \$4.0 million in one-time general revenue to capitalize the Ocean State Climate Adaptation and Resilience (OSCAR) Fund. The OSCAR Fund was established as a funding resource for

projects that restore and improve the climate resilience of vulnerable coastal habitats, river and stream floodplains, and to improve community resilience and public safety. The OSCAR was authorized by the General Assembly in 2021 as a restricted receipt account within the Rhode Island Infrastructure Bank (RIIB) but has yet to receive an appropriation or any other seed funding.

Municipal Infrastructure Grant Match ***\$1.5 million***

The Budget includes a one-time general revenue investment of \$1.5 million in FY2023 to support the State’s Municipal Infrastructure Grant program (MIG). The MIG provides public infrastructure grants to municipalities for design, construction, building, land acquisition, rehabilitation, repair, and other improvements to publicly owned infrastructure including sewers, utility extensions, streets, roads, curb-cuts, parking, water treatment systems, telecommunications systems, transit improvements, and pedestrian ways. The program also assists municipalities with economic development projects, housing development and rehabilitation, and other community development projects.

The FY2022 Budget as Enacted provided \$1.0 million in general revenue for the MIG and shifted the program from the Division of Statewide Planning (Division), within the Department of Administration (DOA), to the Rhode Island Infrastructure Bank (RIIB), a quasi-public corporation that provides low-interest loans to municipalities for infrastructure projects.

QDC Transfer Correction ***(\$1.2 million)***

The Budget reduces general revenue within the Quasi-Public Appropriations program by \$1.2 million to adjust for a previously enacted Quonset Development Corporation (QDC) reserve transfer. The FY2020 Budget as Enacted included a revenue initiative that required QDC to transfer \$1.2 million of its reserves to the general fund by June 30, 2020. The FY2022 Budget restored these funds back to the QDC and the Governor’s Revised Budget reflects this as well. The Governor’s FY2023 Budget unintentionally repeats the \$1.2 million appropriation. In March 2022, the Governor formally requested an amendment to the Budget that would remove the funds in FY2023.

CommerceRI Base Appropriation ***\$288,213***

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

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

The Budget provides \$7.9 million from general revenues to Commerce RI as its base allocation. This is \$288,213 more from general revenues than the FY2022 Budget as Enacted. Commerce RI’s total budget in FY2023 is \$17.7 million. The base allocation represents 48.7 percent of the quasi-public agency’s annual revenue. The balance is comprised of hotel tax revenue (37.6 percent), federal grants (2.7 percent), financial programs (1.8 percent), and other miscellaneous revenue (9.2 percent).

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

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

Commerce RI Budget

Revenues	FY2020 Actual	FY2021 Actual	FY2022 Projected	FY2023 Projected *	Change
State Appropriations					
RI Commerce Corporation Base Appropriation	\$7,431,022	\$7,431,022	\$7,659,565	\$8,379,422	\$719,857
Total State Appropriations	\$7,431,022	\$7,431,022	\$7,659,565	\$8,379,422	\$719,857
Other Revenues					
Hotel Tax Revenue	\$4,530,302	\$3,031,364	\$6,471,438	\$6,471,438	-
Finance Program Allocation	415,009	333,026	318,194	318,194	-
Federal Grants	337,826	313,474	457,012	457,012	-
Other	308,634	642,623	1,585,402	1,585,402	-
Total Other Revenues	\$5,591,771	\$4,320,487	\$8,832,046	\$8,832,046	-
Total Revenues	\$13,022,793	\$11,751,509	\$16,491,611	\$17,211,468	719,857
Expenditures					
Total Operations (Personnel and Operating)	\$14,076,484	\$18,425,728	\$11,849,133	\$13,283,623	(\$6,576,595)
Grants or Partnerships	4,121,970	4,419,095	4,419,095	4,419,095	-
Total Expenditures	\$18,198,454	\$22,844,823	\$16,268,228	\$17,702,718	(\$6,576,595)
Operating Surplus/(Deficit)	(\$5,175,661)	(\$11,093,314)	\$223,383	(\$491,250)	7,296,452
Pass-Through Grants					
STAC Research Alliance (EPScore)	\$900,000	\$900,000	\$900,000	\$900,000	-
Innovative Matching Grants	1,000,000	1,000,000	1,000,000	1,000,000	-
Renewable Energy Fund	2,500,000	2,300,000	2,628,789	2,628,789	328,789
Airport Impact Aid	1,012,122	1,010,036	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	350,000	350,000	350,000	350,000	-
Urban Ventures/Minority Entrepreneurship Prog.	140,000	140,000	140,000	140,000	-
East Providence Waterfront Commission	50,000	50,000	50,000	50,000	-
Federal Pass-thru Grants	337,826	313,474	457,012	457,012	143,538
Total	\$6,766,148	\$6,539,710	\$7,012,037	\$7,012,037	\$472,327

Source: Executive Office of Commerce

* Pending Board Approval

I-195 Commission**\$200,000**

In 2011, the General Assembly created a commission for the purposes of marketing, selling, and overseeing the lands made available by the relocation of Interstate Highway 195 through Providence. This authority extends to the maintenance of any parkland within the district. State law also authorizes the commission to assess fees on organizations within the district for services it provide, including park development and maintenance. The commission currently assesses existing occupants of the district a per square foot fee that generates an estimated \$130,000 annually for park maintenance (as additional property is development, this revenue would increase). The commission also receives a fee for naming rights for the park or any portion thereof from Twin River Casino worth \$150,000 in FY2023 and \$100,000 annually in FY2024 and beyond. These funds also provide resources for park maintenance and development.

According to the EOC, the current resources available to the commission for park maintenance are insufficient to meet the annual needs. The Budget includes an additional \$200,000 in general revenue to support a park staff position, and maintenance activities that include graffiti removal, landscaping, repairs, and trash removal.

Polaris**\$100,000**

The Budget includes \$450,000 to fund Polaris, the State's official Manufacturing Extension Partnership, \$100,000 more than the FY2022 enacted level. This program supports Rhode Island manufacturers by providing them with technical assistance, training, and advocacy. Polaris provides group and individual trainings in manufacturing and promotes manufacturing state-wide. Polaris is also a Real Jobs Partnership, officially designated by the Governor's Workforce Board, a role that allows the organization to leverage multiple funding streams to address the workforce needs of manufacturers.

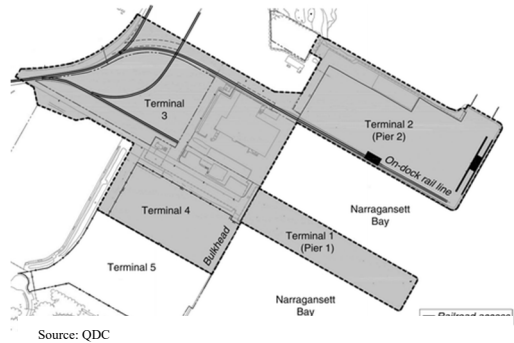
ARPA SFRF: Port of Davisville (federal funds)**\$6.0 million**

The Budget includes \$6.0 million in federal ARPA State Fiscal Relief Funds in FY2023, and \$60.0 million in total through FY2026, to help finance several port infrastructure projects at the Port of Davisville in

North Kingstown. These funds will combine with an additional \$35.0 million in funding from other sources, for total investment of \$95.0 million in port infrastructure.

The Port of Davisville is a publicly-owned international shipping port located within the Quonset Business Park (QBP) in North Kingstown. The facilities currently include 4,500 linear feet of berthing space, consisting of five terminals, two piers (each 1,200 feet in length), a bulkhead, 32 feet of controlled water depth, on-dock rail, and 60 acres of laydown and terminal storage.

According to the Quonset Development Corporation (QDC), a quasi-public state agency charged with developing the QBP, the Port generates an annual output of \$374.3 million and supports “nearly 1,700 jobs”. Citing a 2020 economic impact analysis, the QDC claims that the Port supports \$98.9 million in household earnings, and generates \$45.5 million in total state tax revenue, including \$10.5 million in local taxes. The Port had 175 ship calls in 2021, processed 190,965 finished automobiles, and serviced 1,051 metric tons of project cargo.



Several industries are primarily served by the Port, including automobile finishing and processing (perennial top 10 US auto import location), seafood and public cold storage, wind energy, and project cargo. Major companies utilizing or planning to utilize the port include the North Atlantic Distribution (NORAD), Seafreeze Ltd., and Ørsted Wind Power N.A.

Infrastructure improvement at the Port is governed by a Port Master Plan. The plan calls for multiple projects required to modernize the existing infrastructure, expand new piers and terminals, and customize the infrastructure to meet the demands of the off-shore wind energy industry. The total cost of the plan is \$234.5 million, of which \$120.2 million is funded.

- **Master Plan-Funded Projects:** Port infrastructure projects currently underway are funded through a combination of sources including proceeds from a \$50.0 million general obligation bond approved by voters in 2016 and another \$20 million bond in 2021, QDC agency resources, federal US Maritime Administration grant funding, and private sector resources. These projects include:
 - Modernization and extension of Pier 2 (\$83.1 million)
 - Pier 1’s South Berth (\$24.0 million)
 - Dredging (\$5.0 million)
 - Port infrastructure development grant projects (\$7.4 million)
- **Master Plan-Unfunded Projects:** \$114.3 million in planned infrastructure improvements have yet to secure full funding. These include:
 - Pier 1 Rehabilitation (\$23.8 million)
 - New Terminal 5 Pier (\$55.5 million)
 - Terminal Expansions (\$35.0 million)

According to the QDC, the planned improvements will help improve facilities for existing port customers while positioning the Port to attract and support the wind-energy industry in the Northeast. The US Bureau of Ocean Energy Management (BOEM) has leased over 1.2 million acres of Atlantic Ocean floor for installation of wind turbines, most of which is in the Northeast. Off-shore wind-energy production requires extensive maritime transportation facilities within close proximity of the geographic leases. The QDC maintains that the Port of Davisville, with the right improvements, is ideally situated to capitalize on this emerging industry.

The SFRF funds will be used to partially finance two of the currently unfunded projects in the Port Master Plan.

- **Pier 1 Rehabilitation:** Pier 1 was originally built by the US Naval Construction Battalions in 1941 when the Port was part of the Quonset Naval Air Station. The nearly 80-year old structure is long past its original design life. The Master Plan calls for a complete rehabilitation, modernization, and expansion of the pier. The improvements would allow for expanded use by existing port tenants and allow for the port to better handle wind turbine components and assembly. The Master Plan indicates that the improvements will cost \$23.8 million. The Pier's South Berth has already secured \$24.7 million in funding.
- **New Terminal 5 Pier:** The new pier at Terminal 5 is estimated to cost \$56.0 million and is planned to be constructed in phases in order to respond to funding availability, with expanded services available upon completion of each stage.
- **Job Creation:** According to the QDC, these improvements will contribute to the immediate creation of 520 construction jobs and ultimately preserve the 1,600 existing jobs at the port, while supporting the creation of an additional 1,100 new jobs in the wind-energy and maritime shipping industries.
- **Funding:** According to the QDC, the total cost of the two projects is estimated to be \$113.5 million. The Budget includes \$6.0 million of SFRF funds in FY2023, and \$60.0 million total through FY2027. In addition to the SFRF, the QDC indicates that it plans to secure an additional \$35.0 million. This will come from MARAD grants, QDC revenues, bond proceeds, and operating income.

Port of Davisville							
Source	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	Total
ARPA SFRF	-	\$6.0	\$19.4	\$27.0	\$7.6	-	\$60.0
Other Funds	-	19.0	12.1	1.0	1.9	1.0	\$35.0
Total	-	\$25.0	\$31.5	\$28.0	\$9.5	\$1.0	\$95.0
<i>\$ in millions</i>							

- **Timeline:** QDC indicates that the Pier 1 project would be completed by November 2024. Design and geotechnical investigations for the project are already complete. Permitting is routine and QDC has a history of working with regulators in an expedited manner. QDC further indicates that it can fully obligate funding for the pier at Terminal 5 by December 2024, with engineering and permitting to begin in March 2022 and extending to December 2023. Completed construction of the pier would occur by July 2026.

CAPITAL PROJECTS

The Budget includes \$285.5 million in capital project spending for FY2022-FY2027, with \$76.0 million in FY2022 and \$86.9 million in FY2023.

EOC Capital Projects	FY2022			FY2023			FY2024-FY2027		
	RICAP	Bonds	Agency Funds	RICAP	Bonds	Agency Funds	RICAP	Bonds	Agency Funds
Affordable Housing	-	\$16,530,000	-	-	\$40,000,000	-	-	\$27,500,000	-
I-195 Commission	824,117	-	-	805,000	-	-	805,000	-	-
I-195 Park Improvements	-	1,000,000	-	-	3,000,000	-	-	-	-
Industrial Site Development	-	4,000,000	-	-	13,000,000	-	-	23,000,000	-
Innovations Centers	-	12,752,732	-	-	3,350,000	-	-	2,800,000	-
Minority Business Accelerator - ARPA	-	-	-	-	-	2,000,000	-	-	4,000,000
Port of Davisville - ARPA	-	-	-	-	-	6,000,000	-	-	54,000,000
Port of Davisville Modernization	-	4,000,000	-	-	10,000,000	-	-	6,000,000	-
ProvPort	-	14,971,192	-	-	5,000,000	-	-	-	-
Quonset Industrial Park Renovations	6,000,000	-	-	-	-	-	-	-	-
Quonset Point / Davisville Pier	20,274	14,606,651	1,300,000	-	-	4,225,720	-	-	-
Urban Revitalization and Blight Remediation	-	40,892	-	-	-	-	-	-	-
Total	\$6,844,391	\$67,901,467	\$1,300,000	\$805,000	\$74,350,000	\$12,225,720	\$805,000	\$59,300,000	\$58,000,000

- **Affordable Housing:** The Budget includes \$40.0 million in general obligation bond proceeds in FY2023 to support affordable housing production across the State. In March 2021, voters approved a \$65.0 million bond referendum to expand affordable housing opportunities in Rhode Island, including the redevelopment of existing structures and new construction.
- **I-195 Commission:** The Budget includes \$824,117 from the RI Capital Plan Fund in FY2022 and \$805,000 in FY2023 for the continued development of the land made available by the relocation of I-195. Funding will continue to support engineering, design review, legal work for ongoing and prospective deals, and the design and construction of additional park infrastructure enhancements.
- **I-195 Park Improvements:** The Budget includes \$3.0 million in bond proceeds to help finance the construction of park infrastructure enhancements adjacent to the Providence River Pedestrian Bridge in the I-195 District in FY2023. 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.
- **Industrial Site Development:** The Budget includes \$13.0 million in bond proceed funding in FY2023 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.
- **Innovation Centers:** The Budget includes \$3.4 million in FY2023 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.
- **Minority Business Accelerator- ARPA:** The Budget includes \$2.0 million of federal ARPA SFRF funds in FY2023 to support a new Minority Business Accelerator.
- **Port of Davisville-ARPA:** The Budget includes \$6.0 million of federal ARPA SFRF funds in FY2023 to support improvements at Quonset.
- **Port of Davisville Modernization:** The Budget includes \$10.0 million in FY2023 to begin financing the modernization, expansion, and improvements to the Port of Davisville in North Kingstown. In March 2021, voters approved a \$20.0 million bond referendum for these purposes. The project will expand the Quonset Point Business Park waterfront with channel dredging and construction of a new pier for ocean transport barges.
- **ProvPort:** The Budget includes \$5.0 million in FY2023 from the 2016 General Obligation bond authorization to increase terminal capacity at the Port of Providence, specifically by financing the acquisition of up to 25 acres of land located between Allens Avenue in the City of Providence and the Providence River. Once acquired and improved, the State of Rhode Island anticipates leasing the land to ProvPort, the City of Providence's current port operator. ProvPort, in turn, will enter into subleases with one or more private terminal operators. Those entities will make private investments in their terminal operations as well as pay fees to ProvPort for the land they lease. The State will share in the gross revenues, including sublease payments, generated from the expanded port area. The State will also realize additional income taxes from expanded employment.
- **Quonset Industrial Park Renovations:** The Budget includes \$6.0 million in FY2022 from the RI Capital Plan Fund to finance various infrastructure improvements at the Park, such as road infrastructure improvements, including increasing roadway crossings capacity for heavier shipping, electrical system, and gas and sewer line relocation, in preparation for potential future expansion and additional development.

- **Quonset Point/Davisville Pier:** The Budget includes \$3.1 million in Rhode Island Capital Plan funds and \$28.0 million in bond proceeds and \$1.3 million in Quonset Development Corporation Agency Funds in FY2023 for capital improvements to the 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.
- **Urban Revitalization and Blight Remediation:** The Budget includes \$40,892 in bond proceeds to support the revitalization and remediation of real estate in Rhode Island's cities. This is remaining funds from the \$10.0 million bond approved by voters in November 2016.

Executive Office of Health and Human Services

Expenditures by Program	FY2021 Actual	FY2022 Enacted	FY2022 Final	Change from Enacted		FY2023 Enacted	Change from Enacted	
Central Management	\$184.8	\$188.9	\$221.3	\$32.4	17.2%	\$324.4	\$135.5	71.7%
Medical Assistance	2,673.7	3,006.9	3,197.9	191.0	6.4%	3,290.1	283.2	9.4%
Total	\$2,858.5	\$3,195.8	\$3,419.2	\$223.5	7.0%	\$3,614.4	\$418.7	13.1%

Expenditures by Source

General Revenue	\$909.5	\$1,100.2	\$1,027.6	(\$72.6)	-6.6%	\$1,196.9	\$96.7	8.8%
Federal Funds	1,918.0	2,054.9	2,330.6	275.7	13.4%	2,336.4	281.6	13.7%
Restricted Receipts	31.0	40.7	61.0	20.3	50.0%	81.1	40.4	99.3%
Total	\$2,858.5	\$3,195.8	\$3,419.2	\$223.5	7.0%	\$3,614.4	\$418.7	13.1%

Authorized FTE Levels	192.0	190.0	190.0	-	-	204.0	14.0	7.4%
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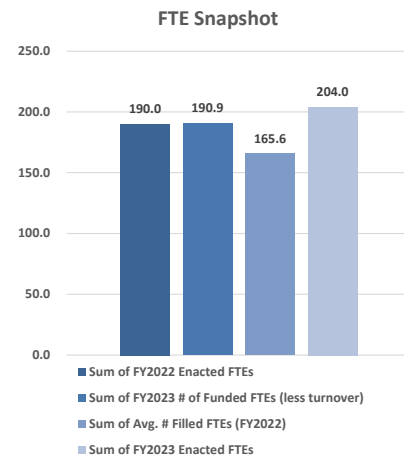
\$ in millions. Totals may vary due to rounding.

The Executive Office of Health and Human Services (EOHHS) is the umbrella agency which oversees the Departments of Health (DOH); Human Services (DHS); Children, Youth, and Families (DCYF); and Behavioral Healthcare, Developmental Disabilities, and Hospitals (BHDDH). EOHHS coordinates the organization, finance, and delivery of publicly-funded health and human services programs and serves as the single State agency for Medicaid. Its mission is to ensure access to high quality and cost effective services which foster the health, safety, and independence of all Rhode Islanders.

MAJOR ISSUES AND TRENDS

The Governor's Budget typically focuses on cost containment measures within the Medical Assistance (Medicaid) program. The FY2023 Budget contains considerably fewer initiatives compared to a typical budget year, but there is an increase in general revenues due to the anticipated expiration of the enhanced Federal Medical Assistance Percentage (FMAP). The proposed initiatives are applied against the May 2022 Caseload Estimating Conference estimate, which projected the need for an additional \$107.3 million from general revenues to fund the Medicaid program in FY2023 compared to the FY2022 Enacted level.

The Budget authorizes 204.0 FTE positions for EOHHS in FY2023, an increase of 14.0 FTEs relative to the FY2022 Enacted level. The Budget converts 8.0 FTE positions from contracted staff to decrease the reliance on temporary staff and contractors, and adds 1.0 FTE to manage the implementation of a new Medicaid Management Information System (MMIS); 1.0 FTE position to support the Pay for Success program; 2.0 FTE positions supported with Opioid Settlement Agreement funds, including a Chief Health Program Evaluator and a Administrator of Financial Management, and 1.0 FTE to reflect the transfer of the Opioid Stewardship Fund from DOH to EOHHS.



American Rescue Plan Act of 2021

The federal American Rescue Plan Act (ARPA) of 2021 passed on March 11, 2021, included a \$1,200.0 million federal funds allocation for Rhode Island to navigate the impacts of the COVID-19 pandemic. States are permitted to use the funds under guidance from the United States Treasury. The FY2023 Budget includes \$69.8 million from this federal funding stream for EOHHS to provide financial relief and other support programs for an array of health and human services providers. The FY2022 Revised Budget also

includes \$133.0 million in ARPA funds for vaccine administration, Early Intervention, pediatric provider relief, and Home and Community Based Services (HCBS). The ARPA initiatives are discussed in further detail within the Central Management and Medical Assistance programs.

Unified Health Infrastructure Project

In September 2016, the State launched Phase II of the Unified Health Infrastructure Project (UHIP), the largest scale IT project the State has undertaken. The project, renamed RI Bridges, integrates more than 15 health and human services eligibility-determination systems into one. The system has been troublesome and expensive for the State, far exceeding the initial general revenue projections of \$89.3 million. In July 2020, the State submitted an Implementation Advanced Planning Document Update (IAPD-U) to the federal government, which projected total project costs of \$154.2 million in State funds (\$681.2 million all funds) through September 30, 2021. These costs are shared across EOHHS, DHS, and HealthSource RI. The table below details spending within EOHHS for the UHIP project.

EOHHS UHIP Funding							
	Pre FY2019	FY2019 Actual	FY2020 Actual	FY2021 Actual	FY2022 Final	FY2023 Enacted	Grand Total
General Revenue	\$35.9	\$4.9	\$2.0	\$9.6	\$10.8	\$13.9	\$77.1
Federal Funds	236.4	40.1	36.1	37.2	39.8	43.9	433.7
Restricted Receipts	-	-	25.7	-	0.2	-	26.0
Total	\$272.3	\$45.1	\$63.8	\$46.9	\$50.8	\$57.9	\$536.8

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

The initial Deloitte contract was set to expire on March 31, 2019. On March 15, 2019, the State announced plans to extend the contract through June 30, 2021, with revisions to reflect a settlement with Deloitte. Under the terms of the extended contract, the State agreed not to sue the company in exchange for a 25.0 percent rate reduction for fixed-price services through FY2021, reducing the cost of services by an estimated \$75.0 million, as well as a direct cash payment of \$50.0 million. The settlement payment was received in February 2020 and the full \$50.0 million was included in restricted accounts in the FY2020 Budget as Enacted. In June 2021, Governor McKee announced that the State had awarded Deloitte with a three-year contract, valued at \$99.4 million to continue to develop and maintain the UHIP project.

Health System Transformation Project

The Budget includes \$16.8 million from federal funds and \$16.2 million from restricted receipts for the Health System Transformation Project (HSTP) in FY2023.

The Health System Transformation Project is an ongoing initiative that began in FY2017. It was a product of the Governor's Working Group to Reinvent Medicaid, which established a model to reform the State's Medicaid program to shift to value-based payments; coordinate physical, behavioral, and long-term healthcare; rebalance the care delivery system away from high-cost settings; and promote efficiency, transparency, and flexibility in publicly-funded healthcare.

The primary focus of HSTP has been to partner with the State's institutions of higher education to bolster the health workforce and with the State's managed care organizations (MCOs) to establish Accountable Entities (AEs). Accountable Entities are integrated provider organizations responsible for improving the quality of care and outcomes for patients while also managing costs. This delivery system provides coordinated care and reduces unnecessary and ineffective utilization of services. Currently, the State has approved the operation of six certified Accountable Entities: Blackstone Valley Community Health Care, Coastal Medical, Integrated Healthcare Partners, Integra Community Care Network, Providence Community Health Centers, and Prospect Health Services.

On October 20, 2016, the federal government approved an amendment to the State's Section 1115 Waiver to provide funding for the HSTP. This amendment brought in up to \$130.0 million in federal funding. The amount was determined by matching 50.0 percent of the State's existing investment in health professional education at the time the amendment was submitted, which totaled approximately \$260.0 million. The federal match enabled the State to free up \$130.0 million, which was deposited into a restricted receipt

account to be invested in the development of Accountable Entities. The federal government also agreed to match these restricted receipt expenditures.

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
FY2022 Enacted	\$44,961,144
<i>Target and Other Adjustments</i>	<i>(86,599)</i>
Pay for Success (1.0 FTE position)	(6,000,000)
Long Term Care Rebalancing Support	5,000,000
Public Health Emergency - Medicaid Redeterminations	2,052,178
Medicaid Management Information System	1,515,348
Statewide COLA and Bonus	978,365
Modular MMIS	579,183
Centralized Service Charges	311,976
Children's Cabinet - Office of Early Childhood Planning	250,000
1115 Waiver Support	250,000
Health Information Technology/APCD	(219,453)
Medicaid Enterprise System Third-Party Liability Module Adjustment	(130,000)
Shift Contractors to FTE Positions	(68,270)
ARPA - Eligibility Extension Compliance	56,722
Data Analysis Contractor to FTE Conversion (3.0 FTE positions)	51,672
FY2023 Enacted	\$49,502,266

Central Management	Other Fund Changes
ARPA SFRF: Certified Community Behavioral Health Clinics (1.0 FTE position) (federal funds)	\$30,000,000
ARPA Enhanced FMAP: Home and Community Based Services (federal funds)	25,670,000
ARPA SFRF: Butler Hospital - Short Term Stay Unit (federal funds)	8,000,000
ARPA SFRF: Pediatric Health Care Recovery (federal funds)	7,500,000
ARPA SFRF: Early Intervention (federal funds)	5,500,000
Opioid Settlement - Prevention and Treatment (2.0 FTE positions) (restricted receipts)	19,980,000
McKinsey Opioid Settlement (restricted receipts)	510,000

Pay for Success (1.0 FTE position) ***(\$6.0 million)***

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. The Budget limited the State's investment to \$6.0 million, which was placed in a restricted receipt account in FY2022 for use through FY2026, in addition to \$875,000 in available federal grant funds. The Budget reduces general revenues by \$6.0 million, since the \$6.0 million initial investment was put into a restricted receipt account in FY2022, and continues to provide \$1.5 million in restricted receipts for the program in FY2023. Of the total restricted receipts, \$141,465 will support a new 1.0 Chief Office of Health Promotion FTE position to support the implementation of the program. The primary functions of the position will include:

- Leading housing supports and services planning, coordination, and management,
- Working with the Deputy Secretary of Commerce on housing solutions and ensuring the wraparound services are provided, and
- Implementing the Pay for Success program and overseeing or developing other related initiatives.

Long Term Care Rebalancing Support**\$5.0 million**

An additional \$5.0 million in both general revenue and federal funds (\$10.0 million all funds) to provide increased support for the long-term care rebalancing provisions provided in statute. Allowable uses of these funds include efforts to increase retention and recruitment, reimbursements for education or certification costs, as well as new or renewed license attainment.

Public Health Emergency - Medicaid Redeterminations**\$2.1 million**

Pursuant to a Governor's Budget Amendment dated May 20, 2022, the Budget provides an increase of \$2.1 million in general revenue and \$5.8 million in federal funds to build IT, personnel, and operating support in anticipation of the resumption of Medicaid redetermination activity. As of May 2022, the public health emergency (PHE) was scheduled to expire on July 15, 2022. Had this occurred the commencement of determination activities could have occurred as early as October 1, 2022. As of August 18, 2022, the PHE has been extended through October 13, 2022. During the PHE, states are required to provide continuous coverage by pausing redetermination activity. The resumption will require state agencies to contact individual Medicaid enrollees to reconfirm their eligibility status.

Medicaid Management Information System**\$1.5 million**

The Budget adds \$1.5 million in general revenue (\$2.4 million all funds) for the Medicaid Management Information System (MMIS) and system updates related to budget initiatives. This includes \$1.4 million in contract costs associated with the extended contract with Gainwell Technologies, which began in April 2021 and expires in March 2025. Gainwell Technologies is responsible for the maintenance and operations of the State's MMIS. The MMIS processes claims for Medicaid services and tracks Medicaid expenditures on a monthly basis. This funding is to support the current MMIS system while the new modular system is implemented. The funding also includes \$99,000 in general revenue for system updates to implement the Cover All Kids proposal.

Statewide COLA and Bonus**\$978,365**

Based on recently negotiated contract bargaining agreements between the State and the state employee bargaining units for a proposed 4-year contract, the Budget includes the following cost-of-living adjustments (COLAs): 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. In addition, the Budget includes a \$1,500 retention bonus to those eligible union employees that was included as part of the recently completed contract negotiation. The current agreement is projected to increase general revenue expenditures by \$978,365 in FY2023 and \$680,333 in FY2022 within EOHHS.

Modular MMIS**\$579,183**

The Budget includes \$579,183 in general revenue (\$5.2 million all funds) for the planning and implementation of a new, modular, Medicaid management system. The project will primarily be financed with 90.0 percent federal dollars. The State's existing Medicaid Management Information System (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 CMS compliance, the State must adopt a modular system to improve functionality and cost-effectiveness by allowing the State to procure technology that fits the States' business and operational needs. Without the new system, CMS will no longer provide a 90.0 percent match for future updates or maintenance. The proposal includes the addition of 1.0 Interdepartmental Project Manager, with a general revenue cost of \$77,899 (\$155,798 all funds). The total estimated general revenue cost of the seven year project is \$2.2 million (\$29.5 million all funds).

Centralized Service Charges**\$311,976**

The Budget increases general revenue for centralized services by \$311,976. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, facilities

management, and human resources. Beginning in FY2019, these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. The FY2022 Budget as Enacted appropriated \$1.4 million for these centralized services, which is increased by \$311,976 to \$1.7 million in the FY2023 Budget.

Children’s Cabinet - Office of Early Childhood Development Planning ***\$250,000***

The Article 10 provides for the creation of an Early Childhood Governance Working Group tasked with submitting a report to the Governor and General Assembly, by October 1, 2023, with recommendations addressing the coordination and administration of an early childhood program. The FY2023 Budget provides \$250,000 to the Children’s Cabinet in general revenue to facilitate this planning.

1115 Waiver Support ***\$250,000***

The Budget includes \$250,000 in general revenue (\$500,000 all funds) for consultant support in order to complete and submit the 1115 Waiver Demonstration Renewal to CMS. Article 12 of the Budget authorizes EOHHS to seek approval of an extension of the State’s 1115 Demonstration Waiver. The Medicaid 1115 Waiver provides authorization to the State by the federal government to pursue innovations that improve health care access, quality, and outcomes, and further the goals of the Medicaid and CHIP Programs. Without this authorization, the State would have to submit a new 1115 Demonstration Waiver application, which can take months for approval. During the application period, many Medicaid services would be unavailable. The current waiver was last extended in 2019, and is due to expire on December 31, 2023.

Health Information Technology/APCD ***(\$219,453)***

The Budget includes \$219,453 in general revenue savings for the Executive Office’s Health Information Technology (HIT) and All Payer Claims Database (APCD) projects. The Budget funds the projects as follows:

- **Health Information Technology:** Health Information Technology (HIT) refers to a group of projects to incorporate technology into health and human services programming in order to improve the quality, safety, and efficiency of healthcare in Rhode Island. This infrastructure includes CurrentCare, which allows medical professionals to securely access their patients’ health information. CurrentCare is operated by the Rhode Island Quality Institute and is funded by a \$1 per member per month (PMPM) enrollment fee from all health insurers in the State, including approximately \$370,000 per month paid by the State for Medicaid enrollees. The HIT infrastructure also includes the Quality Reporting System (QRS), which simplifies reporting and creates a single solution for quality measurement needs among State programs and providers, and the Prescription Drug Monitoring Program (PDMP), which collects dispensing data for controlled substances to assist providers in making informed prescribing decisions. The Budget includes \$1.2 million in general revenue (\$6.3 million all funds) for HIT projects, \$217,752 less in general revenue when compared to the FY2022 Budget as Enacted.
- **All Payer Claims Database:** The All Payer Claims Database (APCD), known as HealthFacts RI, is a statewide database that provides claims data information from all payers, public and private, to promote transparency surrounding health care cost data. This initiative also includes the State’s Data Ecosystem which is a data analytics tool for all health and human services programming in Rhode Island that focuses on outcomes data and the social determinants of health. The Budget includes \$475,129 in general revenue (\$5.6 million all funds) for the APCD.

Medicaid Enterprise System Third Party Liability Module Adjustment ***(\$130,000)***

Pursuant to a Governor’s Budget Amendment, dated March 3, 2022, the Budget reduces funding for the Medicaid Enterprise System (MES) Third-Party Liability (TPL) Module, by \$130,000 in general revenue and \$1.2 million in federal funds, to reflect updated cost projections.

Shift Contractors to FTE Positions**(\$68,270)**

The Budget includes a net general revenue savings of \$68,270 (\$141,613 in all funds), to reflect converting contractors to FTE positions. The shift is intended to reduce the State's reliance on temporary staff and contract agreements. The positions have a general revenue cost of \$573,198 (\$1.2 million all funds), which is offset by \$621,241 in general revenue (\$1.3 million all funds) for contracted services.

ARPA – Eligibility Extension Compliance**\$56,722**

The Governor proposed to use \$66,816 in federal American Rescue Plan Act (ARPA) State Fiscal Recovery Funds (SFRF), \$10,094 in FY2022 and \$56,722 in FY2023, within EOHHS to make system changes to reflect the latest federal guidance within RIBridges. The Budget shifts the funding source from ARPA SFRF to general revenue.

Data Analysis Contractor to FTE Conversion (3.0 FTE positions)**\$51,672**

Pursuant to a Governor's Budget Amendment dated May 20, 2022, the Budget includes an increase of \$51,672 in general revenue and a reduction of \$230,461 in federal funds to reflect the shift of positions currently held by contractors to state FTE positions. EOHHS requested the conversion of two Information Systems Group Coordinators and one Administrator of Management Information Systems, within the data unit, into an Interdepartmental Project Manager, a Health Program Administrator, and an Interdepartmental Project Manager, within the Managed Care program. The Budget reflects updated cost projections including a shift in the allocation of the positions from a 50.0 percent to a 90.0 percent federal match.

Federal Fund Changes**\$76.7 million**

The Budget provides a net increase of \$76.7 million in federal fund changes including the following:

- **ARPA SFRF: Certified Community Behavioral Health Clinics (1.0 FTE position) (\$30.0 million):** The Budget includes \$30.0 million in federal American Rescue Plan Act (ARPA) State Fiscal Recovery Funds (SFRF) in FY2023 to address gaps in the behavioral healthcare system by developing a statewide network of Certified Community Behavioral Health Center (CCBHC) programs. The funding includes \$25.8 million in assistance and grants for providers and organizations to develop the capacity to operate as a CCBHC and/or participate in service delivery, \$2.3 million to support the necessary state infrastructure investments to establish the program, and \$1.9 million for contracted services to assist in the transition. The Budget assumes the conversion of an existing, vacant position to support the new model.

The Budget provides one-time support to lead behavioral health providers and partner providers to support start-up costs associated with the implementation of the CCBHC care model. The funding will be authorized for use on initial costs only, and thus will not need to be sustained longer-term. The ongoing cost of maintenance and operations associated with these initial investments will be the responsibility of providers. The Budget assumes that investments made with these infrastructure grants will prepare providers to transition to a state-designed payment model or leverage other federal funding opportunities for CCBHCs available through the Substance Abuse and Mental Health Services Administration (SAMHSA).

The CCBHC program is designed to provide a de-institutionalized, comprehensive range of behavioral health services to vulnerable populations with complex needs. CCBHCs are required to offer crisis mental health services and stabilization coordination and follow-up, screening assessment and diagnosis, patient-centered treatment planning, outpatient mental health and substance use services, primary care screening and monitoring, case management, psychiatric rehabilitation services, peer support, counseling, family support services, and intersystem coordination.

The proposal is intended to relieve the behavioral health system, which has been especially burdened by COVID-19. Since the beginning of the pandemic, there have been increased levels of anxiety and depression, a rising number of fatal overdoses, and the impact of the pandemic itself has had detrimental

effects on behavioral health. The funding will be used to establish infrastructure grants, enabling providers and organizations to develop the capacity to operate as a CCBHC, to equip organizations so they are able to participate in service delivery and collaborations, and support the necessary state infrastructure investments to establish the program.

The original ARPA request submitted by EOHHS included a statewide mobile crisis unit system. EOHHS described mobile crisis services as a core component of the CCBHC model, however, the Governor's Budget did not include mobile crisis units as part of the proposal. As a core component of the model, the estimated impact included Mobile Crisis Units, making it difficult to draw conclusions about the effectiveness of the proposal.

The State currently lacks a comprehensive statewide mobile crisis services system, leaving the State ill-equipped to handle crisis events that occur outside of facility settings. According to EOHHS, the estimated cost of implementing a mobile crisis response system would be \$9.0 million, and would likely result in savings as individuals are diverted away from the emergency room. Key components of the proposal include (quoted directly from budget documents):

- **U.S. Treasury Eligibility Category:** Services to Disproportionately Impacted Communities
- **Equity Components:**
 - **Population:** This proposal builds on the foundation that the health of a community is directly connected to its economic and educational ecosystem, and that disparities in health are due to structural racism and other inequities. Economic inequality and self-reported poor behavioral health are linked, and housing plays a major role as a social determinant of behavioral health. Addressing the behavioral health needs (and underlying factors such as housing) of minority communities—and the rest of the state—will assist in improving employment opportunities and economic stability. In Rhode Island, 40.0 percent of adult mental health consumers are unemployed, notably much higher than the statewide unemployment rate.
 - **Awareness:** Provider infrastructure grants made available under this proposal will be made widely available to eligible providers serving Medicaid members with behavioral health needs. EOHHS has been actively engaging a broad range of stakeholders on this topic for more than a year and will leverage both established forums and direct outreach to make eligible providers aware of this opportunity.

From a member perspective, this proposal aims to enhance member awareness and ability to access CCBHC services through a focus on partner organizations that have demonstrated experience serving underserved, marginalized, and adversely affected communities. Building the capacity of these organizations to partner with CCBHCs will broaden the population served and provide pathways for underserved members to access comprehensive behavioral health services through the CCBHC model.

- **Access and Distribution:** This proposal will support the expansion of the CCBHC model in Rhode Island with the aim of creating a statewide system that enables all members to access the comprehensive array of behavioral health services provided by CCBHCs. There are currently five SAMHSA-funded CCBHC providers in the state; by expanding the number of providers prepared to participate in the CCBHC model as leads or partners, this proposal will lead to broader, more equitable access to behavioral health services for all members.

The provider infrastructure grants proposed have been designed in recognition of disparities that exist amongst providers in terms of core infrastructural capacity and ability to participate in the CCBHC program. The grant program for DCOs / partners has been specifically designed to enable smaller, more specialized provider and community-based organizations to participate in the CCBHC program as partner organizations. This grant program will provide opportunities

for providers with demonstrated competency serving underrepresented communities, individuals with substance use disorders, children/youth, etc. EOHHS recognizes that these types of providers may be less equipped to complete applications and participate in this program and has included technical assistance funding in this proposal to support providers with reporting and implementation supports, and a learning collaborative.

- **Outcomes:** The Behavioral Health System Review includes several measures in which equity improvements are needed. These measures will serve as benchmarks for this proposal and our system reform efforts. These measures are:
 1. Percentage of mental health consumers who are unemployed.
 2. Rates of substance use among racial, ethnic, sexual and gender minorities.
 3. Rates of homelessness and housing cost burden among racial and ethnic minorities.
 4. Rates of justice involvement among racial and ethnic minorities.
 5. Rates of inpatient behavioral health service utilization among low socio-economic status.
 6. Rates of engagement in overdose treatment by race and ethnicity.
 7. Rates of frequent mental distress and life satisfaction among racial, ethnic, sexual and gender minorities as well as older adults.
 8. Rates of sexual, interpersonal, domestic, and community violence among racial, ethnic, sexual and gender minorities.
 9. Rates of depression and anxiety among veterans.
 10. Rates of social isolation across all vulnerable populations.

The Behavioral Health System Review specifically identified a need to improve upon race equity outcomes in rates of substance use, homelessness, and behavioral and emotional problems with juvenile justice involvement. Race equity outcomes in suicide and overdose death are also of concern in the state. While these core indicators of incidence, prevalence, and consumer need are important, we lack race equity measures in other areas like indicators of capacity, utilization and cost at present. Under this proposal, we will invest in improving data collection to enable disaggregation by demographics and track progress towards improving gaps in race equity outcomes.

- **Performance Metrics:** This proposal aims to enable the expansion of the CCBHC system in RI through infrastructure grants for large behavioral health providers and community mental health organizations seeking to become CCBHCs, and designated collaborating organizations (DCOs) seeking to partner with CCBHCs. Given that this program is capacity and infrastructure based, participating entities will be measured primarily based on the achievement of milestones in two core CCBHC readiness domains:
 1. **Technology:** the provider has established data collection systems that enable the delivery of quality care, equity-based performance measurement, and the implementation of value-based payment models
 2. **Accessibility:** the provider is equipped to meet CCBHC accessibility and service timeliness standards, inclusive of 24/7 access to support mobile crisis response teams

Each domain will be associated with a set of milestones designed to measure progress over three phases of development: Planning, Infrastructure Building, and Demonstration of Readiness.

Success for this initiative is an increase in the number of providers in the state equipped to operate as CCBHCs, and an expanded array of DCOs/ partners integrated with CCBHCs.

- **ARPA Enhanced FMAP: Home and Community Based Services (\$25.7 million):** Pursuant to a Governor's Budget Amendment dated May 20, 2022, the Budget provides a net increase of \$8.4 million in federal funds and \$11.0 million in restricted receipts. Of this net increase, an increase of \$25.7 million in both federal funds and restricted receipts is within the Central Management program. The change in funding is to adjust for the spending plan submitted to the Centers for Medicare and Medicaid Services (CMS) in April 2022 to reflect the additional financial support provided in ARPA to expand home and community based support. The amendment brings total funding up to \$68.7 million for FY2023. The approved spending plan includes \$17.9 million for children's behavioral health programs, \$4.2 million for workforce development, \$5.0 million for housing programs, \$1.6 million to support the expansion of Certified Behavioral Health Clinics, \$1.5 million for First Connections, and \$850,000 for an oral health pilot program. The spending of the remaining \$31.4 million is to be determined.
- **ARPA SFRF: Butler Short Stay Unit (\$8.0 million):** The Budget includes \$8.0 million in ARPA SFRF to create a 25-bed, short-stay unit at Butler Hospital to provide behavioral healthcare services through mental and substance misuse treatment, crisis intervention, and other related services. This unit will help to alleviate overcrowding in emergency departments (EDs) around the State. In addition, patients in the short-stay unit will be able to receive treatment immediately, unlike those camping in the EDs. From this unit, some patients will step down to outpatient care, while others will be moved to inpatient care as beds become available.
- **ARPA SFRF: Pediatric Health Care Recovery (\$7.5 million):** The Rhode Island Medicaid program provides comprehensive health care coverage for low-income families with children. Benefits include access to primary/preventative care, immunizations, mental health services, early intervention, and more. According to EOHHS, over half of the Rhode Island population under age 19 is covered by Medicaid.

Healthy child development is essential to future positive academic, social, and health outcomes. For example, EOHHS reports a causal relationship between access to health care and academic milestones, such as the ability to read in the third grade. However, during the pandemic, families and children struggled to access services and providers voiced concerns about financial solvency. Continued delays in access to primary care, developmental supports, and behavioral health care services could have a significant long-term impact on child development in Rhode Island. The proposed pediatric provider relief programs are intended to help children catch up on critical preventative care such as vaccines and developmental screenings and engage in services to address the trauma of the pandemic. EOHHS also anticipates an increase in provider responsibilities as the COVID-19 vaccines are approved for and administered to younger age groups.

This initiative duplicates a pediatric provider stabilization program that operated during FY2021 using Coronavirus Relief Funds (CRF). This was a combination of two sub-programs: pediatric primary care relief and pediatric primary care rate supplement. According to EOHHS, the new program will use the same process as the CRF-funded stabilization program.

The relief sub-program, totaling \$3.1 million, provided one-time grant payments to pediatric primary care providers to support system resiliency by keeping providers open and improving immunization rates following pandemic-related disruptions in care and practice cash flow. Awards were based on demonstrated financial shortfalls. The funding was issued based on providers' enrollment of Medicaid-covered children under age 18, not to exceed the amount of need demonstrated on the provider's application.

The relief sub-program was followed by a rate supplement sub-program, based on continued access issues due to social distancing and other business interruptions, limited transportation options, and general hesitancy to visit doctor's offices. EOHHS established a \$3.0 million rate supplement program to bolster Medicaid rates for providers that met particular performance metrics (i.e. a pay-for-performance program). EOHHS established the metrics and provided monthly financial incentives for practices that demonstrated success. The metrics were based on primary care visits with Medicaid-insured children by age group and put providers on a pathway to see at least 70.0 percent of their Medicaid-insured patients by the end of CY2020. Participating providers increased visits from a baseline of 67.7 percent of patients seen by between January 1 and July 31, 2020, to 81.1 percent by October 31, 2020. By comparison, during all of CY2019, 75.2 percent of Medicaid-covered children had a primary care visit.

According to EOHHS, these CRF-funded pediatric provider programs “demonstrated significant success in increasing vaccination and screening rates in the pediatric population.” However, since the CRF-funded programs have ended, providers have continued voicing financial solvency concerns and cite inadequacy of Medicaid reimbursement rates as a contributing factor. As a result, in January, the General Assembly passed a supplemental spending bill, which allocated \$6.0 million in ARPA State Fiscal recovery funds in FY2022. The Governor's proposal would fund another iteration of each component of the stabilization programs, at a total of \$6.0 million in FY2023.

In addition to a second round of the \$6.0 million pediatric provider stabilization programs, the Governor's proposal adds \$1.5 million to incorporate more rigorous behavioral healthcare screenings into primary care practices. The pandemic has impacted child development by inhibiting social interactions and increasing exposure to trauma and toxic stress. This program would be an extension of the pay-for-performance provider rate stabilization model noted above, where providers would receive separate financial incentives for meeting behavioral healthcare metrics. This would involve incentives for screenings for toxic stress and developmental, behavioral, and social-emotional needs as well as new referrals for follow-up treatment. A small amount of funding would be used to support practice facilitation, data support, and technical assistance to implement new practice standards. There is no historical comparison for this initiative, and supporting documentation does not indicate how the \$1.5 million estimate was derived.

This proposal is an allowable SFRF use under the public health expenditure category.

Key components of the proposal include (quoted directly from budget documents):

- **U.S. Treasury Eligibility Category:** Public Health Expenditures
- **Equity Components:**
 - **Population:** This program bolsters critical supports for low-income families with children that receive healthcare through Medicaid. In addition, there are racial and ethnic disparities in rates of children who receive immunizations and screenings in Rhode Island, driven by a disparate use of pediatric primary care services. The pandemic threatens to widen these disparities, and adds new concerns that can be addressed through these programs.
 - **Awareness:** EOHHS will utilize its internal list of providers to communicate directly with pediatric providers. EOHHS reports that it has also worked with the American Association of Pediatrics and other stakeholders and will continue that engagement to publicize the program.
 - **Access and Distribution:** Funding will be distributed based on the size of the practice so that it is proportional to the need.

- **Outcomes:** Closing gaps in visits, vaccinations, lead screenings, and referrals to other services will be targeted to Medicaid-covered children, who are disproportionately children of color.
- **Performance Metrics:** Monitor the following:
 - Health services delivered to Medicaid-covered children.
 - Number of well-child visits.
 - Number of vaccinations and vaccination rates.
 - Number of lead screenings.
 - Referrals to Early Intervention services.
 - Participation rates of eligible families.
 - Number of psychosocial-behavioral screenings.
- **ARPA SFRF: Early Intervention (\$5.5 million):** Early intervention (EI) programs serve children with special health care needs from birth through age three. These programs are federally required under the Individuals with Disabilities Education Act (IDEA). Providers connect children with developmental, cognitive, physical, medical, neurological, behavioral, and/or emotional conditions with specialized interventions, clinical treatments, and parent education designed to improve long-term outcomes. Early intervention is proven to reduce the need for special education services when children reach school age, according to the National Early Intervention Longitudinal Study. EI programs serve over 4,000 children in Rhode Island annually, of whom approximately 60.0 percent are covered by Medicaid.

There are currently nine early intervention providers in the State: Children's Friend and Service, Community Care Alliance, Easter Seals, Family Service of RI, Groden Center, Looking Upwards, Meeting Street, Seven Hills RI, and J. Arthur Trudeau. As previously noted, four of these providers have stopped taking new referrals and are limiting capacity to current enrollees, leaving them unable to support the new demands that have surfaced during the pandemic.

The COVID-19 pandemic challenged Rhode Island's early intervention system. Medicaid claims declined by 7.4 percent in FY2020 compared to FY2019, and an additional 6.0 percent in FY2021 compared to FY2020. Enrollment declined 13.3 percent over the same two-year period. According to EOHHS, this is not due to a reduction in need, but barriers to access. Many children who should have been referred to early intervention programs were missed in 2020 due to the disconnection from traditional family supports, such as child care. Additionally, many children who should have received services in 2020 never began or successfully completed the program because of business interruptions. Providers have experienced high levels of staff turnover. According to EOHHS, almost a fifth of all staff leave every six months, which challenges the ability to provide consistent experiences for families and dedicate staff time towards outreach and engagement.

The Governor's proposal seeks to stabilize providers by establishing a grant relief program as well as a supplemental pay-for-performance bonus. In order to be eligible for the funding, providers will need to rebalance their service delivery to ensure that more visits occur in person, with providers committing to 80.0 percent in-person visits.

The proposal assumes \$4.5 million in stabilization grants, based on demonstrated FY2021 losses plus a rate supplement. According to EOHHS, providers experienced a \$3.3 million revenue loss in FY2021. The grants will backfill this loss, which will then be supplemented by an additional 30.0 percent rate increase to account for the increased cost of service delivery and historically low Medicaid reimbursement rate. The additional funding could be used to pay for staff recruitment and retention efforts, outreach and engagement, professional development, or facility investments.

The remainder of the \$5.5 million appropriation, or \$1.0 million, would be used for pay-for-performance bonus allocations. Under this sub-program, providers would receive allocations, in addition to the stabilization grants, if they demonstrate improvement on the following metrics: recovering the referral pipeline to 2019 numbers; reducing staff turnover; increasing the rate of referrals reaching an eligibility evaluation appointment; increasing the number of families choosing to enroll in an individualized family service plan (IFSP); reducing the rate of families exiting the program due to lost contact; reducing disparities in performance metrics for families with Medicaid coverage and families of color; and improving in Early Intervention National Child Outcome #1: Positive Social Emotional Skills.

This program is based on a smaller-scale provider relief program that operated in FY2021 which provided \$2.2 million in stabilization grants to early intervention providers. According to EOHHS, this program demonstrated improvement in outcomes, including an increase in referrals and enrollments. However, it addressed a smaller portion of provider losses and did not increase capacity to pre-pandemic levels. Further, capacity has declined since the termination of the first program in December 2020. For example, staff capacity increased from 77.0 percent in June 2020 to 85.0 percent in January 2021, but is currently at 78.0 percent capacity. As a result, in January, the General Assembly passed a supplemental spending bill, which allocated \$6.0 million in ARPA State Fiscal recovery funds in FY2022 and the Budget adds an additional \$5.5 million in FY2023.

This proposal is designed to work in tandem with the Pediatric Health Care Recovery initiative, where pediatric providers would be incentivized to enhance screenings and refer children to EI programs, and EI providers would be able to increase their capacity to serve these new referrals.

- **U.S. Treasury Eligibility Category:** Public Health Expenditures
- **Equity Components:**
 - **Population:** Low-income children and children of color disproportionately struggle to engage with and complete EI programs. According to EOHHS, a higher proportion of Medicaid beneficiaries and a higher proportion of families of color who are referred to early intervention are not screened because of lost contact. Bolstering services and increasing outreach will seek to close these gaps.
 - **Awareness:** EOHHS will utilize its internal list of providers and communicate directly with them to ensure participation.
 - **Access and Distribution:** Funding will be distributed based on demonstrated need so that it is proportional, and all practices will have the opportunity to engage in pay for performance supports.
 - **Outcomes:** Closing gaps in access to early intervention will improve long-term outcomes. Funding will be targeted to Medicaid-covered children, who are disproportionately children of color.
- **Performance Metrics:** Monitor the following:
 - Decreasing staff turnover.
 - Increasing rate of in-person service delivery.
 - Increasing the percentage of referrals that convert to program enrollment.
 - Decreasing the percentage of families that dis-enroll before meeting child outcomes.

Restricted Receipt Funds Changes

\$20.8 million

The Budget provides a net increase in restricted receipts of \$20.8 million, including the following:

- ***Opioid Settlement Agreement - Prevention and Treatment (2.0 FTE positions) (\$20.0 million):*** Pursuant to a Governor's Budget Amendment dated April 29, 2022, the Budget establishes the Opioid Abatement Account to place distributions from the State's share of various opioid settlement agreements, and appropriates \$9.9 million from the Teva and Allergan settlements, \$6.4 million from the Distributor Settlement Agreement, and \$3.7 million from the Janssen Settlement Agreement. The programming of the Opioid Abatement Account will be determined through formal recommendations from the 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.
- ***McKinsey Opioid Settlement (\$510,000):*** Pursuant to a Governor's Budget Amendment dated April 29, 2022, the Budget reduces funding from the McKinsey settlement by \$380,000, from \$890,000 to \$510,000 in FY2023, an increase of \$580,000 relative to the FY2022 Budget as Enacted. Of the remaining funds, \$450,000 will be used for an interagency evidence-based communications campaign on polysubstance use, fentanyl risk, and harm reduction, and \$60,000 will be used for the West Elmwood Health Equity Zone.

A Health Equity Zone (HEZ) is designed to organize people in specific neighborhoods to build healthy resilient communities. The West Elmwood (02907) HEZ is one of three HEZs in the State. It encompasses the West End, Elmwood, South Elmwood, and Reservoir neighborhoods in Providence, as well as the western portion of the Upper South Providence neighborhood.

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 (1.0 FTE position) (\$423,009):*** Pursuant to a Governor's Budget Amendment dated April 29, 2022, the Budget includes \$423,009 in restricted receipts from the Opioid Stewardship Fund within EOHHS, reflecting a decrease of \$2.0 million from the Governor's recommendation and an increase of \$288,009 over the FY2022 Budget as Enacted. This includes \$124,078 for 1.0 FTE, which is transferred from the Department of Health to administer the fund, \$135,000 for the Prescription Drug Monitoring Program (PDMP) within the Health Information Technology Project, and \$163,931 for 1.0 FTE Director of Overdose Prevention and Response. The funding in the PDMP will be used for integration work to facilitate access to prescribers and pharmacists.

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 article transfers 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.

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
FY2022 Enacted	\$1,055,229,511
<i>Target and Other Adjustments</i>	-
May 2022 Caseload Estimating Conference	107,329,839
FMAP Reserve	(39,000,000)
Perry Sullivan	(17,084,360)
Children's Therapeutic and Respite Service Rates	9,008,645
Labor and Delivery Rates	5,672,934
Personal Choice Program Rates	5,520,434
Hospital Rates	3,663,925
Postpartum Extension	3,460,695
Home Health Agency Rates	3,111,360
Adult Dental Rates	2,732,552
Pediatric Provider Rates	2,454,100
Early Intervention Service Rates	1,786,480
Nursing Home Rate Increase	1,446,779
Cover All Kids	1,281,646
Graduate Medical Education	500,000
Meals on Wheels	159,541
Independent Provider Model Rates	118,499
Biomarker Testing	12,000
FY2023 Enacted	\$1,147,404,580

Medical Assistance	Other Fund Changes
ARPA Enhanced FMAP: Home and Community Based Services (federal funds)	(\$17,291,877)

May 2022 Caseload Estimating Conference **\$107.3 million**

Each November and May, the Caseload Estimating Conference (CEC) estimates expenditures for human services and medical entitlement programs for the current and budget 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.

November 2021 CEC	FY2022 Enacted		FY2023 CEC		Change to Enacted	
	GR	AF	GR	AF	GR	AF
Hospitals - Regular	\$29,353,909	\$72,642,636	\$29,101,979	\$68,500,000	(\$251,930)	(\$4,142,636)
Hospitals - DSH	65,418,986	142,493,980	56,465,088	145,079,877	(8,953,898)	2,585,897
Nursing and Hospice Care	147,255,515	348,745,776	136,851,920	309,200,000	(10,403,595)	(39,545,776)
Home and Community Care	43,405,421	102,715,462	62,849,200	142,000,000	19,443,779	39,284,538
Managed Care	344,346,294	853,527,097	390,266,973	925,400,000	45,920,679	71,872,903
Rhody Health Partners	127,106,964	298,810,252	141,288,470	316,700,000	14,181,506	17,889,748
Rhody Health Options	80,008,459	144,812,435	76,127,200	172,000,000	(3,881,259)	27,187,565
Medicaid Expansion	61,255,615	746,245,665	89,565,367	850,000,000	28,309,752	103,754,335
Pharmacy	42,220	100,000	183,555	300,000	141,335	200,000
Clawback	69,100,000	69,100,000	87,100,000	87,100,000.00	18,000,000	18,000,000
Other Medical Services	48,936,128	144,143,907	53,759,597	157,100,000	4,823,469	12,956,093
Total	\$1,016,229,511	\$2,923,337,210	\$1,123,559,350	\$3,173,379,877	\$107,329,839	\$250,042,667

The May CEC projected increased general revenue expenditures of \$107.3 million in the medical assistance program in FY2023, or \$250.0 million all funds. The increase in general revenue is primarily a result of the assumed expiration of the enhanced FMAP, which provides an additional 6.2 percent in federal matching dollars for eligible services.

- **Enhanced Federal Match:** In March 2020, the federal government authorized a temporary 6.2 percentage point increase to the Federal Medical Assistance Percentage (FMAP) for the duration of the COVID-19 public health emergency. This reduces the State's share of Medicaid expenditures by shifting expenses to the federal government. The enhanced rate provides an estimated \$32.4 million in general revenue relief per quarter within the Medical Assistance program.

FMAP Savings Per Quarter	General Revenue
Hospitals - Regular	(\$1,042,056)
Hospitals - DSH	(2,944,876)
Nursing and Hospice Care	(6,514,650)
Managed Care	(12,670,364)
Rhody Health Partners	(4,699,582)
Rhody Health Options	(2,210,530)
Medicaid Expansion	-
Pharmacy	(2,958)
Clawback	-
Other Medical Services	(2,274,096)
Total	(\$32,359,112)

At the time of the November 2021 CEC, the enhanced FMAP was authorized through March 31, 2022, or for three quarters of FY2022. In May, the enhanced FMAP was extended through July 2022. The FY2022 Budget as Enacted contemplated \$97.2 million in general revenue savings in the Medicaid program, accordingly. Because caseload estimates are based on current law, the FY2023 estimates did not carry forward any savings attributable to the enhanced FMAP, thereby adding back \$88.1 million from general revenue as compared to the Enacted Budget.

- **Disproportionate Share Hospital (DSH) Payments:** Article 12 authorizes the disbursement of Medicaid Disproportionate Share Hospital (DSH) payments to qualifying community hospitals in federal fiscal years (FFY) 2022 and 2023. Federal law requires that state Medicaid programs make DSH payments to qualifying community hospitals that serve a large number of Medicaid and uninsured patients. The DSH program subsidizes hospitals with high uncompensated care costs, which include certain expenses that are not covered by Medicaid or other sources. DSH payments are lump-sum disbursements issued each July and are subject to the applicable Federal Medical Assistance Percentage (FMAP) at the time of issuance. Funds are distributed in proportion to each hospital's share of statewide uncompensated care. The State share is funded through revenues generated by the hospital licensing fee.

The Article shifts the timing of the payments to correspond with the state fiscal year such that these payment will be made in SFY 2022 and 20223. Previously, these payments would have been made in State FY2022 and FY2024, respectively. Consequently, the Article provides for two payments in SFY 2022. The payment paid by July 12, 2021, could not exceed \$142.5 million in all funds, while the payment paid by June 30, 2022, could not exceed \$145.1 million in all funds. The Article further limits the aggregate amount of the payments in FY2023 to \$145.1 million in all funds, due by June 30, 2023.

DSH Payment	FY2022 Enacted	FY2022 Final	Change from Enacted	FY2023 Governor	FY2023 Enacted	Change from Enacted
General Revenue	\$65,418,986	\$113,049,448	\$47,630,462	\$64,293,284	\$56,465,088	(\$8,953,898)
Federal Funds	77,074,994	174,524,412	97,449,418	78,200,696	88,614,791	11,539,797
Total	\$142,493,980	\$287,573,860	\$145,079,880	\$142,493,980	\$145,079,879	\$2,585,899

- **Other Changes:** The remaining general revenue expenditure changes reflect program enrollment and price trends. The conference typically includes price increases ranging from 2.5 to 3.5 percent to account for medical benefits inflation and statutory rate increases to hospitals, nursing homes, and home care providers. The impact of inflation is mitigated in the estimate by an expected reduction in Medicaid enrollment. Prior to the onset of the COVID-19 pandemic, Medicaid enrollment was gradually declining; however, in order to be eligible for the enhanced federal match, the State cannot terminate any beneficiaries during the public health emergency. This results in a number of enrollees remaining on Medicaid that would have otherwise been terminated. With the current law expiration of the enhanced rate in March 2022, the conference assumed that terminations would resume again at the end of FY2022 and continue into FY2023, contributing to large reductions in program caseloads.

The savings attributable to the Medicaid initiatives, described below, are calculated relative to the caseload estimate, rather than the Enacted Budget.

FMAP Reserve

(\$39.0 million)

The Budget includes \$39.0 million in general revenue savings to reflect the elimination of the FMAP reserve. The FY2022 Budget as Enacted included \$39.0 million in general revenue to account for the potential early expiration of the enhanced FMAP. Since the Budget assumes no enhanced FMAP savings in FY2023, the reserve funds are unnecessary.

Perry Sullivan

(\$17.1 million)

The November 2021 Caseload Estimating Conference included \$17.1 million in general revenue savings (\$38.6 million all funds) for the statute commonly referred to as “Perry Sullivan”. Rhode Island general laws require the State to include an additional appropriation for Medicaid Home and Community Based Services (HCBS) equivalent to any savings from a reduction in nursing home days, if any, over the prior two completed fiscal years. The calculation uses the bed day reduction multiplied by the average per diem assumed in the subsequent fiscal year. The statutory purpose is to ensure that savings resulting from a reduction in nursing home utilization are allocated for the express purpose of promoting and strengthening community-based alternatives.

The Governor proposed to reduce the contribution and included an article to allow for the use of restricted receipt funds, from the enhanced FMAP for matchable home and community based services to further invest in HCBS. The General Assembly did not concur with this recommendation and made general revenue investments to satisfy the statute discussed in this analysis, such as \$9.0 million to increase rates for children’s therapeutic and respite services, \$5.5 million to increase reimbursements rates to home health agencies for the personal choice program, and \$3.3 million (including funds in the Division of Elderly Affairs) to increase home health agency rates.

Children’s Therapeutic & Respite Services Rates

\$9.0 million

The Budget provides \$9.0 million in general revenue and \$11.2 million in federal funds to support increased rates for Medicaid children’s service providers to ensure that direct care providers are paid at least \$15.00 per hour. The impacted services include Home-Based Therapeutic Services (HBTS), Applied Behavioral analysis (ABA), Personal Assistance Services and Supports (PASS), and Respite. This increase will impact service providers currently earning between \$11.00 and \$14.99 per hour. Rhode Island Medicaid children’s services serves over 3,000 children annually. Eligible children have moderate to severe special health care needs often as a result of diagnosed chronic developmental, cognitive, physical, medical, neurological, behavioral, and/or emotional conditions, often with long-term disabilities and complex medical needs. Early

intervention with these children at key developmental stages assists the child in attaining essential skills needed to engage independently in society.

Labor and Delivery Rates

\$5.7 million

The Budget includes \$5.7 million in general revenue and \$8.8 million in federal funds to increase the Medicaid rates paid for labor and delivery services by 20.0 percent. The low reimbursement rates have resulted in significant increases in uncompensated care costs for affected hospitals.

Personal Choice Program Rates

\$5.5 million

The Budget provides an additional \$5.5 million in general revenue and \$7.0 million in federal funding to increase reimbursements paid to home health agencies for personal care aids through the Personal Care Program by about 40.0 percent. This increase was part of EOHHS' request for FY2023.

Hospital Rates

\$3.7 million

The Budget provides \$3.7 million in general revenue and \$8.8 million in federal funds to increase Medicaid rates to hospitals by 5.0 percent relative to the rates effective as of July 1, 2021. The rate increase applies to fee-for-service inpatient hospital services, as well as managed care inpatient and outpatient services. The budget includes \$10.0 million in general revenue (\$31.8 million total funding).

Postpartum Extension

\$3.5 million

Article 12 of the Budget expands Medicaid coverage for individuals from 60 days to 12 months postpartum. The coverage would apply to individuals who do not qualify for Medicaid under other eligibility categories or do not qualify due to immigration status. Currently, individuals covered by Medicaid at birth continue coverage for 60 days, but the article would extend coverage to 12 months postpartum. Estimates assume this will impact 1,500 individuals, 500 of whom would be funded through state-only funds. The Budget includes an additional \$3.5 million in general revenue (\$5.2 million all funds) as compared to the November 2021 Caseload Estimating Conference to reflect the expanded eligibility. The estimated expenditures for the extension assume a start date of October 1, 2022.

Home Health Agency Rates

\$3.1 million

The Budget provides \$3.1 million in general revenue and \$3.9 million in federal funds to increase home care provider rates to ensure direct care workers, nursing assistants, and homemakers earn at least \$15.00 per hour. Direct care workforce shortages caused by low wages and difficult working conditions have significantly reduced the capacity of home health agencies to provide services to elderly and disabled residents wanting to remain or return home. According to the Bureau of Labor Statistics, the entry-level wage for a Nursing Assistant working in home care is \$13.08. At the 25th percentile, the wage is \$13.79 and the median hourly rate is \$14.98. Homemakers currently make \$11.00 per hour.

Adult Dental Rates

\$2.7 million

Pursuant to a Governor's Budget Amendment dated May 20, 2022, the Budget provides an addition \$2.7 million in general revenue and \$5.4 million in federal funds to increase fee-for-service rates for adult dental care. Through the Medicaid Program, Rhode Island provides dental services to adults over 21; however, Adult Dental FFS rates have not increased since 1992 and have not kept pace with the costs of providing dental care. As a result, provider participation in the Medicaid program has declined. Through this initiative, RI rates and coverage will be comparable to other New England states that provide Medicaid dental coverage to adults.

Pediatric Provider Rates

\$2.5 million

The Budget provides \$2.5 million in general revenue and \$3.0 million in federal funds to increase pediatric primary care rates from 33.0 percent to 100.0 percent of Medicare rates for fee-for-service (FFS) and from 65.0 percent to 100.0 percent for managed care. According to the Kaiser Foundation, RI Medicaid has the

lowest FFS pediatric rates relative to Medicare in the country. Massachusetts and Connecticut FFS rates are currently about 75.0 percent. Rates above those neighboring states will help retain and attract more providers, and help to compensate for past underinvestment. Since 55.0 percent of children in RI are currently covered by Medicaid, it is critical that providers are available for services such as developmental screening and vaccines, as well as referring children to services such as early intervention, behavioral health, and lead remediation services.

Early Intervention Service Rates

\$1.8 million

The Budget includes \$1.8 million in general revenue and \$2.2 million in federal funds to repair, stabilize, and improve equity within the Early Intervention (EI) System. Rhode Island's EI programs, Part C of the Individuals with Disabilities Education Act (IDEA), annually serves over 4,000 infants and toddlers, representing 7.0 percent of the birth to age three population and one of the highest catchment rates in the country. Between 55.0 and 65.0 percent of the EI population are enrolled in Medicaid with 43.0 percent of that population residing in Providence, Pawtucket, Central Falls, and Woonsocket. These funds will be used to:

- Increase all Early Intervention rates by 45.0 percent, calculated based on adding cost-of-living-adjustments (COLA) since 2002
- Develop and implement a pay-for performance program to reward providers for improving, meeting, and sustaining outcome measures related to quality and equity
- Pay a per-member-per-month (PMPM) rate of \$50 for each enrolled child who received at least one service
- Ensure a COLA increase by tying rates to the consumer price index.

Nursing Home Rate Increase

\$1.4 million

In 2013, Rhode Island transitioned from a cost-based reimbursement system to an acuity-based, resource utilization group (RUG) reimbursement system. RIGL 40-8-19 stipulates that reimbursement rates be adjusted annually by an inflation rate. The November 2021 Caseload Estimating Conference assumed an inflation rate of 1.9 percent for FY2023, which Article 12 of the Budget increases to 3.0 percent. This increase is to accommodate the additional costs incurred by nursing facilities during the pandemic and the financial pressure placed upon them for previous years of modest rate growth, with several years being below the statutorily defined inflation rates. The Budget includes \$1.4 million in additional general revenue costs (\$3.1 million all funds) to reflect the increase.

Cover All Kids

\$1.3 million

Article 12 extends Medicaid coverage to children that would be eligible if not for their immigration status, with an anticipated start date of October 1, 2022. Children with a family income of up to 250.0 percent of the federal poverty level would qualify for Medicaid coverage, regardless of their immigration status. The expansion would be fully funded by state dollars and the Budget adds \$1.3 million in general revenue within the Medicaid program in FY2023 to reflect the expansion. The Budget assumes an estimated 1,446 eligible children, with a take-up rate of 30.0 percent in year one, increasing to 100.0 percent by FY2025. The table below illustrates the out-year projections of the expansion.

	FY2023	FY2024	FY2025	FY2026	FY2027
Population Assumptions					
Population	434	868	1,446	1,446	1,446
Utilization	30.0%	60.0%	100.0%	100.0%	100.0%
Expenditure Estimation					
RiteCare	\$1,208,712	\$3,553,612	\$6,215,956	\$6,526,754	\$6,853,091
RiteSmiles	\$84,721	\$249,080	\$435,689	\$457,474	\$480,348
Technology Investment	660,000	-	-	-	-
Associated Savings					
Emergency Medicaid (GR)	(20,615)	(45,455)	(79,546)	(83,524)	(87,700)
Emergency Medicaid (FF)	(18,289)	(53,770)	(94,098)	(98,802)	(103,743)
General Revenue Total	\$1,932,818	\$3,757,237	\$6,572,099	\$6,900,704	\$7,245,739
All Funds Total	\$1,914,529	\$3,703,467	\$6,478,001	\$6,801,902	\$7,141,996

Source: Office of Management and Budget

Graduate Medical Education

\$500,000

The Budget provides an additional \$500,000 in general revenue through the Graduate Medical Education initiative for a new resident training program at Landmark Hospital. This is in addition to the \$2.0 million previously included to provide \$1.0 million each to Lifespan for the Trauma I Center and to Care New England for the Neonatal Intensive Care Unit.

Meals on Wheels

\$159,541

The article authorizes EOHHS to seek CMS approval to provide cultural and therapeutic meals, and to increase the rate paid for Meals on Wheels services to account for rising costs of food and delivery. Therapeutic meals are meals designed to meet the dietary needs of individuals who may have specific needs due to their own health, such as diabetic, renal and cardiac needs. Cultural meals are created to incorporate specific foods applicable to certain cuisines. The article also ties future rate increases to the Consumer Price Index to account for future inflation. The Budget includes \$159,541 in general revenue (\$360,466 all funds) for the rate increase and expanded services.

Independent Provider Model Rates

\$118,499

The Budget provides \$118,499 in general revenue and \$147,075 in federal funds to increase Independent Provider (IP) program rates to support a \$15.00 per hour minimum wage. The IP program provides Medicaid beneficiaries eligible for Long-Term Services and Supports (LTSS) with personal care and homemaker services. Eligible LTSS beneficiaries hire, schedule, and supervise a Personal Care Aide (PCA) of their choice to assist with daily living activities and household tasks. Participants may hire friends, neighbors, or family members to be their PCA. This initiative will increase the Medicaid rate for PCAs from \$13.82 per hour to \$15.00 per hour.

Biomarker Testing

\$12,000

Article 12 enables EOHHS to seek an amendment from the Centers for Medicare and Medicaid Services to provide Medicaid coverage for biomarker testing. The Budget provides \$12,000 in general revenue and \$13,000 in federal funds to cover the projected cost of this benefit. Biomarkers are used to determine the subtype of cancer. Since some treatments only work for specific cancer subtypes, these biomarkers are used to help identify the best treatment methods for each individual.

Federal Fund Changes

(\$17.3 million)

The Budget provides a net decrease of \$17.3 million in federal fund changes for the following:

- **ARPA Enhanced FMAP: Home and Community Based Services:** Pursuant to a Governor's Budget Amendment dated May 20, 2022, the Budget provides a net increase of \$8.4 million in federal funds and \$11.0 million in restricted receipts. Of this net increase, a decrease of \$17.3 million in federal funds and \$14.6 million in restricted receipts is within the Medical Assistance program. The change in funding is to adjust for the spending plan submitted to the Centers for Medicare and Medicaid Services (CMS) in April 2022 to reflect the additional financial support provided in ARPA to expand home and community based support. The amendment brings total funding up to \$68.7 million for FY2023. The approved spending plan includes \$17.9 million for children's behavioral health programs, \$4.2 million for workforce development, \$5.0 million for housing programs, \$1.6 million to support the expansion of Certified Behavioral Health Clinics, \$1.5 million for First Connections, and \$850,000 for an oral health pilot program. The spending of the remaining \$31.4 million is to be determined.

Department of Children, Youth, and Families

Expenditures by Program	FY2021 Final	FY2022 Enacted	FY2022 Final	Change from Enacted		FY2023 Enacted	Change from Enacted	
Central Management	\$12.2	\$19.0	\$31.4	\$12.4	65.2%	\$24.0	\$5.0	26.1%
Child Welfare	200.2	221.0	220.6	(0.4)	-0.2%	237.1	16.1	7.3%
Children's Behavioral Health Service	13.6	14.3	16.6	2.3	16.0%	30.1	15.8	110.7%
Higher Education Incentive Grants	-	0.2	0.2	-	0.0%	0.2	-	0.0%
Juvenile Correctional Services	20.9	21.9	23.1	1.2	5.6%	23.1	1.2	5.3%
Total	\$246.8	\$276.5	\$292.0	\$15.5	5.6%	\$314.5	\$38.0	13.8%

Expenditures by Source								
General Revenue	\$166.0	\$193.3	\$196.0	\$2.7	1.4%	\$206.6	\$13.3	6.9%
Federal Funds	78.4	81.5	94.0	12.5	15.4%	105.1	23.7	29.1%
Restricted Receipts	1.6	1.8	1.8	0.3	15.5%	1.8	0.3	16.9%
Other Funds	0.8	0.3	0.3	-	0.0%	1.0	0.8	300.0%
Total	\$246.8	\$276.5	\$292.0	\$15.5	5.6%	\$314.5	\$38.0	13.8%

Authorized FTE Levels	617.5	702.5	702.5	-	0.0%	702.5	-	0.0%
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\$ in millions. Totals may vary due to rounding.

The Department of Children, Youth, and Families (DCYF) is charged with implementing a statewide network of supports to protect vulnerable children and families. The Department develops, oversees, and evaluates programs which provide opportunities for children to reach their full potential. DCYF has three major operational divisions: Children's Behavioral Health Services, Child Welfare (including child protective services, family services, and permanency support), and Juvenile Corrections (including the Rhode Island Training School and juvenile probation). The Department supports an average of 3,400 children and their families, and indirectly serves thousands more through community-based programs.

MAJOR ISSUES AND TRENDS

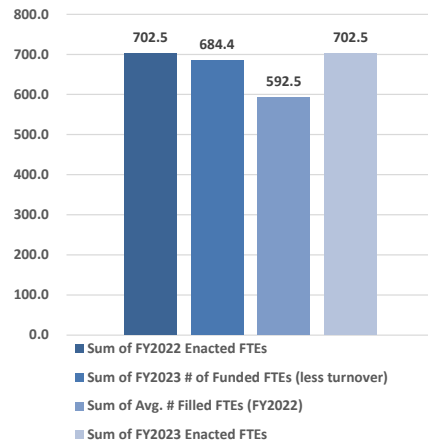
The Budget includes \$314.5 million from all funds for the Department of Children, Youth, and Families in FY2023. This includes \$206.6 million from general revenues, \$105.1 million from federal funds, \$1.8 million from restricted receipts, and \$1.0 million in other funds. General revenue funding increases by \$13.3 million (6.9 percent) relative to the FY2022 Budget as Enacted.

The Budget maintains the Enacted level of 702.5 FTEs in FY2023. The Budget provides funding for approximately 684.4 of the 702.5 positions authorized for FY2023, or 97.4 percent. As of June 20, 2022, the Department had 630.0 FTE positions filled (89.7 percent).

Accreditation

In light of ongoing challenges at the Department, the 2019 General Assembly required that DCYF seek accreditation from the national Council on Accreditation (COA) in order to ascertain how its operations compare to national standards and identify areas for improvement. Article 13 of the FY2020 Budget as Enacted amended RIGL 42-72-5.3 to require that the Department initiate the application process by September 1, 2019, with a final accreditation plan due by October 1, 2020, to inform the Governor and General Assembly regarding necessary organizational changes to obtain and maintain accreditation along with the resources needed in order to do so.

FTE Snapshot



The Department engaged with COA in September 2019 and submitted its accreditation plan on October 1, 2020. The plan analyzes the Department's alignment with 59 COA standards, staffing needs, necessary practice and policy shifts, and timeline needed to reach accreditation. The analysis is limited to the Department's child welfare and behavioral health standards and does not include benchmarks for the juvenile justice population, which is reviewed separately by the Annie E. Casey Foundation.

The analysis found that many of the Department's practice models, screening tools, risk assessments, and service planning already comport with many COA standards. The report recommended replacing the Department's case management information system, known as RICHIST.

However, the report also highlighted that staffing is the primary structural barrier to accreditation. Specifically, 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 report also recommended pay increases for frontline staff with advanced degrees. The additional 91.0 FTE positions and pay incentives would require a sustained investment of approximately \$10.8 million from all funds per year. The report also recommends an additional \$300,000 to boost efforts to recruit resource families and \$291,851 for fixed expenditures to maintain support from COA, including site visits and application fees.

The report recommends a "Prioritized Practice" approach for the Department, occurring over a four-year period, where the Department completes a self-study and gradually demonstrates alignment with COA standards. The timeline is "contingent upon the approval and appropriation by the Governor and the General Assembly of sufficient and sustained funding necessary for the Department to achieve COA accreditation." Accordingly, the FY2022 Budget as Enacted 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: The Department has hired 91 new staff, completing its COA-related hiring plans, and continues its focus on backfilling existing vacancies, with an emphasis on filling vacant frontline positions. The Department has a contract in place with COA, and anticipates it will receive accreditation in the first six months of 2024.

Children's Rights Settlement

In January 2018, the State and DCYF settled a long-standing class action lawsuit. The lawsuit, initially filed in 2007, demanded systemic reforms to the State's child welfare system and cited deficiencies throughout DCYF, including excessive caseworker assignments and an inappropriate residential service array. The settlement outlined a number of new screening and reporting requirements to be met by the Department and overseen by the Office of the Child Advocate. The Department continues to monitor these benchmarks and provides monthly reports pursuant to the Settlement. The Budget contains \$138,000 in annual general revenue funding within the Child Welfare program for a data validator for this purpose.

CENTRAL MANAGEMENT

The Central Management program includes the Office of the Director and Support Services. Central Management functions are primarily administrative and strive to improve policies and maximize operational efficiency. These functions provide coordination and oversight, fiscal management, accountability supports, facility management, legal services, and youth development services.

Central Management	General Revenue
FY2022 Enacted	\$14,120,765

<i>Target and Other Adjustments</i>	<i>(272,123)</i>
Support Services Personnel	(816,766)
Centralized Services	528,742
Statewide Cost of Living Adjustment and Bonus	525,211
Vehicle Fleet Adjustment	(173,369)
Realignment of DCYF Expenses	121,530
FY2023 Enacted	\$14,033,990

Central Management	Other Fund Changes
ARPA SFRF: DCYF Provider Wage Stabilization (federal funds)	\$2,500,000
ARPA SFRF: Foster Home Lead Abatement and Fire Safety (federal funds)	1,500,000
RICHIST Upgrade (federal funds)	920,000

Support Services Personnel ***(\$816,766)***

The Budget shifts \$816,766 in general revenue costs from Central Management to other departmental divisions to reflect where expenditures are actually occurring. The bulk of the shifts are to the Children's Behavioral Health Services and Child Welfare divisions.

Centralized Services ***\$528,742***

The Budget increases general revenue expenditures reflecting billed amounts for information technology, human resources, and facilities management services. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In FY2019 these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. The FY2022 Budget as Enacted appropriated \$1.3 million for these expenses, which is increased by \$528,742 to \$1.8 million in the FY2023 Budget.

Statewide Cost of Living Adjustment and Bonus ***\$525,211***

Based on recently negotiated collective bargaining agreements between the State and the state employee bargaining units for a proposed 4-year contract, the Budget includes the following cost-of-living adjustments (COLAs): 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. In addition, the Budget includes a \$1,500 retention bonus to those eligible union employees that was included as part of the recently completed contract negotiation. The current agreement is projected to increase general revenue expenditures by \$525,211 in FY2023 within the Central Management program.

Vehicle Fleet Adjustment ***(\$173,369)***

Pursuant to a Governor's Budget Amendment dated March 3, 2022, the Budget decreases general revenue within the Central Management program by \$173,369 to return the agency's vehicle fleet funding to its intended amount as budgeted within the Child Welfare Program.

Realignment of DCYF Expenses ***\$121,530***

The Budget increases general revenues by a net of \$121,530 to reflect a shift of funds to Central Management from other departmental divisions. The shift includes funding realignment for expenses including bus passes, technology purchases, parking, property rental, and staff training.

ARPA SFRF: DCYF Provider Wage Stabilization (federal funds) ***\$2.5 million***

The Budget adds \$2.5 million in ARPA SFRF to support continued wage stabilization payments which were initially intended to phase down over the course of FY2023. The FY2022 Budget includes \$12.5

million in SFRF to provide workforce stabilization payments to direct care staff in response to providers reporting a high number of vacancies and staff recruitment issues. The Governor requested an amendment to add \$1.9 million from general revenues to provide phased down payments in the third and fourth quarter of FY2023. The Budget instead includes an additional \$2.5 million from federal funds to continue the initiative through FY2023 at full value.

ARPA SFRF: Foster Home Lead Abatement and Fire Safety (federal funds)

\$1.5 million

The Budget includes \$1.5 million in federal American Rescue Plan Act (ARPA) State Fiscal Recovery Funds (SFRF) in FY2023 to provide financial assistance to foster families for lead remediation and fire suppression upgrades in foster homes. An additional \$375,000 in SFRF are proposed for FY2024.

Rhode Island has lead remediation and fire code standards for placement of youth in foster care settings. Currently there are a number of otherwise-qualified foster families who have applied for placements, but have been denied placements due to a failure to meet lead and/or fire code standards. As a result, youth are placed in higher-cost congregate care settings.

The Department reports that the average cost of lead remediation is \$10,000, and the average cost for installation of a fire suppression system is \$5,000. The Department estimates a demand for upgrades for 25 homes per year, at an average cost of \$15,000 per home. While the Governor allocates funding between FY2023 and FY2024, the Department anticipates spending the funding between FY2023 and FY2025 (three years), for an estimated cost of \$1.1 million. Additionally, the Department indicates that there are approximately two years of backlogs of potential foster homes that also require upgrades (50 homes), requiring another \$750,000. The full proposal would fund upgrades for an estimated 125 additional foster homes at a cost of \$1.9 million.

Outyear operating savings are projected as congregate care settings are more expensive than foster placements. Budget documents indicate that congregate care facilities can cost as much as \$500 per placement per day, versus \$50 per day for foster home placements. The budget proposal does not include any operating savings in FY2023 but some are presumably expected for FY2024 and beyond.

Key components of the proposal include (quoted directly from budget documents):

- **U.S. Treasury Eligibility Category:** Services to Disproportionately Impacted Communities
- **Equity Components:**
 - **Population:** This benefit will be available for individuals making at or below the average median income in RI or any potential foster family who states money as a barrier to fire and lead as passing the inspection.
 - **Awareness:** All staff will be aware of this service to share with those who we are recruiting and for those families who list this as a barrier.
 - **Access and Distribution:** Each home will only be eligible for one stipend (which could be fire and or lead) barring this is the only barrier to their home becoming approved.
 - **Outcomes:** There is an increase in the number of foster homes, there is also an increase in the utilization of foster families, and there is a decrease in the number of youth going to congregate care facilities because there is not enough foster homes.
- **Performance Metrics:** Monitor the following:
 - The number of foster homes currently available
 - There should be an increase in the utilization of foster families, and
 - There is a decrease in the number of youth going to congregate care facilities because there is not enough foster homes.

RICHIST Upgrade (federal funds)***\$920,000***

The Budget includes \$920,000 in federal funding for FY2023 to finance the costs to replace RICHIST, the Department's case management information system. The Budget also includes \$1.4 million in restricted receipt expenditures in FY2023 for this purpose within the Department of Administration (DOA) to draw funds from the Information Technology Investment Fund (ITIF), which is housed in DOA. The upgrade was originally planned to take approximately three years and \$28.0 million from all funds, with the costs shared 60/40 between the State and federal government as follows:

RICHIST Replacement	FY2022	FY2023	FY2024	Total
State Funds - ITIF	\$2,000,000	\$10,000,000	\$5,000,000	\$17,000,000
Federal Funds	1,300,000	6,500,000	3,200,000	11,000,000
Total	\$3,300,000	\$16,500,000	\$8,200,000	\$28,000,000

The Budget reduces current year funding and stretches the schedule through FY2025 to reflect project delays. The latest schedule is as follows:

RICHIST Replacement- Revised Schedule	FY2022	FY2023	FY2024	FY2025	Total
State Funds - ITIF	\$600,000	\$1,380,000	\$9,900,000	\$4,920,000	\$16,800,000
Federal Funds	400,000	920,000	6,600,000	3,280,000	11,200,000
Total	\$1,000,000	\$2,300,000	\$16,500,000	\$8,200,000	\$28,000,000

The Department is currently in the planning phase of the project and expects to complete that in December 2022. The planning vendor request for proposals was posted and received five vendor bids, which are undergoing technical reviews.

Background: 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 uses one-time general revenues to provide interest-free financing.

RICHIST was developed in 1998 and serves as a registry for all confidential case, financial, provider, and staff management information. RICHIST also generates the caseload and financial data which the Department reports to the Governor, General Assembly, and federal government. While Rhode Island was a national leader when RICHIST was first developed, it now relies on antiquated technology that has not adapted well to changes over the last 23 years. Most significantly, the existing RICHIST system does not enable easy mobility for staff in the field which inhibits the Department's ability to operate efficiently.

The new system would be a modular system that enables data analytics and reporting, allows easy access to real-time information when making important decisions for children and families, and simplifies the system's mobile interface. The federal government encourages use of modular systems because they are more comprehensive and flexible, and enhance the ability to navigate case information and incorporate data analytics into child welfare practice. Modern systems are also more dynamic, allowing child welfare agencies to respond more adeptly to frequent changes in standards and practices. The Budget assumes the use of a Custom-Off-the-Shelf (COTS) software package which can be adapted from interfaces being used in other states, as opposed to custom-building a solution from scratch. The existing system will be maintained as portions of the new system are developed and phased in, with a full transition occurring when all components of the new system are sufficiently tested.

CHILDREN'S BEHAVIORAL HEALTH SERVICES

The Children's Behavioral Health Services program designs, implements, and monitors a statewide system of care for children and youth requiring mental health services, including those children who are involved with the Department due to abuse, neglect, or delinquency. The Department seeks to support all children and youth with developmental disabilities or emotional disturbances in the least restrictive settings possible.

Children's Behavioral Health Services	General Revenue
FY2022 Enacted	\$7,579,739
<i>Target and Other Adjustments</i>	<i>60,802</i>
Personnel	593,039
Statewide Cost of Living Adjustment and Bonus	309,955
Mobile Response and Stabilization	108,000
Realignment of DCYF Expenses	33,158
FY2023 Enacted	\$8,684,693

Children's Behavioral Health Services	Other Fund Changes
ARPA SFRF: Psychiatric Residential Treatment Facility (federal funds)	\$12,000,000

Personnel **\$593,039**

The Budget adds \$593,039 in Children's Behavioral Health Services for personnel costs associated with anticipated accreditation and cost shifts for existing staff who were previously budgeted in the Central Management division. The Department expects to receive accreditation in FY2024.

Statewide Cost of Living Adjustment and Bonus **\$309,955**

Based on recently negotiated collective bargaining agreements between the State and the state employee bargaining units for a proposed 4-year contract, the Budget includes the following cost-of-living adjustments (COLAs): 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. In addition, the Budget includes a \$1,500 retention bonus to those eligible union employees that was included as part of the recently completed contract negotiation. The current agreement is projected to increase general revenue expenditures by \$309,955 in FY2023 within the Children's Behavioral Health Services program.

Mobile Response and Stabilization **\$108,000**

The Budget adds \$108,000 in general revenue and \$612,000 in federal funds for a total of \$720,000 for Mobile Response and Stabilization Services (MRSS), a project that was unfunded in the original Governor's FY2023 Budget proposal. MRSS provide mobile, on-site interventions for youth experiencing a behavioral health crisis, allowing for immediate de-escalation of the situation. The mobile component of MRSS provides on-demand crisis intervention in any setting in which a behavioral crisis is occurring, reducing foster care disruptions, as well as congregate care and psychiatric hospital utilization among DCYF children and youth.

Realignment of DCYF Expenses **\$33,158**

The Budget increases general revenues a net of \$33,158 to reflect a shift of funds to Children's Behavioral Health Services from other departmental divisions. The shift includes funding realignment for expenses including bus passes, technology purchases, parking, property rental, and staff training.

ARPA SFRF: Psychiatric Residential Treatment Facility (federal funds) **\$12.0 million**

The Budget includes \$12.0 million in federal American Rescue Plan Act (ARPA) State Fiscal Recovery Funds (SFRF) in FY2023 to expand existing in-state capacity at private facilities as well as for the initial design of a new qualified residential treatment program facility for female youth age 14-20. In addition to the \$12.0 million in SFRF funds, \$45.0 million from Rhode Island Capital Plan funds are recommended over FY2024 through FY2026 for the state to construct such a facility.

According to DCYF, there is a shortage of available, in-state, intensive residential treatment options for female youth. As a result, the Department sends many youth out of state, and others are held in psychiatric hospital settings while they await placement options in the community. The Office of the Child Advocate, the Family Court, and Department all acknowledge that housing these youth in-state would allow for smoother community reintegration and save money on psychiatric hospital costs.

DCYF reports that, on average, approximately 25 to 30 female youth are placed out of state in intensive behavioral health residential facilities at any given time. Additionally, 8 to 12 youth are generally in psychiatric hospitals awaiting out-of-state placements.

DCYF's plan is to establish a PRTF that would be a privately managed, Medicaid-reimbursable, campus residential program. The facility would provide housing and schooling for the youth. While placement at the proposed PRTF could cost more than out-of-state placements in some instances, the State expects to save money from enhanced Medicaid reimbursements for PRTF placements and from reduced inpatient psychiatric hospitalizations.

Timeline: The Department anticipates that planning and final designs can be completed and construction can begin by December 31, 2022, with full renovations completed by June 2024.

Given the strong interest already conveyed by multiple providers, DCYF anticipates that a current behavioral health provider will be ready to start providing ongoing PRTF services as soon as the site is ready.

Key components of the proposal include (quoted directly from budget documents):

- **U.S. Treasury Eligibility Category:** Public Health
- **Equity Components:**
 - **Population:** The Department intends to work to build or develop facilities in qualified census tract areas. In addition, we anticipate that there will be requests from current Contractors who have expertise in delivering a PRTF program, for renovations to current sites. Of the current contractors the Department is aware of, at least one has a facility located in the city of Providence. Youth who are placed out-of-state are often seriously adversely affected by the distance from their families. Placement out-of-state reduces or prohibits necessary family treatment and visitation –especially for low-income families who cannot afford the transportation or the time away from work. These are critical elements of treatment and their absence can negatively impact treatment outcomes.
 - **Awareness:** Through the RFP process potential vendors will be notified of the initiative.
 - **Access and Distribution:** PRTF services for those with complex mental and behavioral health needs.
 - **Outcomes:** Reducing the number of out-of-state placements and length of stays in hospitals.
- **Performance Metrics:**
 - DCYF plans to monitor the following statewide measures to assess the impact on the child welfare and children's behavioral health systems overall:
 - The number of out-of-state placements and length of stays in hospitals, anticipating a reduction in both areas.
 - Additionally, DCYF plans to assess the following lead measures to assess the effectiveness of the individual PRTF site: the number of restraints and elopements and the frequency of family involvement; the lower each is the higher the likelihood of successful outcomes for individual youth.
 - With this, DCYF also plans to assess the following outcome measures for each PRTF site: the average length of stay and the number of successful discharges to a family setting versus re-hospitalization or discharge to another institutional setting.

CHILD WELFARE

The Child Welfare division has two major sub-programs:

- **Child Protective Services (CPS):** CPS reviews and responds to reports of child abuse and neglect. CPS staff includes child protective investigators who specialize in the investigation of these reports. If a child is deemed to be at imminent risk of harm, they may be removed from the home and placed in State care for up to 48 hours, pending petitions before the Rhode Island Family Court.
- **Family Services Unit (FSU):** Staff members within Family Services provide ongoing social services and case management to children and families who become involved with DCYF due to abuse, neglect, substance abuse, or behavioral health issues.

The Child Welfare program includes out-of-home placements such as foster and congregate care. Foster care settings include kinship and non-kinship placements as well as private agency homes. Congregate care settings encompass residential treatment facilities, group homes, semi-independent living, and independent living. Child Welfare also includes the Permanency Services Unit, which oversees the administration of the adoption and guardianship subsidy programs for children and youth in permanent placements.

The Budget includes \$237.1 million from all funds to support Child Welfare. This is \$16.1 million more from all funds compared to the FY2022 Budget as Enacted level of \$221.0 million. Actual all funds expenditures were \$200.2 million in FY2021.

Child Welfare	General Revenue
FY2022 Enacted	\$149,983,357
<i>Target and Other Adjustments</i>	<i>1,197,675</i>
Temporary Provider Rate Enhancement	6,296,845
Statewide Cost of Living Adjustment	3,510,080
Enhanced FMAP Ends	2,214,488
Caseload	(1,700,000)
Vehicle Replacement	236,371
Realignment of DCYF Expenses	(154,688)
FY2023 Enacted	\$161,584,128

Child Welfare	Other Fund Changes
Temporary Provider Rate Enhancement (federal funds)	\$1,960,891

Temporary Provider Rate Enhancement **\$6.3 million**

The Budget adds \$6.3 million in general revenue for DCYF provider rate enhancements in FY2023. The funding allows for temporary 14.0 percent rate increases for out-of-home services, including foster care and congregate care, as well as home and community based services. It includes services that are both Medicaid and non-Medicaid eligible, and is intended to support providers until the Department renegotiates its provider contracts, which is anticipated to be completed by July 1, 2023.

Statewide Cost of Living Adjustment and Bonus **\$3.5 million**

Based on recently negotiated collective bargaining agreements between the State and the state employee bargaining units for a proposed 4-year contract, the Budget includes the following cost-of-living adjustments (COLAs): 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. In addition, the Budget includes a \$1,500 retention bonus to those eligible union employees that was included as part of the recently completed contract negotiation. The current agreement is projected to increase general revenue expenditures by \$3.5 million in FY2023 within the Child Welfare program.

Enhanced FMAP Ends **\$2.2 million**

The Budget includes \$2.2 million in general revenue to reflect the end of the enhanced federal medical assistance percentage (FMAP) that was included in the FY2022 Budget as Enacted through the first half of FY2022. Pursuant to the Families First Coronavirus Response Act (FFCRA), the enhanced FMAP shifted

an additional 6.2 percent of eligible Medicaid and Title IV-E expenses from general revenues to federal funds during the COVID-19 public health emergency. On January 22, 2021, the federal Secretary of Health and Human Services issued a letter stating that the public health emergency “will likely remain in place for the entirety of [calendar year] 2021.” The FY2022 Budget as Enacted includes two quarters of savings within the Child Welfare program, accordingly, based on an estimated \$35.8 million in eligible expenses. The FY2023 Budget restores the general revenue funding to reflect the anticipated end of the enhanced federal funding in the second half of FY2023.

Caseload

(\$1.7 million)

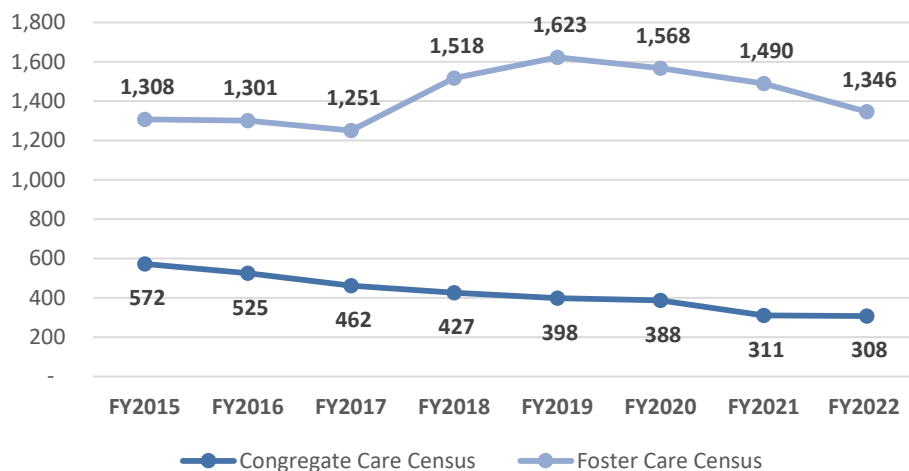
The Budget reduces general revenue funding for congregate and foster care placements by \$1.7 million for FY2023 based on caseload reductions experienced in FY2021 and FY2022.

The majority of expenditures in the Child Welfare program are caseload-driven and funded through the assistance and grants category. Funding includes per diem reimbursement for foster families, private agency foster care, group homes, and residential treatment centers as well as subsidies for youth who have been adopted or are placed under a guardianship arrangement. Since the onset of the COVID-19 pandemic, the Department has experienced significantly fewer child abuse and neglect reports and investigations, with a corresponding reduction in the number of children entering State care.

In FY2021, the Department averaged 353.3 congregate care placements, lower than most years because of the lack of placement availability caused by the pandemic and provider staffing issues. Corresponding to this lack of residential placement availability, the Department saw higher than average foster care placements in FY2021, with an average of 1,481 foster care placements. Through the first five months of FY2022, the Department averaged 392 congregate care placements, higher than the FY2021 average but 39 less than assumed in the Department’s request. In this same time period, the Department averaged 1,356 foster care placements, 24.5 fewer than assumed in the request.

The average number of CPS reports has declined from a pre-COVID average of 1,700 to 1,800 per month to an average of below 1,300 per month between March 2020 and June 2021. While caseloads remained relatively low, the Department has indicated that they are likely to increase again post-COVID as children return to day care, school, and other in-person activities and more incidents are reported.

Out of Home Placements



Analyst Note: FY2022 includes only caseload data through the reporting period of December 2021.

Vehicle Replacement**\$236,371**

The Budget includes an additional \$236,371 in general revenue for vehicle replacement leases and purchases. The funding was intended to fund the 40 vehicles added in FY2022 and add \$63,209 for state fleet revolving loan payments for five vehicles purchased in FY2022.

Realignment of DCYF Expenses**(\$154,688)**

The Budget decreases general revenues a net of \$154,688 to reflect a shift of funds from Child Welfare to other departmental divisions. The shift includes funding realignment for expenses including bus passes, technology purchases, parking, property rental, and staff training.

Temporary Provider Rate Enhancement (federal funds)**\$1.9 million**

The Budget adds \$1.9 million in federal funds for DCYF provider rate enhancements in FY2023. The funding allows for increased rates for out-of-home services, including foster care and congregate care, as well as home and community based services. It includes services that are both Medicaid and non-Medicaid eligible, and is intended to support providers until the Department renegotiates its provider contracts, which is anticipated to be completed by July 1, 2023. Juvenile Correctional Services

Juvenile Correctional Services includes two major sub-programs:

- **Rhode Island Training School (RITS):** The RITS is a secure correctional facility for adjudicated juvenile offenders as well as those who are detained and awaiting trial. The facility has a maximum capacity of 148, with 124 beds for male residents and 24 beds for female residents. The Training School is a 24-hour, 365-day operation providing housing, food, clothing, medical care, education, vocational training, and other programs and services to meet the needs of its residents.
- **Juvenile Probation and Parole:** Juvenile Probation supervises all formerly adjudicated youth placed on probation by the Family Court. Each youth is evaluated to determine their risk for recidivism. Staff members then create and enforce individualized plans to address the factors which contribute to delinquent behavior in order to prevent recidivism.

Juvenile Correctional Services	General Revenue
FY2022 Enacted	\$21,401,081
<i>Target and Other Adjustments</i>	<i>(104,927)</i>
Statewide Cost of Living Adjustment and Bonus	1,357,035
Personnel	(833,934)
Centralized Service Charges	278,933
FY2023 Enacted	\$22,098,188

Statewide Cost of Living Adjustment and Bonus**\$1.4 million**

Based on recently negotiated collective bargaining agreements between the State and the state employee bargaining units for a proposed 4-year contract, the Budget includes the following cost-of-living adjustments (COLAs): 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. In addition, the Budget includes a \$1,500 retention bonus to those eligible union employees that was included as part of the recently completed contract negotiation. The current agreement is projected to increase general revenue expenditures by \$1.4 million in FY2023 within the Juvenile Correctional Services program.

Personnel**(\$833,934)**

The Budget reduces base personnel costs in the Juvenile Corrections division by \$833,934 to reflect personnel savings from reduced counts of youth housed at the Training School. The budget reduces the FTE count in the Division from 144.0 FTE to 133.0 FTE, a reduction of 9.0 positions. The reductions include 5.0 Juvenile Program Workers; 1.0 Clinical Social Worker; and 3.0 Teachers.

The population at the Training School has decreased from more than 100 youth from 2009 through 2013, down to an average of 34 youth in FY2022.

Centralized Service Charges

\$278,933

The Budget increases general revenue expenditures reflecting billed amounts for information technology, human resources, and facilities management services. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In FY2019 these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. The FY2022 Budget as Enacted appropriated \$737,787 in Juvenile Corrections for these expenses, which is increased by \$278,933 to \$1.0 million in the FY2023 proposed budget.

HIGHER EDUCATION INCENTIVE GRANTS

The Higher Education Incentive Grant Program provides tuition assistance for former foster youth to attend a wide range of post-secondary institutions. This program is funded by State higher education incentive grants and federal Educational and Training Vouchers (ETVs). General revenue funding for the incentive program is set by statute at \$200,000 per year. 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
FY2022 Enacted	\$200,000
Target and Other Adjustments	-
FY2023 Enacted	\$200,000

CAPITAL PROJECTS

The Budget includes a total of \$2.3 million from Rhode Island Capital Plan (RICAP) funds from FY2022 through FY2027, including \$250,000 in FY2022 and \$1.0 million in FY2023. Projects include:

- **Training School Asset Protection:** The Budget funds improvements and ongoing maintenance at the Training School, including resolving leaks and other structural issues. The Budget includes \$250,000 in FY2022 and \$250,000 per year in FY2023 through FY2027 related to ongoing maintenance projects.
- **DCYF Headquarters:** The Governor includes \$250,000 in RICAP funding in FY2023 to conduct a feasibility study for a new potential DCYF headquarters. The Department currently rents office space in Providence and the study will investigate options including potential construction and/or renovation of a state-owned space.
- **Transitional Housing:** The Budget includes \$500,000 in RICAP funding in FY2023 for a feasibility study to develop four transitional housing "villages" throughout the state. As proposed, the villages would be available for youth age 18 to 26 with unstable housing, and for parents for whom housing is a barrier for reunification with their children who are in the care of DCYF.

Department of Health

Expenditures by Program	FY2021 Actual	FY2022 Enacted	FY2022 Final	Change from Enacted		FY2023 Enacted	Change from Enacted	
Central Management	\$19.6	\$35.7	\$34.1	(\$1.6)	-4.5%	\$33.5	(\$2.2)	-6.3%
Community & Health Equity	96.9	113.1	117.8	4.7	4.2%	128.3	15.2	13.4%
COVID-19	291.3	242.0	352.3	110.3	45.6%	131.1	(110.8)	-45.8%
Customer Services	14.0	15.0	16.8	1.8	11.9%	18.6	3.6	24.1%
Environmental Health	13.1	13.9	15.9	2.1	14.9%	15.6	1.7	12.5%
Health Laboratories and Medical Examiner	13.0	13.1	14.6	1.5	11.1%	14.1	1.0	7.5%
Policy, Information, and Communication	4.6	4.9	5.6	0.7	13.5%	5.1	0.2	3.1%
Preparedness, Response, Infectious Disease, & Emergency Medical Services	18.9	33.1	22.4	(10.7)	-32.2%	27.0	(6.1)	-18.4%
Total	\$471.5	\$470.8	\$579.6	\$ 108.8	23.1%	\$373.4	(\$97.5)	-20.7%

Expenditures by Source	FY2021 Actual	FY2022 Enacted	FY2022 Final	Change from Enacted		FY2023 Enacted	Change from Enacted	
General Revenue	\$207.5	\$31.0	\$277.6	\$246.5	794.5%	\$32.9	\$1.8	5.9%
Federal Funds	218.0	368.3	231.1	(137.2)	-37.3%	266.1	(102.2)	-27.7%
Restricted Receipts	45.8	70.9	70.4	(0.5)	-0.8%	74.0	3.0	4.3%
Other Funds	0.2	0.6	0.6	-	-	0.4	(0.2)	-33.3%
Total	\$471.5	\$470.8	\$579.6	\$108.8	23.1%	\$373.4	(\$97.5)	-20.7%

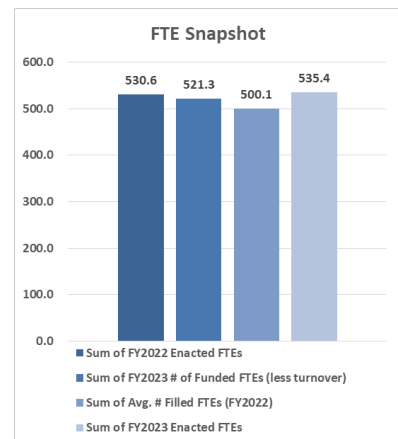
Authorized FTE Levels 513.6 530.6 530.4 (0.2) - 535.4 4.8 -99.1%

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

The mission of the Rhode Island Department of Health (RIDOH) is to prevent disease and to protect and promote the health and safety of the people of Rhode Island. Since Rhode Island has no local health departments, the Department coordinates public health activities across the State. The Department's responsibilities include licensing and regulation, collection and analysis of health data, disease surveillance, prevention, and control, vital records, and state laboratories. The Department also houses the Office of the Medical Examiner, the agency responsible for investigating and certifying suspicious or otherwise unexplained deaths.

MAJOR ISSUES AND TRENDS

The FY2023 Enacted Budget allocates funding for eight programs within the Department of Health (DOH): Central Management, Community Health and Equity, COVID-19, Customer Services, Environmental Health, Health Laboratories and medical Examiner, Policy, Information and Communications, and Preparedness, Response, Infectious Diseases and Emergency Services. The Budget includes \$373.4 million in all funds for FY2023, a decrease of \$97.5 million from FY2022 as Enacted. General revenues comprises 8.8 percent of the total funds, equaling \$32.9 million, an increase of \$1.8 million from FY2022 Budget as Enacted. The Budget includes \$373.4 million in all funds for FY2023 as Enacted, a decrease of \$97.5 million from the previous Budget as Enacted. General revenue comprises 6.0 percent of total funds, equaling \$32.9 million, an increase of \$1.8 million from the FY 2022 Budget as Enacted.



The Budget adds a net 4.8 FTE positions, including 2.0 new FTEs to comply with the statutory requirement to monitor the hospital conversion pandemic response, 2.0 new FTEs for the Cottage Food Manufacturers program, and 1.0 new FTE for an environmental scientist to aid in the licensure of aquatic venues. The additions are offset by the transfer of 1.0 FTE position with the Opioid Stewardship Fund from the

Department to the Executive Office of Health and Human Services and the elimination of a 0.2 FTE reflecting a change in the personnel system.

CENTRAL MANAGEMENT

Central Management provides overall leadership, management, and administrative functions for the Department. The Division includes three subprograms: Executive Functions, the Health Equity Institute, and Management Services.

Central Management	General Revenue
FY2022 Enacted	\$3,232,283
<i>Target and other Adjustments</i>	<i>(\$1,447)</i>
Centralized Service Charges	(\$315,856)
Statewide Cost of Living Adjustment	47,225
FY2023 Enacted	\$2,965,099

Central Management	Other Funds
Indirect Cost Recoveries - Central Management (restricted receipts)	(\$1,835,638)

Centralized Service Charges **(\$315,856)**

The Budget decreases general revenue expenditures by \$315,856 to reflect the decentralization of statewide services provided by and previously centralized in the Department of Administration. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. Beginning in FY2019 these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. The FY2022 Budget as Enacted appropriated \$2.4 million for these expenses, which is decreased by \$315,856 to \$2.1 million in the FY2023 Budget as Enacted.

Statewide Cost of Living Adjustment **\$47,225**

Based on recently negotiated contract bargaining agreements between the State and the state employee bargaining units for a proposed 4-year contract, the Budget includes the following cost-of-living adjustments (COLAs): 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. In addition, the Budget includes a \$1,500 retention bonus to those eligible union employees that was included as part of the recently completed contract negotiation. The current agreement is projected to increase general revenue expenditures by \$47,225 in FY2023 and \$47,219 in FY2022 within the Central Management program.

Indirect Cost Recoveries – Central Management (restricted receipts) **(\$1.8 million)**

The Budget includes \$25.9 million in indirect cost recovery restricted receipts, reflecting a decrease of \$1.8 million. This account collects indirect dollars generated by the expenditure of federal direct awards to the Department. As the Department expends federal awards, a percentage of indirect dollars is generated and flows into this account. This decrease is based on the expected spend down of non-COVID and COVID federal direct awards.

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 Funds
FY2022 Enacted	\$1,325,578
<i>Target and Other Adjustments</i>	<i>\$23,102.00</i>
Family Home Visiting Program	\$207,101
First Connections PreNatal Expansion	32,650
FY2023 Enacted	\$1,588,431
Community Health and Equity	Other Fund Changes
Federal Fund Adjustments	\$12,542,829
Restricted Receipt Adjustments	\$2,389,012

Family Home Visiting Program ***\$207,101***

The Budget adds \$207,101 from general revenues to maintain the current capacity of the Family Home Visiting Program. The general revenue portion is a required match for Medicaid. As the Medicaid costs are projected to increase, then the general revenue match needs to increase.

The Family Home Visiting program provides pregnant women and families with services to improve maternal and child health, prevent child abuse and neglect, encourage positive parenting, promote child development, and improve school readiness. The program is funded by the Department of Health; coordinated along with the Departments of Children, Youth, and Families (DCYF) and Human Services (DHS); and administered by local, community-based agencies.

Family Home Visiting encompasses three sub-programs: Healthy Families America, Nurse-Family Partnership, and Parents as Teachers. These programs are currently supported by a federal Maternal, Infant, and Early Childhood Home Visiting (MIECHV) formula grant.

Federal grant funding will be reduced in FY2022 and RIDOH will need to reduce capacity from 1,400 to 1,150 families. The Budget proposes establishing a costs not otherwise matchable (CNOM) program to maintain Family Home Visiting services at the current capacity. CNOMs are programs that cover populations that are not mandatory under federal Medicaid rules, but for which the federal government authorizes Medicaid reimbursement. Rhode Island establishes its CNOM programs in the Section 1115 waiver. Two of the home visiting sub-programs, Healthy Families America and Nurse-Family Partnership, are already included in the waiver as a CNOM program but are not funded as such.

The \$207,101 general revenue increase for the Family Home Visiting Program represents an increase in the FY2023 Current Services Level - the Agency bases its FY2023 request on this baseline. For Medicaid programs, the Current Services Level adjusts general revenue based on new FMAP including a 5.83 percent growth rate based on projected inflation for these programs. Both of these increases occurred based on these adjustments. The Budget Office uses national indices to project increases in costs. In this case, the 5.83 percent growth rate comes from the inflator for physician and clinical services in the National Health Expenditures report. The Budget as Enacted includes \$959,752 in federal funds consistent with the FY2022 Budget as Enacted.

First Connections Pre-Natal Expansion ***\$32,650***

The Budget adds \$32,650 from general revenues to maintain the current capacity of the First Connections Pre-Natal Expansion Program. The general revenue portion is a required match for Medicaid. As the Medicaid costs are projected to increase, then the general revenue match needs to increase.

The First Connections Pre-Natal Expansion program is a referral-based program that works to connect families with services such as food assistance, behavioral health services, child care, long-term family home visiting, Early Intervention (EI), and other community-based services and supports. The goal of the program is to reduce poor outcomes for children.

The \$32,650 general revenue increase for the First Connections Pre-Natal Expansion Program represents an increase in the FY2023 Current Services Level - the Agency bases its FY2023 request on this baseline. For Medicaid programs, the Current Services Level adjusts general revenue based on new FMAP including a 5.83 percent growth rate based on projected inflation for these programs. Both of these increases occurred based on these adjustments. The Budget Office uses national indices to project increases in costs. In this case, the 5.83 percent growth rate comes from the inflator for physician and clinical services in the National Health Expenditures report.

Federal Fund Adjustments

\$12.5 million

The Budget increases federal funds by \$12.5 million within the Community Health and Equity Program as compared to the FY2022 Budget as Enacted.

Federal Fund Adjustments

CARES Act: RI Community Health Workers for COVID CRR	\$6,500,000
ARP SFRF: Public Health Clinics	4,000,000
Immunizations	1,666,429
ARP DIRECT: WIC Cash Value Voucher Increase	(1,194,689)
All Other Changes Less Than \$600,000	1,571,089
Total	\$12,542,829

- **CARES Act: RI Community Health Workers for COVID-19 Grant:** The Budget increases federal funds by \$6.5 million for the CARES Act Community Health Workers Grant to reflect a \$10.0 million grant from the Center for Disease Control. There is a corresponding decrease of \$3.5 million in FY2022 and adds \$6.5 million in FY2023, leaving \$2.0 million remaining for later years.
- **ARP SFRF: Public Health Clinics:** The Budget increases by \$4.0 million in federal funds to provide two separate grants to Rhode Island's Public Health Clinics. One grant of \$2.0 million will be awarded to the RI Free Health Clinic and the other \$2.0 million is for Open Door Health.
- **Immunizations:** The Budget increases federal funds by \$1.7 million for the immunization program to reflect an increased demand for vaccines.
- **ARP Direct: WIC Cash Value Voucher Increase:** The Budget decreases by \$1.2 million in federal funds to correct a technical error where the budget funds exceeded the actual grant amount.

Restricted Receipt Adjustments

\$2.4 million

The Budget increases restricted receipts by \$2.4 million within the Community Health and Equity Program as compared to the FY2022 Budget as Enacted.

Restricted Receipt Adjustments

Adult, Infant, Child Immunizations	\$2,280,802
All Other Adjustments	108,219
Total	\$2,389,021

- **Adult, Infant, and Child Immunizations:** The Budget increases restricted receipts by \$2.3 million for the immunization program to reflect an increased demand for vaccines.

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 FY2023 Budget as Enacted 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 Adjustments**

COVID-19 Adjustments (federal funds)	(\$110,847,839)
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COVID-19 Adjustments (federal funds)**(\$110.8 million)**

The Budget includes \$131.1 million in federal funds to support the State's response to the COVID-19 pandemic. Expenditures are 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 supports efforts in testing, contact tracing, vaccination, other public health-related activities, and the construction of a new State Health Laboratory. The Budget includes \$70.0 million in ARPA funds and \$61.1 million in the other COVID-19 funds. This is a reduction of \$110.8 million from the FY2022 Budget as Enacted level.

COVID-19 Federal Fund Sources	FY2022 Enacted	FY 2023 Enacted	Change from Enacted	
ARPA DIRECT	\$111.0	\$70.0	(\$41.0)	(36.9%)
CARES Act	\$0.0	\$3.8	\$3.8	100.0%
PP EHCE	\$35.3	\$19.6	(\$15.7)	55.5%
Consolidated Appropriations Act 211	\$23.7	\$37.8	\$14.1	(40.5%)
FEMA	\$72.0	\$0.0	(\$72.0)	100.0%
Total	\$242.0	\$131.1	(\$110.9)	(45.8%)

COVID-19 Federal Funds	FY2022 Enacted	FY2023 Enacted	Change from Enacted	
Communications	\$5.6	\$0.8	(\$4.8)	(85.9%)
Community Mitigation & Prevention	\$33.6	\$6.8	(\$26.8)	(79.8%)
Contact Tracing/Case Investigation	\$38.2	\$19.2	(\$19.0)	(49.8%)
Data Analytics, Tech & Modeling	\$13.3	\$22.1	\$8.8	65.9%
Other Support Services	\$63.3	\$46.0	(\$17.2)	(27.3%)
Supplies	\$16.2	\$7.0	(\$9.2)	(56.9%)
Testing	\$71.9	\$29.4	(\$42.6)	(59.2%)
Total	\$242.0	\$131.1	(\$110.8)	(45.8%)

\$ in millions. Total's may vary due to rounding.

- **Communications:** The Budget decreases federal funds for communications by \$4.8 million to reflect a decreased need for infrastructure related to delivering information to Rhode Island residents that will assist them in making appropriate health decisions.
- **Community Mitigation and Prevention:** The Budget decreases federal funds for Community Mitigation by \$26.8 million for services related to mitigation and prevention of COVID-19. This expense includes community outreach, mitigation and prevention in homeless service sites and health equity zones, and vaccination costs.
- **Case Investigations and Contact Tracing:** The Budget decreases federal funds by \$19.0 million reflecting less 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 increases federal funds by \$8.8 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.

- **Other Support Services:** The Budget decreases federal funds by \$17.2 million 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.
- **Supplies:** The Budget decreases federal funding by \$9.2 million for vaccination and immunization costs.
- **Testing:** The Budget decreases federal funds by \$42.6 million for costs related to equipment, staffing, and contracted services related to COVID-19.

CUSTOMER SERVICES

The Division of Customer Services has licensure and regulatory responsibilities of health care professionals and facilities, and is comprised of three centers: Professional Licensing, Boards and Commissions; the Center for Vital Records', and the Center for Health Facilities Regulation.

Customer Services	General Revenue
FY2022 Enacted	\$7,729,808
<i>Target And Other Adjustments</i>	<i>\$99,153</i>
Statewide COLA and Bonus	507,156
Operating Expense Adjustments	(157,686)
Centralized Service Charges	20,256
FY2023 Enacted	\$8,198,687

Customer Services	Other Fund Changes
Opioid Stewardship Fund (restricted receipts)	\$1,404,072
McKinsey Opioid Settlement Transfer (restricted receipts)	\$290,000

Statewide COLA and Bonus **\$507,156**

Based on recently negotiated contract bargaining agreements between the State and the state employee bargaining units for a proposed 4-year contract, the Budget includes the following cost-of-living adjustments (COLAs): 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. In addition, the Budget includes a \$1,500 retention bonus to those eligible union employees that was included as part of the recently completed contract negotiation. The current agreement is projected to increase general revenue expenditures by \$507,156 in FY2023 and \$484,676 in FY2022 within the Customer Services program.

Operating Expense Adjustments **(\$157,686)**

The Budget includes a net reduction of \$157,686 in general revenue for operating adjustments within the Customer Services program, mainly consisting of a decrease of \$186,811 for miscellaneous expenses. The \$219,823 was initially placed in miscellaneous expenses as a placeholder for personnel expenses budgeted in the FY2022 Budget as Enacted. The adjustment corrects the placement of these funds in the proper category and reflects the historic appropriation of this expense.

	FY2022 Enacted	FY2023 Enacted	Change from Enacted
Operating Expenses			
Miscellaneous Expenses	\$219,823	\$33,012	(\$186,811)
All Other Operating Expenses	569,710	598,835	29,125
Total	\$789,533	\$631,847	(\$157,686)

Centralized Service Charges**\$20,256**

The Budget increases general revenue expenditures by \$20,256 to reflect billed amounts for information technology services. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. These expenditures are reflected in each agency based on actual use, showing the true costs associated with a particular program or agency. The FY2022 Budget as Enacted appropriated \$705,864 for the centralized services, which is increased to \$726,120 in the Governor's FY2023 Budget proposal.

Opioid Stewardship Fund (restricted receipts)**\$1.4 million**

The Budget includes \$1.9 million in restricted receipts, a net increase of \$1.4 million, to continue support of the State's opioid response, including the addition of \$1.0 million to purchase naloxone, \$500,000 for harm reduction centers, and \$100,000 to support a quality assurance officer position. The FY2020 Budget as Enacted established an opioid registration fee deposited quarterly to the Opioid Stewardship Fund by all manufacturers, distributors, and wholesalers of opioids. 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 fee is calculated based on the licensee's in-state market share of opioid sales. The Opioid Stewardship Fund is only to be used for opioid addiction treatment, recovery, prevention, education services, and other related programs.

The annual revenue of the Fund is approximately \$5.0 million and is subject to indirect cost recoveries.

Analyst Note: Article 3 of the FY2023 Budget transfers the management of the Opioid Stewardship Fund and the assessment of the registration fee along with 1.0 FTE position 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.

McKinsey Opioid Settlement Transfer (restricted receipts)**\$290,000**

The Budget increases restricted receipts by \$290,000, reflecting the net total of \$700,000, of which \$400,000 will be allocated to harm reduction centers and \$300,000 will be used to purchase naloxone supplies. The State agreed to a \$2.6 million settlement, which will be used solely to address the impact of the opioid epidemic on state residents through treatment, rescue, recovery, and prevention programs. McKinsey & Company agreed to pay \$573.0 million to settle investigations with attorneys general in 47 states, the District of Columbia and five territories, into its role in helping to promote opioid sales.

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.

Statewide COLA and Bonus**\$397,738**

Based on recently negotiated contract bargaining agreements between the State and the state employee bargaining units for a proposed 4-year contract, the Budget includes the following cost-of-living adjustments (COLAs): 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. In addition, the Budget includes a \$1,500 retention bonus to those eligible union employees that was included as part of the recently completed contract negotiation. The current agreement is projected to increase general revenue expenditures by \$397,738 in FY2023 and \$396,034 in FY2022 within the Environmental Health program.

Centralized Service Charges**\$41,131**

The Budget increases general revenue expenditures by \$41,131 to reflect billed amounts for information technology services. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. These expenditures are reflected in each agency based on actual use, showing the true costs associated with a particular program or agency. There was no appropriation for centralized services in the FY2022 Budget as Enacted. The FY2023 Budget includes \$41,131 for centralized services.

HEALTH LABORATORIES AND MEDICAL EXAMINER

The Health Laboratories and Medical Examiner provides laboratory services to state and municipal agencies, health care providers, and the general public, for the purposes of public health, environmental protection, and forensic science.

The Medical Examiner investigates and certifies the cause of death in the case of all known or suspected homicides, suicides, accidents, sudden infant deaths, drug-related deaths, medically unattended or unexplained deaths, and deaths that may be evidence of an epidemic or other threat to the public health. The Division also provides expert testimony in criminal and civil cases.

Health Laboratories and Medical Examiner	General Revenue
FY2022 Enacted	\$10,149,765
<i>Target and Other Adjustments</i>	<i>215,231</i>
Statewide COLA	630,417
Operating Adjustments	(289,683)
Contract Services	222,116
Centralized Service Charges	52,743
FY2023 Enacted	\$10,980,589

Statewide COLA and Bonus**\$630,417**

Based on recently negotiated contract bargaining agreements between the State and the state employee bargaining units for a proposed 4-year contract, the Budget includes the following cost-of-living adjustments (COLAs): 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. In addition, the Budget includes a \$1,500 retention bonus to those eligible union employees that was included as part of the recently completed contract negotiation. The current agreement is projected to increase general revenue expenditures by \$630,417 in FY2023 and \$637,116 in FY2022 within the Health Laboratories and Medical Examiner program.

Operating Adjustments**(\$289,683)**

The Budget includes a net reduction of \$289,683 in general revenue for operating adjustments within the Health Laboratories and Medical Examiner program, mainly consisting of a decrease of \$261,607 for miscellaneous expenses. \$293,948 in general revenue was initially placed in miscellaneous expenses as a

placeholder for personnel expenses budgeted in the FY2022 Budget as Enacted. The adjustment corrects the placement of these funds in the proper category and reflects the historic appropriation of this expense.

	FY2022	FY2023	Change
Operating Expenses	Enacted	Enacted	from
			Enacted
Miscellaneous Expenses	\$293,948	\$32,341	(\$261,607)
All Other Adjustments	2,308,588	2,280,512	(28,076)
Total	\$2,602,536	\$2,312,853	(\$289,683)

Contracted Services **\$222,116**

The Budget increases general revenue expenditures by \$222,116 for forensic pathology contractors to handle the workload caused by the vacancies of the Chief Medical Examiner and two Assistant Medical Examiners.

Centralized Service Charges **\$52,743**

The Budget increases general revenue expenditures by \$52,743 to reflect billed amounts for information technology services. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. These expenditures are reflected in each agency based on actual use, showing the true costs associated with a particular program or agency. There was no appropriation for centralized services in the FY2022 Budget as Enacted. The FY2023 Budget includes \$52,743 for centralized services.

POLICY, INFORMATION, AND COMMUNICATION

The Policy, Information, and Communication division is responsible for public health communications; data collection, analysis, and dissemination; coordination of the Department's legislative and regulatory functions; and ensuring standards of care are maintained in new and existing healthcare facilities. The division includes four centers: Public Health Communications, Health Data and Analysis and Public Informatics, Health Systems Policy and Regulation, and Legislative and Regulatory Affairs.

Policy, Information, and Communication	General Revenue
FY2022 Enacted	\$908,676
<i>Target and Other Adjustments</i>	<i>1,129</i>
Contract Services	48,775
FY2023 Enacted	\$958,580

Contract Services **\$48,775**

The Budget increases general revenues by \$48,775 to reflect an increase of \$38,275 for clerical services and an increase of \$10,500 the Qualtrics license. The Qualtrics license provides RIDOH access to a tool that disseminates the surveys that will provide the necessary data to complete the State Wide Health Inventory. The State Wide Inventory stems from a legislative requirement to the department pursuant to RIGL 23-93-5. Qualtrics allows the user to build out a panel through which RIDOH will be able to list the email addresses and the associated names of each facility or practice completing the survey. This feature is necessary for RIDOH as the Department will be sending out thousands of surveys to healthcare profession licensees and healthcare facilities. It is important for RIDOH to be able to organize and track each different contact and survey progress.

PREPAREDNESS, RESPONSE, INFECTIOUS DISEASE, AND EMERGENCY MEDICAL SERVICES

The Preparedness, Response, Infectious Disease, and Emergency Medical Services division includes four centers: Emergency Preparedness and Response; Infectious Disease and Epidemiology; HIV, Hepatitis, STD, and TB Epidemiology; and, Emergency Medical Services.

The division prepares for and responds to catastrophic events, disasters, and emergencies. It also monitors and works to prevent the spread of infectious diseases, and licenses and regulates emergency medical services in the state.

Preparedness, Response, Infectious Disease, and Emergency Services	General Revenue
FY2022 Enacted	\$1,939,241
<i>Target and Other Adjustments</i>	<i>3,180</i>
Statewide Cost of Living Adjustment	113,625
Centralized Service Charge	36,626
FY2023 Enacted	\$2,092,672

Federal Fund Adjustments

COVID-19	(\$12,039,201)
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Statewide COLA and Bonus **\$113,625**

Based on recently negotiated contract bargaining agreements between the State and the state employee bargaining units for a proposed 4-year contract, the Budget includes the following cost-of-living adjustments (COLAs): 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. In addition, the Budget includes a \$1,500 retention bonus to those eligible union employees that was included as part of the recently completed contract negotiation. The current agreement is projected to increase general revenue expenditures by \$113,625 in FY2023 and \$119,158 in FY2022 within the Preparedness, Response, Infectious Disease, and Emergency Medical Services program.

Centralized Service Charges **\$36,626**

The Budget increases general revenue expenditures by \$36,626 to reflect billed amounts for information technology services. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. These expenditures are reflected in each agency based on actual use, showing the true costs associated with a particular program or agency. The FY2022 Budget as Enacted appropriated \$54,733 for the centralized services, which is increased by \$36,626 to \$91,359 in the FY2023 Budget as Enacted.

Federal Fund Adjustments **(\$12.0 million)**

The Budget decreases federal funds by \$12.0 million. The largest adjustments come from changes in the parent accounts, where the Budget shifts funds from the parent accounts to the line sequences in which the expenditures are expected to be incurred.

Federal Fund Adjustments	FY2022 Enacted	FY2023 Enacted	Change from Enacted
ARP DIRECT: Expand Genomic Sequencing	-	\$1,481,992	\$1,481,992
ARP DIRECT: Strengthening STD Prevention and Control DIS Supplemental	-	165,000	165,000
CAA21 (ELC): ELC Parent Account	2,493,400	164,369	(2,329,031)
CARES Act: ELC CARES 2020	3,379,222	-	(3,379,222)
PPEHCE Act: ELC Enhancing Detection - Parent	11,510,914	4,134,578	(7,376,336)
Preparedness: ELC IPC Training	601,604	-	(601,604)
Total	\$17,985,140	\$5,945,939	(\$12,039,201)

CAPITAL PROJECTS

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 FY2023, with a total project fund of \$2.6 million from FY2022 through FY2027. 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 Labs losing the capability to complete necessary testing on food and water, infectious diseases, insect-borne viruses, forensics, and air quality.

State Laboratory Information Management System Replacement

The Budget includes \$135,000 in general revenue and \$165,000 in federal funds, with a total project cost of \$3.4 million (\$2.3 million in federal funds and \$1.1 million in general revenue), from FY2022 through FY2027, for work replacing the Department's Information Management System. The current system was originally installed in 2004, has limited adaptability, and requires considerable hands-on IT maintenance to assure functioning. The replacement will improve efficiency, accuracy, and connectivity, and to assure that RIDOH has the capacity necessary to meet all CDC data collection, exchange, and reporting requirements.

Vaccine Management System Replacement

The Budget includes \$450,000, with a total project cost of \$1.1 million in federal funds, to replace the vaccine management system, which enables the scheduling and administration of clinics. The federal funds are provided through the Immunization and Vaccines for Children Grant from the Consolidated Appropriations Act. This project will assist to meet the demand for COVID-19 vaccination and support broader vaccine management.

Vital Records Electronic System

The Budget includes \$720,000 in federal funds and \$199,156 from the Information Technology Investment Fund (ITIF) for the Vital Records Electronic System. An additional \$1.2 million in federal funds is recommended for appropriation from FY2024 through FY2026. This funding allows the Department to implement a new vital records system which will include the creation of electronic death registration system.

New Health Laboratory

The Budget includes \$30.0 million in federal funds to construct a new 80,000 sq. ft. state laboratory with lot 3 of parcels 22 and 25 on former Interstate 95 as a potential site for the new development. This project will expand existing programs and provide additional space required for biocontainment, office space separate from the testing areas, and consolidated central shipping and receipts facilities. The project is expected to span a total of 5 years and cost a total of \$81.8 million.

Department of Human Services

Expenditures by Program	FY2021 Final	FY2022 Enacted	FY2022 Final	Change from Enacted		FY2023 Enacted	Change from Enacted	
Central Management	\$11.7	\$13.2	\$15.1	\$1.8	13.9%	\$13.3	\$0.1	0.6%
Child Support Enforcement	14.4	15.9	15.8	(0.1)	-0.6%	16.0	0.1	0.7%
Health Care Eligibility	17.8	21.7	22.0	0.3	1.2%	26.0	4.3	19.7%
Individual and Family Support	172.0	244.1	263.5	19.4	7.9%	191.9	(52.2)	-21.4%
Office of Healthy Aging	28.7	37.1	41.5	4.3	11.7%	39.0	1.9	5.2%
Office of Veterans Services	37.4	42.2	46.7	4.5	10.7%	46.4	4.2	10.1%
Other Programs	393.8	255.0	426.0	171.0	67.1%	448.3	193.3	75.8%
Rhode Island Works/Child Care	70.6	95.0	74.4	(20.6)	-21.7%	103.3	8.2	8.7%
Supplemental Security Income Program	18.4	18.0	17.7	(0.2)	-1.2%	17.9	(0.1)	-0.4%
Total	\$764.8	\$742.3	\$922.7	\$180.4	24.3%	\$902.1	\$159.8	21.5%

Expenditures by Source	FY2021 Final	FY2022 Enacted	FY2022 Final	Change from Enacted		FY2023 Enacted	Change from Enacted	
Federal Funds	\$657.3	\$607.1	\$783.6	\$176.6	29.1%	\$739.5	\$132.4	21.8%
General Revenue	99.2	123.9	125.9	2.0	1.6%	152.3	28.4	22.9%
Operating Transfers from Other Funds	4.5	5.2	5.2	0.0	0.1%	5.4	0.2	3.7%
Restricted Receipts	3.9	6.2	8.0	1.8	29.1%	5.0	(1.2)	-20.0%
Total	\$764.8	\$742.3	\$922.7	\$180.4	24.3%	902.1	159.8	21.5%

Authorized FTE Levels	1,038.1	147.1	147.0	(0.1)	-	167.0	19.9	-
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\$ in millions. Totals may vary due to rounding.

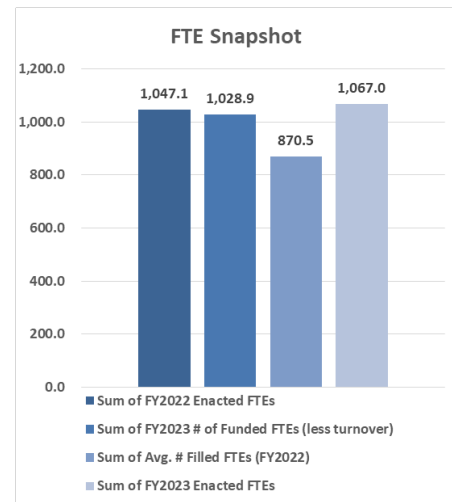
The Department of Human Services (DHS) administers programs and services that support the needs of children and families, adults and children with disabilities, veterans, and the elderly. These services include health care, child care, cash assistance, and other supportive services for working parents and families.

MAJOR ISSUES AND TRENDS

The FY2023 Budget as Enacted includes total funding of \$902.1 million, a \$159.8 million increase from the FY2022 Budget as Enacted. This includes a general revenue increase of \$28.4 million. The majority of the general revenue increase is related to the negotiated contract bargaining agreements between the State and the state employee bargaining units for a proposed 4-year contract, and a new SNAP incentives program that will encourage recipients to buy fresh fruits and vegetables at eligible retailers. The increase in federal funds is related to federal changes in the SNAP program resulting in increases benefits for beneficiaries.

The Budget authorizes 1,067.0 FTE positions for FY2023, reflecting a 19.9 FTE increase from the FY2022 Budget as Enacted.

The RI Bridges Project, previously known as Unified Health Infrastructure Project (UHIP), is the largest information technology (IT) project in the State and is intended to fully integrate health and human service programs. It also acts as a State-based health insurance exchange, HealthSource RI (HSRI). The project was developed in two phases. Phase I, launched in 2013, created an online portal for purchasing commercial health insurance and income-based Medicaid eligibility. Phase II of UHIP, launched in September of 2016, was intended to expand the system to serve as a portal through which residents apply for and enroll in other health and human service programs such as Child Care, Supplemental Nutrition Assistance Program (SNAP), General Public Assistance (GPA), and Supplemental Security Income (SSI) programs.



Phase II of the UHIP project has been plagued with technical failures resulting in delays in eligibility and payments to providers and individuals. The costs of the project is projected to total \$681.2 million through FY2023, of which \$527.0 million is federal funds and \$154.2 million is state funds. Costs are shared across the Executive Office of Health and Human Services (EOHHS), DHS, and HealthSource RI.

The Department's budget includes a total of \$30.3 million related to RI Bridges/UHIP expenditures, an increase of \$4.2 million from the FY2022 Budget as Enacted level.

Caseload Estimating Conference

Every November and May, the State revises cash assistance caseload forecasts in order to estimate entitlement program spending for both the current and the following fiscal year. The May 2022 Caseload Estimating Conference adopted estimates dictate the entitlement program appropriations included in the FY2023 Budget as Enacted.

Overall spending for cash assistance programs, including RI Works, child care subsidies to working families, Supplemental Security Income (SSI) state supplement, and General Public Assistance (GPA), is estimated to be \$122.5 million in FY2023 Enacted, an increase of \$8.8 million from the FY2022 Enacted level. The major contributor to this increase is an anticipated increase in the number of child care subsidies as well as additional federal funds to support changes to child care due to the COVID-19 pandemic.

Cash Assistance Program - May 2023 Adoption Estimates

	FY2021 Actuals	FY2022 Enacted	FY2022 Revised	FY2023 May CEC	FY2023 Enacted	Change to Enacted	
Rhode Island Works							
Persons	5,872	6,655	6,300	7,850	7,963	1,308	19.7%
Monthly Costs per Person	\$183.40	\$237.80	\$235.30	\$236.00	\$236.00	-\$1.80	-0.8%
Federal Funds*	\$14.4	\$20.9	\$19.7	\$24.5	\$24.8	\$3.9	18.7%
Child Care							
Subsidies	5,616	7,420	6,272	6,960.0	7,302.0	(118.0)	-1.6%
Annual Cost per Subsidy	\$9,843	\$9,995	\$10,869	\$9,825	\$10,741	\$746	7.5%
Federal Funds*	\$47.5	\$65.5	\$59.8	\$59.7	\$69.8	\$4.3	6.6%
General Funds*	\$8.4	\$8.7	\$8.4	\$8.7	\$8.7	\$0.0	0.0%
SSI - State Supplement							
Persons	33,184	33,400	33,000	33,000	33,000	(400)	-1.2%
Monthly costs per Person	\$45.90	\$44.60	\$46.10	\$45.00	\$45.00	\$0.40	0.9%
General Revenue*	\$18.3	\$18.0	\$18.3	\$17.9	\$17.9	-\$0.1	-0.6%
General Public Assistance							
Persons	67	64	61	296	296	232	362.5%
Monthly Costs per Person	\$167.40	\$178.00	\$189.00	\$185.00	\$185.00	\$7.00	3.9%
General Revenue*	\$0.7	\$0.8	\$0.7	\$1.3	\$1.3	\$0.5	62.5%
Total	\$89.3	\$113.7	\$106.8	\$112.1	\$122.5	\$8.8	7.7%
Federal Funds*	\$61.9	\$86.4	\$79.4	\$84.2	\$94.6	\$8.2	9.5%
General Revenue*	\$27.4	\$27.4	\$27.4	\$27.9	\$27.9	\$0.5	1.8%

*\$ 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
FY2022 Enacted	\$5,119,898
<i>Target and Other Adjustments</i>	107,386
Community Service Grants	2,650,000
Centralized Service Charges	(291,076)
FY2023 Enacted	\$7,586,208

Central Management	Other Funds
Consolidated Appropriations Act/ CARES Act (federal funds)	(\$2,640,976)

Community Service Grants **\$2.7 million**

The Budget increases general revenues by \$2.7 million, to \$5 million total, to reflect increases in community service objective grants. The following table summarizes changes to current grants.

Community Service Grants	FY2022 Enacted	FY2023 Enacted	Change from Enacted	
Domestic Violence Prevention Fund - Coalition Against DV	\$300,000	\$400,000	\$100,000	33.3%
Project Reach - RI Alliance of Boys and Girls Club	250,000	1,100,000	850,000	340.0%
Outreach and Supportive Services - Day One	217,000	267,000	50,000	23.0%
Food Collection and Distribution - RI Community Food Bank	350,000	450,000	100,000	28.6%
Services for the Unhoused - Crossroads RI	500,000	500,000	-	-
Community Action Fund	600,000	2,000,000	1,400,000	233.3%
The Institute for the Study and Practice of Nonviolence	200,000	250,000	50,000	25.0%
Higher Ground	-	50,000	50,000	-
Refugee Dream Center	-	50,000	50,000	-
Total	\$2,417,000	\$5,067,000	\$2,650,000	109.6%

Centralized Service Charges **(\$291,076)**

The Budget includes \$79,830 in general revenue expenditures for Information Technology, Capital Assets Management, and Human Resource Service Center projected costs in FY2023. This is a decrease of \$291,076 from the FY2022 Budget as Enacted amount of \$370,906. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In FY2019 these expenditures were reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. The Budget increases these costs for FY2023 Enacted.

Centralized Service Charges	FY2022 Enacted	FY2023 Enacted	Change from Enacted	
Information Technology	\$328,525	\$31,440	-\$297,085	-90.4%
Capital Asset Management	-	-	-	-
Human Resources	42,381	48,390	6,009	14.2%
Total	\$370,906	\$79,830	(\$291,076)	-78.5%

Consolidated Appropriations Act/ CARES Act (federal funds) **(\$2.6 million)**

The FY2022 Budget as Enacted included \$2.6 million in federal funds from the Consolidated Appropriations Act (CAA) and the Coronavirus Aid, Relief, and Economic Security Act. These funds were used to support the Emergency Food Assistance program which supplements the diets of low-income residents by providing free food assistance as well as community service block grants. These funds were expended in FY2022.

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
FY2022 Enacted	\$2,933,192
<i>Target and Other Adjustments</i>	<i>192,218</i>
IT System Support	200,000
Statewide Cost of Living Adjustment	178,212
Rental of Outside Property	174,520
FY2023 Enacted	\$3,678,142

IT System Support **\$200,000**

The Budget includes \$200,000 in general revenue for IT systems support. This is a shift of funding from federal funds to general revenue leading to an overall net zero impact on the budget.

Statewide COLA and Bonus **\$178,212**

Based on recently negotiated contract bargaining agreements between the State and the state employee bargaining units for a proposed 4-year contract, the Budget includes the following cost-of-living adjustments (COLAs): 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. In addition, the Budget includes a \$1,500 retention bonus to eligible union employees that was included as part of the recently completed contract negotiation. The current agreement is projected to increase general revenue expenditures by \$178,212 in FY2023 and \$171,931 in FY2022 within the Child Support Enforcement program.

Rental of Outside Property **\$174,520**

The Budget includes an additional \$174,520 in general revenue for the rental of outside properties. This increase is related to an increase in the Department's share of leased office spaces.

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
FY2022 Enacted	\$12,130,918
<i>Target and Other Adjustments</i>	<i>69,262</i>
Senior Services Support Grant	200,000
Statewide Cost of Living Adjustment	139,181
Paratransit Program	127,511
Adult Home and Day Care Services	114,559
FY2023 Enacted	\$12,781,431

Senior Services Support Grant**\$200,000**

The Budget increases general revenues by \$200,000 for a total of \$1.0 million for the Senior Services Support grant. Senior Services Support grants are awarded to organizations who encourage and assist in the provision of supportive services for older individuals and operate multipurpose senior centers.

Statewide COLA and Bonus**\$139,181**

Based on recently negotiated contract bargaining agreements between the State and the state employee bargaining units for a proposed 4-year contract, the Budget includes the following cost-of-living adjustments (COLAs): 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. In addition, the Budget includes a \$1,500 retention bonus to eligible union employees that was included as part of the recently completed contract negotiation. The current agreement is projected to increase general revenue expenditures by \$139,181 in FY2023 and \$159,312 in FY2022 within the Office of Healthy Aging.

Paratransit Program**\$127,511**

The Budget includes \$8.0 million in all funds to support the Department's Paratransit Program run by the Office of Healthy Aging. This is an increase of \$127,511 in general revenue, \$123,487 in federal funds, and \$115,741 in other funds from the FY2022 Budget as Enacted. The FY2023 Budget as Enacted increases funding to align with previous expenditures as well as to account for the most recent gas tax estimate from the Office of Revenue Analysis (ORA). The Office of Healthy Aging receives one penny of the gas tax to support its Paratransit Program. As of November 2021, the ORA expects the motor fuel tax to generate a per penny yield of \$4.5 million in FY2023, a per-penny increase of \$275,891 from the FY2022 Budget as Enacted.

Adult Home and Day Care Services**\$114,559**

The FY2023 Budget as Enacted includes \$4.4 million in general revenue and \$5.5 million in federal funds for Adult Home and Day Care services. This is an increase of \$114,559 in general revenue and a decrease of \$650,345 in federal funds from the FY2022 Budget as Enacted. The decrease in federal funds is due to changes in the Federal Medical Assistance Percentage (FMAP). Pursuant to the Families First Coronavirus Response Act (FFCRA), the FY2022 Budget as Enacted included enhanced rates shifting an additional 6.2 percent of Medicaid expenses from general revenues to federal funds during the COVID-19 public health emergency. It enhanced rates are anticipated to end in FY2022 and are not included in the FY2023 Budget.

The FY2022 Budget as Enacted expanded the Office of Healthy Aging @ Home program to include persons with incomes of up to 250.0 percent of the Federal Poverty Level (FPL), \$40,770 for 1 person in 2022. The program subsidizes the cost of in-home and adult day health services for non-Medicaid eligible persons.

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 subordinated adoption within the Department of Children, Youth, and Families; low income families; and aged, blind, or disabled individuals.

Healthcare Eligibility	General Revenue
FY2022 Enacted	\$8,265,046
<i>Target and Other Adjustments</i>	<i>124,916</i>
Statewide Cost of Living Adjustment	493,338
Outside Lease Costs	381,941
Personnel	388,637
Operating Supplies and Expenses	315,211
FY2023 Enacted	\$9,969,089

Statewide COLA and Bonus ***\$493,338***

Based on recently negotiated contract bargaining agreements between the State and the state employee bargaining units for a proposed 4-year contract, the Budget includes the following cost-of-living adjustments (COLAs): 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. In addition, the Budget includes a \$1,500 retention bonus to eligible union employees that was included as part of the recently completed contract negotiation. The current agreement is projected to increase general revenue expenditures by \$493,338 in FY2023 and \$481,410 in FY2022 within the Health Care Eligibility program.

Outside Lease Costs ***\$381,941***

The Budget includes an increase of \$381,941 in general revenue for outside rental and lease costs. These funds will provide sufficient resources to address new challenges within the Department's field offices.

Personnel ***\$388,637***

The Budget includes an increase of \$388,637 in general revenue related to personnel costs, excluding statewide COLA and bonus adjustments. This increase is mainly related to the Department's Public Health Emergency (PHE) Redetermination initiative. The FY2023 Budget as Enacted included funding for personnel and operations functions related to eligibility redetermination and an additional 20.0 employees.

Operating Supplies and Expenses ***\$315,211***

The Budget includes an increase of \$315,211 in general revenue to operating supplies and expenses. These funds are mostly related to the Department's Public Health Emergency (PHE) Redetermination initiative and will be used for postage and delivery services.

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
FY2022 Enacted	\$39,411,638
<i>Target and Other Adjustments</i>	<i>1,248,353</i>
Salary and Personnel	2,779,415
Statewide Cost of Living Adjustments	1,856,697
RI Bridges/Unified Health Infrastructure Project (UHIP) Contracts	931,951
Eligibility Extension Compliance	36,182
FY2023 Enacted	\$46,264,236

Individual and Family Support	Other Funds
ARPA SFRF: Child Care Investment: Retention Bonuses	\$18,700,000
ARPA SFRF: Child Care Investment: Enhanced TEACH Program (federal funds)	1,333,000
ARPA SFRF: Child Care Investment: Quality Improvement (federal funds)	950,000
ARPA SFRF: Child Care Investment: Increasing Supply of Family Providers (federal funds)	300,000

Salary and Personnel ***\$2.8 million***

The Budget includes an increase of \$2.8 million in general revenue related to personnel costs, excluding statewide COLA and bonus adjustments. This increase is mainly related to the Department's Public Health Emergency (PHE) Redetermination initiative. The FY2023 Budget as Enacted included funding for personnel and operations functions related to eligibility redetermination and an additional 20.0 employees.

Statewide Cost of Living Adjustments ***\$1.9 million***

Based on recently negotiated contract bargaining agreements between the State and the state employee bargaining units for a proposed 4-year contract, the Budget includes the following cost-of-living adjustments (COLAs): 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. In addition, the Budget includes a \$1,500 retention bonus to eligible union employees that was included as part of the recently completed contract negotiation. The current agreement is projected to increase general revenue expenditures by \$1.9 million in FY2023 and \$1.8 million in FY2022 within the Division of Individual and Family Support

RI Bridges/Unified Health Infrastructure Project (UHIP) Contracts ***\$931,951***

The Budget as Enacted increases general revenue by \$931,951 for contract services to support eligibility redetermination activities. As the PHE begins to end, the Department will require funding for redetermination activities related to the Coronavirus pandemic and eligible Medicaid recipients.

Eligibility Extension Compliance ***\$36,182***

The Budget uses \$564,097 in general revenue, \$527,915 in FY2022 and \$36,182 in FY2023, to make system changes to reflect the latest federal guidance within RIBridges. Funding for this initiative is spread across the Department of Human Services, the Executive Office of Health and Human Services, and Healthsource RI. RIBridges is a partnership between HSRI, DHS and EOHHS providing an integrated eligibility system to streamline the application process for individuals applying for and maintaining public health benefits.

This initiative will make system changes to reflect the latest federal guidance, prevent federal fines, and prevent the disruption of benefits. System changes were implemented as a result of the COVID-19 pandemic. These changes were a combination of federal regulation and policy changes, as well as changes to the business model in order to provide benefits without requiring individuals to go to field offices.

As the COVID-19 pandemic ends, federal policy will have to adapt and changes will need to be made in the system to reflect the latest federal guidance. System changes are also required to support efficiencies in the updated business model for field offices.

ARPA SFRF: Child Care Investment: Retention Bonuses (federal funds)**\$18.7 million**

The Budget allocated \$18.7 million in federal American Rescue Plan Act (ARPA) State Fiscal Recovery Funds (SFRF) in both FY2022 and FY2023, \$37.4 million total, to provide bonuses to staff at state-licensed child care providers.

This initiative is intended to address labor shortages in the child care industry. Full-time and part-time staff at state-licensed providers would be eligible for the awards. In FY2022, \$1,500 semi-annual bonuses will be provided. In FY2023, bonuses would be quarterly in the amount of \$750. Individual bonuses are not to exceed \$3,000 annually.

The applications for FY2022 child care retention bonuses opened on March 18, 2022. In the first few days the Department received 2,500 applications.

Providers, both center- and family-based, suffer from high turnover and have trouble retaining experienced staff. Providers are not able to open at full capacity due to staffing shortages, resulting in fewer child care spaces for parents who require child care to continue their employment.

Early childhood education is a unique field in that it is a high-skill, low-wage industry. As wages in other jobs increase workers, chose to move to another higher paying field. Child care providers struggle with the ability to pay their workers more as it would often require them to increase their tuition rates.

ARPA SFRF: Child Care Investment: Enhanced TEACH Program (federal funds)**\$1.3 million**

The Budget allocates \$1.3 million in FY2023 and \$667,000 in FY2024 in federal American Rescue Plan Act (ARPA) State Fiscal Recovery Funds (SFRF) to expand TEACH funding.

TEACH is a nationally recognized workforce development model for early childhood educators. The Department currently provides \$647,000 in TEACH scholarships supporting approximately 100 educators. The Governor proposes to expand TEACH funding to support additional participants at various credential levels from the Child Development Associate (CDA) to a bachelor's degree. Funding will support TEACH scholarships which pay for the participant's tuition, books, and incentives for credential completion.

TEACH allows participants to complete credit bearing coursework working towards degree credentials while remaining employed at an early learning provider. TEACH guarantees participants an increase in compensation through either a bonus or additional income from their employer sponsor.

ARPA SFRF: Child Care Investment: Quality Improvement (federal funds)**\$950,000**

The Budget provides \$2.0 million in federal American Rescue Plan Act (ARPA) State Fiscal Recovery Funds (SFRF), \$950,000 in FY2023, \$550,000 in FY2024, and \$500,000 in FY2025, to invest in early learning programs in order to increase their Brightstars rating.

Child care facilities who participate in the State's Child Care Assistance Program (CCAP) are awarded a Brightstars level of one to five stars based on the quality rating the provider has achieved within the State's Quality Rating system.

Of the providers who participate only 16.0 percent are considered high quality, with a rating of four or five stars. Providers have identified funding as a barrier to improve ratings. Additional funding will be used to support curriculum, materials, facilities, and staff training/professional development. This will allow providers to achieve higher Brightstars ratings, retain higher CCAP reimbursements, and serve children at a higher quality level.

ARPA SFRF: Child Care Investment: Increasing Supply of Family Providers (federal funds)**\$300,000**

The Budget includes \$600,000 in federal American Rescue Plan Act (ARPA) State Fiscal Recovery Funds (SFRF), \$300,000 in FY2022 and \$300,000 in FY2023, to increase the number of family child care providers.

Grants of up to \$2,000 and technical assistance will be made available for up to 200 new family child care (FCC) providers. These grants are intended to cover start-up costs that can be a barrier to opening home-based child care. The grants will also include funding for high-quality materials allowing the family providers to achieve a higher Brightstars quality rating as determined by the State's Quality Rating system.

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.

The FY2023 Budget as Enacted amended the payment standard for families receiving cash assistance through the RI Works program. The increase in payments brought the monthly benefit to about 185.0 percent of the federal poverty guideline.

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 to align 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 FY2022 Budget as Enacted 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.

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 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.

Rhode Island Works /Child Care	General Revenue
FY2022 Enacted	\$8,659,085
<i>Target and Other Adjustments</i>	-
Caseload Estimating Conference	22,852
FY2023 Enacted	\$8,681,937
Rhode Island Works	Other Fund Changes
Child Care Rates	\$6,656,596
RI Works Changes	3,974,411
Child Care Assistance Program	2,680,900
Postsecondary Childcare Assistance	375,000

Caseload Estimating Conference- Child Care Assistance **\$22,852**

The Budget includes \$8.7 million in general revenue for child care assistance in FY2023 as determined in the May 2022 Caseload Estimating Conference (CEC), an increase of \$22,852 from FY2022 Enacted levels.

As the May 2022 CEC assumed a decrease of 460 child care subsidies, the cost per subsidy decreased by \$170 to \$9,825 compared to the FY2022 Budget as Enacted.

The FY2022 Budget as Enacted included 7,420 subsidies and a cost per subsidy of \$9,995. The May 2022 Caseload Estimating Conference decreased the number of subsidies in FY2023 to 6,960 while also decreasing the cost per subsidy to \$9,825. The May Conference assumed that the public health emergency would end before the beginning of the new fiscal year causing enrollment to a decrease in subsidies.

Child Care Rates (federal funds)

\$6.7 million

The Article 13 of the FY2023 Budget includes an additional \$6.7 million in federal American Rescue Plan Act (ARPA) Child Care Development Block Grant (CCDF) funds for increased child care reimbursement rates for licensed child care centers.

The article amends RIGL 40-6.2-1.1 to increase child care reimbursement rates for licensed child care centers. Rates for first tier providers will be set at the 50th percentile of the 2021 weekly market rate for infant/toddler, preschool, and school aged child care, while rates for top tier providers will be set at the 80th percentile. Previously, the base rate was set at the 25th percentile of the 2018 weekly market rate. The maximum reimbursement rates for infant/toddler, preschool, and school-aged care for licensed child care centers will continue to be paid on a tiered rate based on the quality rating the provider has achieved within the State's Quality Rating system.

Minimum base reimbursement rates for licensed family child care providers caring for infants/toddlers and preschool-aged children will continue to be determined through a collective bargaining agreement. Like licensed child care centers, the maximum reimbursement rates for infant/toddler and preschool care paid to licensed family child care providers will be implemented in a tiered rate based on the quality rating the provider has achieved within the State's Quality Rating system.

The following table illustrate the changes in reimbursement rates for infants/toddlers, preschool-aged, and school age children since FY2019. During the Pandemic, enhanced rates were authorized by Executive Order from May 2020 – December 2021. FY2022 reimbursement rates began in January 2022. The new rates described in this article will take effect July 1, 2022.

Licensed Child Care Centers Infant/ Toddler Rates	FY2019 Infant/ Toddl Rates	FY2021/FY2022 Pandemic Enhanced Rates	FY2022 Infant/Toddler Rates	Art 13 Infant/Toddler rates	Changes from FY2022
Tier 1	\$198.48	\$257.54	\$236.36	\$265.00	\$28.64 12%
Tier 2	\$203.32	\$257.54	\$244.88	\$270.00	\$25.12 10%
Tier 3	\$218.81	\$257.54	\$257.15	\$282.00	\$24.85 10%
Tier 4	\$232.37	\$257.54	\$268.74	\$289.00	\$20.26 8%
Tier 5	\$257.54	\$273.00	\$284.39	\$300.00	\$15.61 5%

Licensed Child Care Centers Preschool Rates	FY2019 Preschool Rates	FY2021/FY2022 Pandemic Enhanced Rates	FY2022 Preschool Rates	Art 13 Preschool Rates	Changes from FY2022
Tier 1	\$165.75	\$195.67	\$207.51	\$225.00	\$17.49 8%
Tier 2	\$169.80	\$195.67	\$212.37	\$235.00	\$22.63 10%
Tier 3	\$177.88	\$195.67	\$218.45	\$243.00	\$24.55 10%
Tier 4	\$182.73	\$195.67	\$223.50	\$250.00	\$26.50 11%
Tier 5	\$195.67	\$260.00	\$231.39	\$260.00	\$28.61 11%

Licensed Child Care Centers School Age Rates	FY2019 School Age Rates	FY2021/FY2022 Pandemic Enhanced Rates	FY2022 School Age Rates	Art 13 School Age Rates	Changes from FY2022
Tier 1	\$146.26	\$200.00	\$180.36	\$200.00	\$19.64 10%
Tier 2	\$146.26	\$200.00	\$182.77	\$205.00	\$22.23 11%
Tier 3	\$146.26	\$200.00	\$185.17	\$220.00	\$34.83 16%
Tier 4	\$146.26	\$200.00	\$187.57	\$238.00	\$50.43 21%
Tier 5	\$146.26	\$245.00	\$189.97	\$250.00	\$60.03 24%

Note: Pandemic Enhanced rates were authorized by Executive order from May 2020- December 2021

Analyst Note: On May 27, 2020, Governor Raimondo issued Executive Order 20-39 which allowed child care centers that reopened during the pandemic to be reimbursed at a higher rate. Child care providers below the 5th tier, as determined by the State's Quality Rating system, are now reimbursed at the 5th tier level. Providers that were at the

5th tier, are now reimbursed at the 90th percentile. This executive order was extended until December 2021. Beginning in January 2022, child care centers are reimbursed based on rates set in RIGL 40-6.2-1.1.

RI Works Changes (federal funds)

\$4.0 million

The Budget includes an increase of \$4 million in federal funds within the RI Works program, including \$3.6 million related to changes from the November 2021 Caseload Estimating Conference, \$150,000 due to changes in the monthly earned income disregard, and \$100,000 related to changes in the resource limit, and \$70,000 for the lifetime extension .

- **Caseload Estimating Conference – Rhode Island Works:** The May 2022 Caseload Estimating Conference (CEC) adopted a RI Works caseload estimate of 7,850 at a monthly cost of \$236 per person. The FY2023 Budget as Enacted includes the same cost per subsidies but increases the number of subsidies to 7,963. The total federal fund cost of the RI Works program in FY2023 is \$24.8 million, an increase of \$3.1 million from the FY2022 Enacted level. The RI Works program is primarily funded through the federal Temporary Assistance to Needy Families (TANF) grant.
- **Monthly Earned Income Disregard:** The increase in RI Works is partially related to changes made in Article 13 of the Enacted Budget. Article 13 amends the income section of the RI Works program, to increase the monthly earned income disregard from \$170 to \$300 of gross earnings. The current earned income disregard amount has not changed since 2008 when RI Works was introduced. The Budget includes \$150,000 in TANF funds to support this increase. The Office of Management and Budget anticipates an additional 60 cases would receive RI Works benefits.
- **Resource Limit:** Article 13 further amends the income section of the RI Works program, to increase the allowable resource limit from \$1,000 to \$5,000. The current resource limit amount has not changed since 2008 when RI Works was introduced. In 2021, the Federal Government determined that the Child Tax Credit should be excluded from counting as income or resource for families; consequently, the Department of Human Services (DHS) must manually remove child tax credit dollars from eligible family's applications. Increasing the resource limit will allow the Department to more easily ensure compliance with the Child Tax Credit as well as allowing eligible families to save for their future. The Budget includes \$100,000 in TANF funds to support this increase. The Office of Management and Budget anticipates an additional 23 cases would receive RI Works benefits.
- **Lifetime Limit:** Article 13 also amends the lifetime limit of the RI Works Program from 48 months to 60 months to align with federal regulations and a majority of the country. Rhode Island was one of 11 States with a lifetime limit of 48 months, and required families to file for a hardship waiver to receive an additional 12 months of assistance. As most families file for the waiver, this amendment will reduce administrative costs within DHS. The Budget includes an additional \$70,000 in TANF funds to support the extension. The Office of Management and Budget anticipates an additional 42 recipients would receive benefits.

Child Care Assistance Program (federal funds)

\$2.7 million

Article 13 of the Budget amends RIGL 40-5.2-20, Childcare Assistance, to increase the income limit for eligible families from 180.0 percent to 200.0 percent of the Federal Poverty Level (FPL). According to the U.S. Department of Health and Human Services, for a family of 3 in 2021, 180.0 percent of the FPL is \$39,528 and 200.0 percent of the FPL is \$43,920. The Budget includes an additional \$2.7 million in American Rescue Plan Act (ARPA) Child Care Development Block Grant funds for this expansion. The Office of Management and Budget anticipates an additional 282 subsidies would be eligible for the Child Care Assistance Program (CCAP) due to this increase.

The Department's CCAP provides child care to families who are eligible for cash assistance and who require child care to meet work or education requirements determined by RIGL 40-5.2-20. Under current law, families with income below 100.0 percent of the FPL receive free child care. Families with incomes greater than 100.0 percent but less than 180.0 percent of the FPL pay for a portion of the child care they receive according to a sliding scale. This amount is not to exceed 7.0 percent of the family's income.

Postsecondary Child Care Assistance (federal funds) \$375,000

Article 13 of the Budget also amends RIGL 40-5.2-20, Childcare Assistance, to remove the sunset provision for postsecondary child care assistance, which would have ended this expansion on June 30, 2022. An additional \$375,000 in TANF Block Grant funds are included to continue funding this program.

Under the CCAP, families are eligible for postsecondary child care assistance which provides child care to families with incomes at or below 200.0 percent of the federal poverty level, so that parents are able to continue working at a paid employment position or participate in a short-term training apprenticeship or job readiness program. The beneficiary must attend a Rhode Island-based, accredited post-secondary educational institute on a full-time basis, or on a part-time basis in conjunction with employment as approved by DHS.

STATE FUNDED PROGRAMS

State Funded Programs incorporates two different programs, General Public Assistance (GPA) and the Supplemental Nutrition Assistance Program (SNAP); however, only one of these programs is state-funded.

GPA is a state-funded program (RIGL 40-6-3) that provides basic cash assistance to adults between the ages of 19 and 64, with very limited income and resources, who have an illness, injury, or medical condition that is expected to last 30 days or more and prevents them from working. GPA also includes the hardship contingency fund, intended as the benefit of last resort for Rhode Islanders who do not qualify for Rhode Island Works or SSI. This benefit and funding level is directed by statute and does not typically fluctuate from year to year.

SNAP, or "food stamps", is a federal nutrition program that provides food assistance to low-income households. SNAP benefits (\$250.0 million in FY2021) 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
FY2022 Enacted	\$851,704
<i>Target and Other Adjustments</i>	-
Retail SNAP Incentives Pilot	11,500,000
Caseload Estimating Conference - General Public Assistance	405,416
Hardship Payments	90,000
FY2023 Enacted	\$12,847,120
State Funded Programs	Other Fund Changes
SNAP Benefits (federal funds)	\$181,268,441

Retail SNAP Incentives Pilot \$11.5 million

The SNAP Incentives Pilot provides additional bonus dollars in the form of a discount or rebate on fruits and vegetables purchased by a SNAP recipient to encourage purchasing and consuming healthy fruits and vegetables. SNAP Recipients will receive fifty cents (\$.50) for every one dollar (\$1.00) spent on fruits and vegetables. This program takes effect on January 1, 2023, and will continue until all funds are expended.

SNAP is a vital to safeguarding food security throughout Rhode Island with approximately 1 in 7 Rhode Island households receiving SNAP Benefits in 2019. According to the Department, the average family of

four receives \$425 a month. While these funds succeed in easing food insecurity throughout the State, they not enough to secure a nutritious and well balanced diet. This program aims to lessen the burden of Rhode Island's low income households by providing a 50.0 percent reimbursement for every dollar spent on fruits and vegetables.

Caseload Estimating Conference—General Public Assistance

\$405,416

Estimators at the May 2022 Caseload Estimating Conference (CEC) projected that, in FY2023, 296 people would receive general public assistance (GPA) at a monthly cost of \$185.00 per person. Expenditures for monthly cash payments, indigent burials, and the GPA hardship contingency fund are projected to be \$1.3 million in FY2023, a \$405,416 general revenue increase from FY2022 enacted levels.

Hardship Payments

\$90,000

The FY2023 Budget as Enacted includes \$90,000 of hardship contingency payments, which provides assistance to individuals who do not qualify for SSI or Rhode Island Works. The hardship payment were inadvertently excluded during the Caseload Estimating Conference and this line item remedies the error.

SNAP Benefits (federal funds)

\$181.0 million

The FY2023 Budget includes \$435.0 million in federal funds for SNAP benefits, an increase of \$181.0 million above the FY2022 Budget as Enacted.

The majority of this increase is due to emergency allotments for SNAP benefits related to the COVID-19 pandemic. Beginning in March 2020, SNAP recipients are eligible to receive an additional monthly payment. The additional monthly payment boosts the household's benefit amount to the maximum amount for their household size or \$95.00, whichever is greater. The additional benefit costs approximately \$12.0 million a month.

In 2018, Congress passed the bipartisan Farm Bill which required the federal government to re-evaluate the Thrifty Food Plan (TFP), a federal program that develops cost estimates for a healthy diet and serves as the base for determining the amount of SNAP benefits available to families. The TFP was last revised in 2006 and is now required to be re-evaluated every 5 years beginning in 2022.

The increased benefit amount related to the re-evaluation of the TFP took effect in 2021. The change will increase the benefit amount for a family of three in Rhode Island by \$123/month or 23.0 percent.

Maximum Monthly SNAP Benefits

Household Size	Benefit Amount Oct. 2020 - Dec. 2020	Benefit Amount* Jan. 2021 - Sept. 2021	Benefit Amount Oct. 2021 - Sept. 2022	Difference Oct. 2020 - Oct. 2021	
1	\$204	\$234	\$250	\$46	22.5%
2	374	430	459	85	22.7%
3	535	616	658	123	23.0%
4	680	782	835	155	22.8%
5	807	929	992	185	22.9%
6	969	1,114	1,190	221	22.8%
7	1,071	1,232	1,316	245	22.9%
8	1,224	1,408	1,504	280	22.9%
Each Additional	153	176	188	35	22.9%

* Benefit Amount includes 15% emergency allotment increase related to COVID-19

Source: RI Department of Human Services

Analyst Note: The COVID-19 emergency allotment benefits are tied to the State's COVID-19 Emergency Declaration. The Governor's Budget includes the additional benefit for all 12 months in FY2023; however, it is anticipated that the Emergency Declaration will be ending in May 2022. The emergency benefit costs approximately \$12.0 million each month. If the benefit is no longer available in FY2023 SNAP benefits may decrease by as much as \$144.0 million.

SUPPLEMENTAL SECURITY INCOME

The Supplemental Security Income (SSI) program is a federal income support program that provides basic cash assistance to individuals aged 65 or older, and to adults and children with serious disabilities. Individuals eligible for SSI are also eligible for Medical Assistance (Medicaid) and SNAP (food stamps). Like all but four states (Arizona, North Dakota, Mississippi, West Virginia), Rhode Island pays beneficiaries a state supplement to the SSI benefit (RIGL 40-6-27).

The federal government, through the Social Security Administration, pays a basic benefit to SSI recipients. The actual monthly benefit depends on the recipient's income; generally, the more income an individual earns, the lower the monthly benefit. Like most states, Rhode Island provides a supplemental state-funded payment to each recipient of the federal payment. The State also makes a state-only payment to some individuals who exceed the federal income eligibility requirements.

The total payment (state and federal) is set at a specific level and is recalculated each year as the federal benefit is adjusted so that the benefit keeps pace with inflation. As of January 1, 2020, the federal SSI payment was increased 1.6 percent based on the cost of living adjustment (COLA) calculated by the Bureau of Labor and Statistics. The state portion of the SSI payment remained the same at \$39.92 for individuals and \$79.38 for couples. Currently, the maximum federal monthly payment is \$783.00 for an individual and \$1,175.00 for a couple.

For SSI recipients in an assisted living residence, a majority of the payment goes to the facility and the resident retains up to \$20.00 of the payment as a personal needs allowance.

In order to be eligible for SSI, an individual must be age 65 or older, blind, or disabled. For the purposes of determining eligibility for SSI, "disabled" means that an individual over the age of 18 has a medically determinable physical or mental impairment that results in an inability to perform any "substantial gainful activity" and that is either expected to result in death or to last for a year or more. For a child, it is a condition that results in "marked and severe functional limitations" and is expected to either result in death or to last for a year or more.

SSI-eligible individuals must also have "limited resources," defined as less than \$2,000 in resources for an individual or child, and less than \$3,000 in resources for a couple. Certain assets and resources are not included in the resource calculation, including the individual's home, household goods and personal effects, burial plots, and a single vehicle.

Supplemental Security Income Program	General Revenue
FY2022 Enacted	\$17,950,819
<i>Target and other Adjustments</i>	-
Caseload Estimating Conference - SSI	(64,819)
FY2023 Enacted	\$17,886,000

Caseload Estimating Conference—SSI **(\$64,819)**

The May 2022 Caseload Estimating Conference (CEC) adopted an SSI estimate of 33,000 persons at a monthly cost of \$45.00 and \$66,000 for transaction fees, a decrease of 400 persons and an increase of \$0.40 per person relative to the FY2022 Budget as Enacted. The total general revenue cost of the SSI program in FY2023 is \$17.8 million, a decrease of \$64,819 from the FY2022 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.

Veterans' Services	General Revenue
FY2022 Enacted	\$28,573,995
<i>Target and Other Adjustments</i>	<i>(83,285)</i>
Statewide Cost of Living Adjustment	1,771,839
Non-Union Staff Adjustments	837,116
Resident Fee Repayment	770,140
Healthcare Staff Recruitment and Incentives	397,240
Contract and Professional Services	271,159
Pharmaceutical Costs	(136,000)
FY2023 Enacted	\$32,402,204

Statewide COLA and Bonus**\$1.8 million**

Based on recently negotiated contract bargaining agreements between the State and the state employee bargaining units for a proposed 4-year contract, the Budget includes the following cost-of-living adjustments (COLAs): 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. In addition, the Budget includes a \$1,500 retention bonus to eligible union employees that was included as part of the recently completed contract negotiation. The current agreement is projected to increase general revenue expenditures by \$1.8 million in FY2023 and \$1.8 million in FY2022 within Veterans' Services.

Non-Union Staff Adjustments**\$837,116**

The FY2023 Budget as Enacted assumes that the statewide adjustment which includes, but are not limited to, labor negotiated personnel cost of living adjustments and extra payments to will apply to eligible non-union employees as well. These funds were shifted from the Support of Domiciled Veterans federal account to the Veterans' Home general revenue account which can support these expenditures.

Veterans' Home Resident Fee Repayment**\$770,140**

The FY2023 Budget as Enacted increases general revenue by \$770,140 to cover additional amounts to be paid to eligible Veterans or their estates dating further back than 2013 and to the Veteran's Home first receipt from the U.S. Department of Veteran's Affairs prevailing rates for eligible Veterans commencing October 1, 2010, through February 1, 2013. These additional payments would comply with a recently approved Corrective Action Plan as requested by the U.S. Department of Veteran's Affairs. The agency has and continues to comply with the reimbursements required for Veterans and their estates impacted as of 2013.

On June 19, 2020, the U.S. Department of Veterans' Affairs (VA) sent a letter to the RI Department of Human Services' Office of Veterans' Services (Office) alleging that beginning July 1, 2019, veterans at the RI Veterans' Home who have a service connected disability rating of 70.0 percent or more are being billed for Occupational Therapy (OT) and Physical Therapy (PT). The letter also alleged that Veterans were paying out-of-pocket expenses for services which should be covered under their care at the Veterans' Home.

The VA found the allegation regarding OT and PT to be unsubstantiated. However, the claim that Veterans are paying for out-of-pocket expenses was found to be substantiated. As of June 30, 2020, the Office has stopped collecting all maintenance fees as requested by the VA.

Pursuant to RIGL 30-24-10, the Office of Veterans' Services collects a maintenance fee from Veterans' Home residents that is equal to 80.0 percent of the resident's "net income" as defined under the law. Pursuant to federal law, the State may not collect additional fees from veterans for whom the VA pays the State home a prevailing wage to provide care. The VA pays a prevailing wage for residents with a service connected disability rating of 70.0 percent and over. From February 3, 2013, through June 30, 2020, the Veterans' Home was collecting maintenance fees from veterans with a service connect disability rating over 70.0 percent. In November 2020, the Office of Veterans Services (Office) received approval of their

Corrective Action Plan from the Veterans Health Administration. The Plan outlines how they will refund maintenance fees that were collected from impacted veterans for whom the VA was paying a prevailing wage rate. According to the Corrective Action Plan, veterans who are eligible for a refund fall into three categories: current residents of the Veterans' Home; eligible veterans who once resided at the Veterans' Home but have since moved out; and deceased eligible veterans.

Since 2013, 53 veterans who are owed refunds totaling \$5.0 million have been impacted by this change.

As of October 15, 2021, the Office has refunded 48 checks totaling \$4.6 million to current residents of the Veterans' Home or their eligible next of kin. Refunds totaling \$377,700 for an additional 5 veterans are pending. The next of kin, Power of Attorney, or Executor/Executrix for four eligible refunds have not yet been identified.

RIVets Home	Amount	Veterans
Refunded:	\$4,599,701	48
Pending:	\$377,700	5
Total	\$4,977,401	53

**Source RI Veterans' Services*

Analyst Note: On March 15, 2021, the Office of Veterans' Services received an updated Correction Action Plan which now requires the Office to reimburse veterans from whom maintenance fees were collected from 2010 – 2013. The previous Corrective Action Plan only required the Office to reimburse veterans from 2013 – 2020. The Office estimates they will need to reimburse an additional 17 veterans at a total cost of \$770,140. The Office does not anticipate the need to request additional funding for these reimbursements.

Healthcare Staff Recruitment and Incentives **\$397,240**

The FY2023 Budget as Enacted increases general revenue by \$397,240 for incentives to address critical healthcare staffing shortages. Funding includes \$128,240 for Pathways training, \$130,500 for clothing allowances, \$18,500 for mentoring bonuses, and \$120,000 for recruiting bonuses.

Contract Professional Services **\$271,159**

The Budget includes an additional \$271,159 in general revenues to support contract professional services at the Veterans' Home. This net increase is comprised of an additional \$399,335 for medical staff including nurses, doctors, and dentists, partially offset by a savings of \$135,976 for janitorial services. The Veterans' Home has seen hourly rates for medical services increase

Pharmaceutical Costs **(\$136,000)**

The Budget includes a savings of \$136,000 in general revenue for pharmaceutical costs. The Veterans' Home has been operating under a decreased census, resulting in few pharmaceutical costs. The census is anticipated to increase in back to full capacity in FY2024. The Veterans' Home currently has 127 residents and is admitting new residents weekly as appropriate staffing allows. The Home is working towards a full census of 144 residents.

CAPITAL PROJECTS

The Budget includes \$765,000 in Rhode Island Capital (RICAP) funding for FY2023 and \$783,062 in FY2022. Projects include:

Veterans Cemetery: The Budget includes \$200,000 in RICAP funding in FY2023 for the expansion of the Veterans' Cemetery as well as crypt installations. This funding will support the design phase of the expansion and installation.

Veterans' Home: The Budget includes \$400,000 in RICAP funding in FY2023 for asset protection projects at the RI Veterans' Home. This funding is intended to extend the useful life of the facility by addressing problems as they arise.

Blind Vending Facilities: The Budget includes \$165,000 in FY2023 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 6 blind vendors who operate the facilities. This ongoing project provides employment opportunities for persons who are legally blind.

Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals

Expenditures by Program	FY2021 Actual	FY2022 Enacted	FY2022 Final	Change to Enacted		FY2023 Enacted	Change to Enacted	
Behavioral Healthcare Services	\$34.4	\$58.5	\$51.3	(\$7.3)	-12.4%	\$54.7	(\$3.8)	-6.5%
Central Management	\$2.6	\$6.4	\$3.5	(\$2.8)	-44.6%	\$5.5	(\$0.8)	-13.3%
Hospital & Community Rehabilitation Services	\$125.1	\$118.3	\$128.7	\$10.4	8.8%	\$118.9	\$0.6	0.5%
Hospital & Community System Support	\$1.4	\$3.7	\$2.5	(\$1.2)	-33.1%	\$3.8	\$0.1	2.8%
Services for the Developmentally Disabled	\$280.3	\$336.7	\$332.3	(\$4.4)	-1.3%	\$383.4	\$46.8	13.9%
State of RI Psychiatric Hospital	\$0.0	\$0.0	\$0.0	\$0.0	0.0%	\$30.7	\$30.7	-
Total	\$443.8	\$523.6	\$518.3	(\$5.3)	-1.0%	\$597.1	\$73.5	14.0%

Expenditures by Source	FY2021 Actual	FY2022 Enacted	FY2022 Final	Change to Enacted		FY2023 Enacted	Change to Enacted	
General Revenue	\$189.8	\$271.9	\$253.2	(\$18.7)	-6.9%	\$303.0	\$31.1	11.4%
Federal Funds	\$251.2	\$247.1	\$260.2	\$13.1	5.3%	\$288.5	\$41.4	16.8%
Restricted Receipts	\$2.9	\$4.2	\$4.0	(\$0.2)	-3.9%	\$5.2	\$1.0	24.0%
Other Funds	\$0.0	\$0.4	\$0.8	\$0.4	99.7%	\$0.4	\$0.0	0.0%
Total	\$443.8	\$523.6	\$518.3	(\$5.3)	-1.0%	\$597.1	\$73.5	14.0%

Authorized FTE Levels

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

	1,188.4	1,190.4	1,190.4	-	-	1,200.4	10.0	0.8%
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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 proposed State of Rhode Island Psychiatric Hospital, and the Rhode Island Community and Living Supports (RICLAS) facilities.

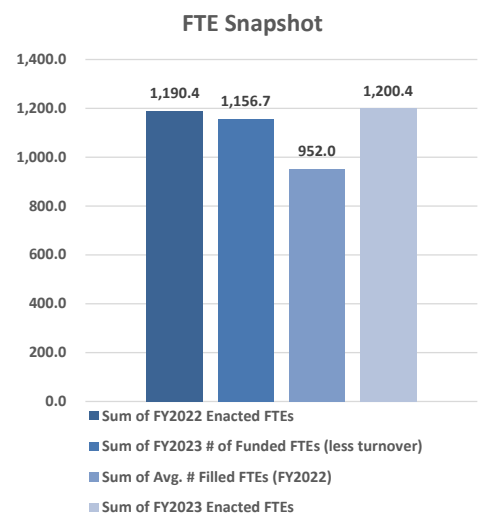
MAJOR ISSUES AND TRENDS

The Budget includes \$597.1 million from all funds for BHDDH in FY2023, of which \$303.0 million is from general revenue, \$288.5 million is from federal funds, \$5.2 million is from restricted receipts, and \$400,000 is from RICAP funds. The Budget includes an all funds increase of \$73.5 million (14.0 percent) as compared to the FY2022 Budget as Enacted.

The Budget authorizes 1,200.4 FTE positions in FY2023, increasing the Department's authorized FTE positions by 10.0, a 0.8 percent increase. The FTE changes include 5.0 new management positions for the proposed Rhode Island State Psychiatric Hospital, 2.0 FTEs for the proposed outpatient clinic at the Eleanor Slater Hospital (offset by a reduction of 2.0 current hospital staff), 1.0 FTEs to oversee prevention and recovery efforts related to the proposed adult-use marijuana market, and 4.0 FTEs for the management of capital projects within the Department.

As of the pay period ending June 18, 2022, there were 969.7 filled and 220.7 vacant positions in the Department.

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 (ESH) was out of compliance with the Center for Medicare and Medicaid Services (CMS) Institute of Mental Disease (IMD) exclusion regulations. The regulations do not permit the State to bill Medicaid for patients aged 22-64 when the Hospital is in an IMD status, which occurs when the majority of patients have a primary diagnosis of mental illness. Upon discovering 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 regulation to understand the Centers for Medicaid and Medicare Services (CMS) regulations. In addition, ESH is licensed as a long-term care hospital but many patients are not receiving and do not need a hospital level of care. As a licensed hospital, the State cannot bill for a hospital-level of care if a patient needs a lower level of care. Due to the IMD exclusion and the fact that the Hospital is licensed as a long-term care hospital, the State could not bill Medicaid for patient care beginning in September of 2019.

The State submitted a State Plan Amendment (SPA) to allow Eleanor Slater Hospital to resume billing for certain patients at the Hospital in May of 2020, and the application was approved by the Centers for Medicare and Medicaid Services on March 25, 2021, with an effective date of April 1, 2020. 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. However, according to the most recent patient counts, the State has been in an IMD status since May of 2021.

The FY2023 Budget proposes establishing a separately licensed psychiatric hospital, funded entirely by general revenue. The separately licensed hospital is anticipated to bring patient counts at the Eleanor Slater Hospital back into compliance, allowing the State to once again resume Medicaid billing.

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 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. Employment placements must be typical jobs that pay at least minimum wage and support employment for 20 hours or more per week. The Consent Decree requires funding to support a reformed system of care within the Division of Developmental Disabilities (DD) until FY2024.

With two years left in the Consent Decree, the State and the federal government have agreed to an action plan to ensure the State is in compliance with the Consent Decree by FY2024. The action plan requires the State to increase wages to Direct Support Professionals (DSPs) to \$20 an hour by FY2024. The State is also required to conduct a rate review process in FY2023 and to include the Developmental Disabilities program in the semi-annual Caseload Estimating Conference, which first occurred in the November 2021 Conference. The action plan required the State to establish a transformation fund and a technology fund.

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
FY2022 Enacted	\$5,000,299
<i>Target and Other Adjustments</i>	<i>(31,992)</i>
Cost Allocation Plan	(679,665)
Statewide Cost of Living Adjustment and Bonus	274,139
Project Management Office	262,449
Centralized Service Charges	214,785
Contract Services	(140,000)
FY2023 Enacted	\$4,900,015

Cost Allocation Plan **(\$679,665)**

The Budget includes general revenue savings of \$679,655 to reflect the Department's Cost Allocation Plan, which shifts personnel expenses across programs to maximize federal matching dollars. There is a corresponding decrease within the agency's other programs.

Cost Allocation Plan Net Impact		
Program	FY2022 Revised	FY2023
Central Management	(\$709,754)	(\$679,665)
Hospital & Community System Support	(920,895)	(882,576)
Behavioral Healthcare Services	1,266,657	317,420
Services for the Developmentally Disabled	308,606	1,016,356
General Revenue Impact	(\$55,386)	(\$228,465)

Statewide Cost of Living Adjustment and Bonus **\$274,139**

Based on recently negotiated contract bargaining agreements between the State and the state employee bargaining units for a proposed 4-year contract, the Budget includes the following cost-of-living adjustments (COLAs): 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. In addition, the Budget includes a \$1,500 retention bonus to those eligible union employees that was included as part of the recently completed contract negotiation. The current agreement is projected to increase general revenue expenditures by \$274,139 in FY2023 and \$194,917 in FY2022 within the division.

Project Management Office **\$262,449**

The Budget includes \$262,449 in general revenue (\$393,674 all funds) for the personnel costs of 4.0 new FTEs to establish a project management team to develop and manage capital, operating, and administrative projects related to the Eleanor Slater Hospital and the Department as a whole.

Centralized Service Charges **\$214,785**

The Budget increases general revenue expenditures by \$214,785 to reflect billed amounts for human resources, capital asset management, and maintenance and information technology services. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. These expenditures are reflected in each agency based on actual use, showing the true costs associated with a particular program or agency. The FY2022 Budget as Enacted appropriated \$111,775 for the centralized services, increasing to \$326,560 in the FY2023 Budget.

Contract Services **(\$140,000)**

The Budget includes a net general revenue savings of \$140,000 to reflect changes in contract services. This includes a decrease of \$160,000 for a contract with Public Consulting Group for management of the Department's cost allocation plan. The decrease is offset by a \$20,000 increase for outside legal counsel to defend the Department and the State in anticipated litigation.

HOSPITAL AND COMMUNITY SYSTEM SUPPORT

The Hospital and Community System program provides financial management support for the entire Department, including the hospital and community patient care facilities. Operational areas within the program include Budget Development, Program Analysis, Business Services, Accounting, and Financial Control, Federal Grants, Contract Management, Revenue Collection, Billing and Accounts Receivable, Patient Resources and Benefits, Rate Setting, and Financial Reporting.

Hospital and Community System Support	General Revenue
FY2022 Enacted	\$3,433,367
<i>Target and Other Adjustments</i>	<i>(20,984)</i>
Cost Allocation Plan	(882,576)
Centralized Service Charges	134,060
Statewide Cost of Living Adjustment and Bonus	128,079
FY2023 Enacted	\$2,791,946

Cost Allocation Plan **(\$882,576)**

The Budget reduces general revenues by \$882,576 to reflect shifts in personnel costs from the Department's cost allocation plan. The cost allocation plan shifts money across sources and programs, which determines which portion of personnel costs are eligible for matching federal funds.

Cost Allocation Plan Net Impact		
Program	FY2022 Revised	FY2023
Central Management	(\$709,754)	(\$679,665)
Hospital & Community System Support	(920,895)	(882,576)
Behavioral Healthcare Services	1,266,657	317,420
Services for the Developmentally Disabled	308,606	1,016,356
General Revenue Impact	(\$55,386)	(\$228,465)

Centralized Service Charges **\$134,060**

The Budget increases general revenue expenditures by \$134,060 to reflect billed amounts for human resources, capital asset management and maintenance and information technology services. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. These expenditures are reflected in each agency based on actual use, showing the true costs associated with a particular program or agency. The FY2022 Budget as Enacted appropriated \$92,091 for the centralized services, increased to \$226,151 in the FY2023 Budget.

Statewide Cost of Living Adjustment and Bonus **\$128,079**

Based on recently negotiated contract bargaining agreements between the State and the state employee bargaining units for a proposed 4-year contract, the Budget includes the following cost-of-living adjustments (COLAs): 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. In addition, the Budget includes a \$1,500 retention bonus to those eligible union employees that was included as part of the recently completed contract negotiation. The current agreement is projected to increase general revenue expenditures by \$128,079 in FY2023 and \$125,057 in FY2022 within the division.

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
FY2022 Enacted	\$2,245,753
<i>Target and Other Adjustments</i>	<i>(7,194)</i>
Cost Allocation Plan	317,420
Centralized Service Charges	260,760
Statewide Cost of Living Adjustment and Bonus	152,756
FY2023 Enacted	\$2,969,495

Behavioral Healthcare Services	Federal Funds Changes
Federal Grant Changes	(\$7,216,151)
ARPA SFRF - 988 Hotline from EOHHS	1,875,000
ARPA SFRF - Crisis Intervention Trainings	550,000
State Opioid Response	(427,963)

Behavioral Healthcare Services	Restricted Receipts Changes
Opioid Stewardship Fund	770,000
McKinsey Opioid Settlement	250,000
Adult Use Cannabis	143,516

Cost Allocation Plan ***\$317,420***

The Budget increases general revenues by \$317,420 to reflect shifts in personnel costs from the Department's cost allocation plan. The cost allocation plan shifts money across sources and programs, which determines which portion of personnel costs are eligible for matching federal funds.

Cost Allocation Plan Net Impact		
Program	FY2022 Revised	FY2023
Central Management	(\$709,754)	(\$679,665)
Hospital & Community System Support	(920,895)	(882,576)
Behavioral Healthcare Services	1,266,657	317,420
Services for the Developmentally Disabled	308,606	1,016,356
General Revenue Impact	(\$55,386)	(\$228,465)

Centralized Service Charges ***\$260,760***

The Budget increases general revenue expenditures by \$260,760 to reflect billed amounts for human resources, capital asset management and maintenance and information technology services. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. These expenditures are reflected in each agency based on actual use, showing the true costs associated with a particular program or agency. The FY2022 Budget as Enacted appropriated \$68,429 for the centralized services, increased to \$329,189 in the FY2023 Budget.

Statewide Cost of Living Adjustment and Bonus ***\$152,756***

Based on recently negotiated contract bargaining agreements between the State and the state employee bargaining units for a proposed 4-year contract, the Budget includes the following cost-of-living

adjustments (COLAs): 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. In addition, the Budget includes a \$1,500 retention bonus to those eligible union employees that was included as part of the recently completed contract negotiation. The current agreement is projected to increase general revenue expenditures by \$152,756 in FY2023 and \$106,340 in FY2022 within the division.

Federal Funds Changes

(\$7.6 million)

The Budget includes a reduction of federal funds by \$7.6 million as compared to the FY2022 Budget as Enacted for the following initiatives:

- **Federal Grant Changes – (\$7.2 million):** The Budget reduces a variety of federal funds by \$7.2 million within Behavioral Healthcare Services as compared to the FY2022 Budget as Enacted. The following table illustrates the various federal grant adjustments.

Federal Grant Adjustments	FY2021 Actuals	FY2022 Enacted	FY2022 Revised	Change from Enacted	FY2023 Enacted	Change from Enacted
Substance Abuse Prevention & Treatment Block Grant	\$0.0	\$7.1	(\$3.6)	\$3.5	\$3.8	(\$3.3)
Emergency Grants to Address Mental/Substance Use Disorders	-	2.9	(0.0)	2.9	-	(2.9)
Block Grants for Community Mental Health Services	-	-	1.5	1.5	1.6	1.6
ARPA: Mental Health Block Grant	-	5.6	(4.6)	1.0	4.1	(1.5)
ARPA: Substance Abuse Prevention and Treatment Block Grant	-	6.4	(5.3)	1.1	5.3	(1.1)
Title XX Social Services Block Grant	1.0	1.0	0.1	1.1	1.1	0.1
Substance Abuse Block Grant	6.7	7.7	(0.1)	7.6	7.6	(0.1)
Mental Health Block Grant	2.7	6.0	(0.0)	5.9	5.9	(0.0)
Total	\$10.4	\$36.7	(\$12.0)	(\$48.7)	\$29.5	(\$7.2)

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

- **ARPA SFRF – 988 Hotline from EOHHS - \$1.9 million:** Pursuant to the Governor’s Budget Amendment dated April 22, 2022, the Budget increases federal funds by \$1.9 million to represent a shift in American Rescue Plan Act State Fiscal Recovery Funds (SFRF) for the 988 Hotline from the Executive Office of Health and Human Services to the Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals. This is a budget-neutral shift that more appropriately aligns the funding with the Department implementing the Hotline initiative to maintain compliance with the National Suicide Hotline Designation Act of 2020.
- **ARPA SFRF – Crisis Intervention Trainings - \$550,000:** The Budget includes \$550,000 in federal American Rescue Plan Act (ARPA) State Fiscal Recovery Funds (SFRF) in FY2023 for a Crisis Intervention Team program. The Budget also includes out-year spending of \$550,000 per year in SFRF funds in FY2024 through FY2026, for a total cost of \$2.2 million. The total cost includes \$1.2 million in salary and benefits for administration of the program, \$720,000 for training costs, \$80,000 for evaluation, and \$21,846 for operating costs.

The Crisis Intervention Team (CIT) program uses a community-based approach to improve outcomes of mental health crises with the use of community partnerships, training, and identification of mental health resources. CIT brings mental health professionals, advocates, elected officials, and others together to improve the mental health response system with the goal of reducing encounters with the criminal justice system. Since the COVID-19 pandemic, police departments across the State have reported significant increases in mental health related calls. This initiative will identify and divert people with behavioral conditions to treatment and recovery, increase mental health literacy and develop more appropriate levels and locations of behavioral health care.

Key components of the proposal include (quoted directly from budget documents):

- **U.S. Treasury Eligibility Category:** Public Health Expenditures
- **Equity Components:**

- **Population:** Nationwide and locally, the pandemic has resulted in an increase in mental health crises. While over 2,700 communities nationwide have comprehensive CIT programs, prior to 2019, Rhode Island was one of only four states without even one CIT program. Since 2019 a total of three CIT Academies have been conducted in Rhode Island. Populations most at risk for developing serious behavioral health conditions include people with lower incomes, domestic violence survivors, patients with dual diagnoses (mental health and substance use), those with trauma history, and people experiencing homelessness. Given significant service gaps in RI's mental health system, these populations face many barriers to receiving effective behavioral healthcare. These populations are also more likely to be incarcerated, compared to their low-risk peers.
- These barriers were confirmed in a 2015 statewide study conducted by Truven Health quantifying the full range of behavioral health care services accessible in the state. Among other findings, the study reported a scarcity of mental health professionals and a lack of evidence-based programs to address specific mental health conditions, with 20% of Medicaid beneficiaries discharged after a psychiatric admission not receiving any mental health follow-up at 30 days post-discharge. There are more resources available today than there were in 2015, including BH Link, CCBHCs, and a focus on diversion in the midst of the opioid epidemic, however we have not seen a corresponding decrease in the criminalization of mental illness nor have system improvement efforts yielded improved follow-up and transition of care post emergency department or inpatient hospital stays. In 2020 and 2021, emergency departments across the state are overflowing with record numbers of people experiencing mental health crises who often “board” without treatment for days before they transfer to an inpatient treatment setting. Eighty percent of people who go to the emergency department for a behavioral health crisis go home without treatment of follow up. It is critical to implement more interventions that specifically target law enforcement in an effort to drive the criminalization of behavioral health challenges.
- **Awareness:** CIT is more than training; it is a Community Program –when done to fidelity CIT must include as a core element a community engagement and outreach plan that ensures that residents, organizations, groups, leaders, elected officials, faith groups, and businesses in the community are aware of CIT and can provide ongoing feedback and input into the effectiveness of the program. Rollout of CIT in Rhode Island has and will continue to include community conversations, focus groups, and facilitated needs and gaps assessments. As CIT becomes more widely embedded into Police Departments we are working on public relations campaigns, including one starring our first CIT Therapy Dog Stanley. We also work directly with people with lived experience and families via NAMI and other grassroots organizations who serve on our steering committees and planning boards.
- **Access and Distribution:** This program is designed as a mental health crisis response program that would respond to all individuals across the state that would come to need these services. The program is designed to cover the entire state so that all individuals are provided this service. The training is designed to seek to build a diverse group of well-trained first responders. It is expected that larger urban areas, such as Providence, would require more robust programming that could be separate from law enforcement such as the CAHOOTS (Crisis Assistance Helping Out On the Streets) model, in part because the demand for behavioral health crisis services are greater and because different approaches may make more sense in areas where historic distrust of law enforcement is high. The CAHOOTS model mobilizes two-person teams consisting of a medic (a nurse, paramedic, or EMT) and a crisis worker who has substantial training and experience in the mental

health field. (BHDDH is planning to fund a CAHOOTS initiative with separate stimulus funding granted directly to it by SAMHSA as noted above.)

- **Outcomes:** Outcomes are focused on creating a universal level of service, or a baseline educational level of all police departments in the state. This in turn is intended to drive the equity goal of ensuring that people experiencing behavioral health crises are less likely to be criminalized than they are today, which is also expected to better achieve race equity in policing.
- **Performance Metrics:** A core element of CIT is research and evaluation. Founded in partnership with the University of Memphis, Memphis Police, and NAMI of Memphis, CIT has been grounded in performance metrics that strive to:
 - Reduce in use of force by police
 - Reduce injury to residents and police officers
 - Divert people with mental illness, substance use disorder and/or other behavioral health issues from criminal justice to treatment and recovery,
 - Promote officer and first responder mental health and wellness.
 - CIT Rhode Island is partnering with Roger Williams University for ongoing evaluation of our developing CIT model to ensure fidelity to national models that have generated positive outcomes.
- **State Opioid Response – (\$427,963):** The Budget reduces federal funds by \$427,963 for the State Opioid Response (SOR) program. SOR aims to address the opioid crisis by increasing prevention, treatment, and recovery activities for substance use disorders. The Budget initially included funding as a placeholder in anticipation of a new grant but reduces the funds following the expiration of the original grant.

Restricted Receipts Funds Changes

\$1.2 million

The Budget includes a net \$1.2 million increase in restricted receipts for the following initiatives:

- **Opioid Stewardship Fund - \$770,000:** Article 13 of the FY2020 Budget as Enacted established an opioid registration fee paid deposited quarterly to the Opioid Stewardship Fund (OSF) by all manufacturers, distributors, and wholesalers of opioids. The fee is calculated based on the licensee's in-state market share of opioid sales. The total annual amount of the OSF equals \$5.0 million and is subject to indirect cost recoveries, adjusting the total available restricted receipts to \$4.5 million.

The FY2023 Budget includes \$3.1 million within BHDDH for opioid-related treatment services, reflecting an increase of \$770,000 as compared to the FY2022 Budget as Enacted. The Governor's Budget proposal initially included \$900,000 for the Recovery Friendly Workplace and Recovery Housing programs, \$750,000 for Medication-Assisted Treatment (MAT), and \$350,000 for the Behavioral Health Online Database (BHOLD) which was reallocated in FY2023 due to delays in implementation, a total of \$2.0 million in funding. A Governor's Budget Amendment, dated April 29, 2022, increases restricted receipts by \$1.1 million, adjusting the budget for the Opioid Stewardship account from \$2.0 million to \$3.1 million. The amendment accommodates changes in the planned use of the funds to allow for a total of \$500,000 to be dedicated to the continued support of the Regional Substance Abuse Prevention Task Force, a total of \$300,000 for the development of additional substance use disorder residential services, and an additional \$300,000 for a new investment in a Substance Use Disorder Workforce pilot program.

- **McKinsey Opioid Settlement - \$250,000:** Pursuant to the Governor's Budget Amendment dated April 29, 2022, the Budget increases restricted receipts by \$250,000 through an adjustment to the

McKinsey Opioid Settlement account. This amendment accommodates changes in the planned use of the settlement account funds to allow for a total of \$250,000 to be dedicated to a new pilot program for investing in a substance use disorder workforce.

- **Adult-Use Marijuana - \$143,516:** The Budget includes \$143,516 for 1.0 FTE positions and operational costs to promote and oversee prevention and treatment related to the legalization of adult-use marijuana.

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 4,500 individuals through State-run programs and community-based providers, including those who only receive case management services. The system consists of 24-hour, nursing-level facilities; the State group home system, otherwise known as Rhode Island Community Living and Supports (RICLAS); and a private residential provider network. As of January 2022, 1,524 individuals were served in residential placements, including 399 in Shared Living Arrangements and 1,128 in group home settings. 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 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 \$383.4 million from all funds for the Division in FY2023, including \$173.4 million from general revenue. This is \$28.1 million more general revenue than the FY2022 Budget as Enacted and \$65.7 million more than actual expenditures in FY2021.

Services for the Developmentally Disabled	General Revenue
FY2022 Enacted	\$145,293,304
<i>Target and Other Adjustments</i>	<i>188,969</i>
Direct Support Professional Wages	16,592,744
May 2022 Caseload Estimating Conference	4,478,805
Consent Decree Action Plan Funds	2,950,200
Statewide Cost of Living Adjustment and Bonus	1,170,386
Cost Allocation Plan	1,016,356
RICLAS Enhanced FMAP	695,585
Centralized Service Charges	427,075
RICLAS Adjustment Error	374,308
Retention Bonuses	181,101
FY2023 Enacted	\$173,368,833

Direct Support Professional Wages

\$16.6 million

The Budget adds \$16.6 million from general revenues and \$19.0 million from federal funds to enable a wage increase for direct support professionals (DSPs) who support individuals with intellectual and/or developmental disabilities (I/DD). Historically, I/DD service providers have struggled to recruit, train, and retain a workforce because they are not able to offer competitive wages. The Consent Decree court order issued in January 2021 requires the State to increase wages to \$20 per hour by 2024. The all funds total of

\$35.1 million increases the average DSP wage from \$15.75 to \$18.00 per hour. This also results in a wage increase for other staff, including supervisors, whose hourly wages are calculated as a percentage of DSP wages.

May 2022 Caseload Estimating Conference

\$4.5 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.

The May 2022 CEC projected general revenue expenditures of \$132.2 million in the Services for the Developmental Disabilities program in FY2023, or \$5.4 million more than the FY2022 Budget as Enacted. A Governor's Budget Amendment dated May 20, 2022 decreased general revenues an additional \$889,602 due to the rebasing of the direct support professional wage increase budget, bringing the total projected general revenue expenditures in the department to \$131.4 million, or \$4.5 million more than the FY2022 budget as Enacted.

Consent Decree Action Plan Funds

\$3.0 million

The Budget adds \$3.0 million from general revenues and \$1.0 million from federal funds to support the Developmental Disability (DD) system transformation. With two years left in the Consent Decree, the State and the federal government have agreed to an action plan to ensure the State is in compliance with the Consent Decree by FY2024; this funding ensures the State is in compliance with the action plan. The funding increase includes \$2.0 million of state-only funds to support individuals who self-direct their services to create advisement models and a pool of substitute staff when their normal providers are unavailable. The funding also includes \$458,100 for a technology fund to invest in tools and technology, allowing providers to support individual needs with the use of technology. A Governor's Budget Amendment dated April 22, 2022 adds an additional \$492,100 in general revenues, providing increased funding for both the technology and direct support professional initiatives.

Statewide Cost of Living Adjustment and Bonus

\$1.2 million

Based on recently negotiated contract bargaining agreements between the State and the state employee bargaining units for a proposed 4-year contract, the Budget includes the following cost-of-living adjustments (COLAs): 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. In addition, the Budget includes a \$1,500 retention bonus to those eligible union employees that was included as part of the recently completed contract negotiation. The current agreement is projected to increase general revenue expenditures by \$1.2 million in FY2023 and \$783,497 in FY2022 within the division.

Cost Allocation Plan

\$1.0 million

The Budget increases general revenues by \$1.0 million to reflect shifts in personnel costs from the Department's cost allocation plan. The cost allocation plan shifts money across sources and programs, which determines which portion of personnel costs are eligible for matching federal funds.

Cost Allocation Plan Net Impact

Program	FY2022 Revised	FY2023
Central Management	(\$709,754)	(\$679,665)
Hospital & Community System Support	(920,895)	(882,576)
Behavioral Healthcare Services	1,266,657	317,420
Services for the Developmentally Disabled	308,606	1,016,356
General Revenue Impact	(\$55,386)	(\$228,465)

RICLAS Enhanced FMAP

\$695,585

The Budget adds \$695,585 in general revenue to reflect the expiration of the enhanced FMAP in FY2023, which has provided an additional 6.2 percent in federal matching dollars for eligible services. The federal

government provides the enhanced match during the Public Health Emergency, which is due to expire during FY2023, resulting in an expected 2 quarters of enhanced FMAP and 2 quarters of standard FMAP.

Centralized Service Charges

\$427,075

The Budget increases general revenue expenditures by \$427,075 to reflect billed amounts for human resources, capital asset management and maintenance and information technology services. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. These expenditures are reflected in each agency based on actual use, showing the true costs associated with a particular program or agency. The FY2022 Budget as Enacted appropriated \$1.3 million for the centralized services, increased to \$1.7 million in the FY2023 Budget.

RICLAS Adjustment Error

\$374,308

In the RICLAS subprogram, the Department identified an error in their base budget where natural accounts that are typically adjusted at the statewide level were edited at the Department level. These adjustments represents an increase of \$365,266 in FY 2022 and \$374,308 in FY 2023 to resolve the error.

Retention Bonuses

\$181,101

Pursuant to a Governor's Budget Amendment dated March 3, 2022, the Budget increases general revenues in the Department by \$181,101 to correct an error contained in the Governor's Recommended Budget with respect to underfunding retention payments.

HOSPITAL AND COMMUNITY REHABILITATION SERVICES

The Hospital and Community Rehabilitation 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 Rehabilitation Services	General Revenue
FY2022 Enacted	\$115,970,100
<i>Target and Other Adjustments</i>	<i>441,050</i>
Shift to RI Psychiatric Hospital	(26,682,947)
ESH Billing Assumptions	(13,209,702)
Statewide Cost of Living Adjustment and Bonus	4,530,712
Hospital License Fee	3,546,480
Healthcare Recruitment and Retention	1,465,660
Hospital Compliance Projects	1,114,106
Retention Bonuses	872,320
Emergency Staffing	362,332
Outpatient Clinic	(103,042)
FY2023 Enacted	\$88,307,069

Hospital and Community Rehabilitation Services	Other Fund Changes
Zambarano Long-Term Care Facility (RICAP funds)	Informational

Shift to RI Psychiatric Hospital

(\$26.7 million)

The Budget reduces general revenue expenditures by \$26.7 million (\$29.7 million all funds) to reflect the Governor's proposal to establish a stand-alone, separately licensed psychiatric hospital. The Rhode Island Psychiatric Hospital would need approval from the Rhode Island Department of Health and the Joint Commission on Accreditation of Healthcare Organizations. The funds are shifted to a new stand-alone hospital to resolve ongoing Medicaid billing issues at the Eleanor Slater Hospital (ESH).

The Medicaid Institutions for Mental Diseases (IMD) exclusion prohibits the use of federal Medicaid dollars for care provided to most patients in facilities with more than 16 beds, when more than half of those patients primary treatment is for mental health disorders. The exclusion applies to all beneficiaries between 18 to 64 years of age. The State stopped billing Medicaid in August 2019 upon discovering that the Hospital was out of compliance with the IMD exclusion. Since then, the State has been able to recoup some funds, however, as of December 2021, the State is back to being out of compliance with the IMD exclusion, with 55.5 percent of patients with a primary diagnosis of mental disease.

Currently, ESH provides care for approximately 200 patients across two campuses. The census consists of forensics, undocumented patients, psychiatric patients, and long-term medical patients. The shift would transfer the care of psychiatric and forensic patients to the proposed Rhode Island Psychiatric Hospital, with an anticipated start date of September 1, 2022. Since this population is heavily reliant on court decisions, having a separately licensed psychiatric hospital would allow the State to remain in compliance with the IMD exclusion and resume billing Medicaid for patients at the Eleanor Slater Hospital. The RI Psychiatric Hospital would be located at the existing Benton building on the Pastore complex in Cranston.

Under the proposed new footprint of the Hospital, the Zambarano Campus will focus exclusively on medical care and the Regan Building at the Pastore Campus will provide psychiatric care to civil psychiatric admissions and some forensic patients, while the Benton Building at the Pastore Campus will continue to support psychiatric services for the most acute forensic patients.

ESH Billing Assumptions

(\$13.2 million)

The Budget includes a net general revenue savings of \$13.2 million to reflect updated federal billing assumptions at Eleanor Slater Hospital. With an anticipated start date for the Rhode Island Psychiatric Hospital of September 1, 2022, the Budget assumes that the State can resume Medicaid billing by January 1, 2023, as patient counts are typically completed in December. According to BHDDH, a full year of Medicaid billing is approximately \$49.0 million.

Statewide Cost of Living Adjustment and Bonus

\$4.5 million

Based on recently negotiated contract bargaining agreements between the State and the state employee bargaining units for a proposed 4-year contract, the Budget includes the following cost-of-living adjustments (COLAs): 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. In addition, the Budget includes a \$1,500 retention bonus to those eligible union employees that was included as part of the recently completed contract negotiation. The current agreement is projected to increase general revenue expenditures by \$4.5 million in FY2023 and \$3.3 million in FY2022 within the division.

Hospital License Fee

\$3.5 million

The Budget includes \$3.5 million in general revenues based on an assumed increase in the estimated liability for the hospital license fee in FY2023. The FY2022 Enacted Budget included \$352,018 from general revenues to pay a 5.725 percent fee assessed against FY2020 patient revenues. Article 12 of the FY2023 Budget authorizes a 5.725 percent fee assessed against FY2021 patient revenues. Due to ongoing billing issues, the Hospital reported a 94.6 percent decline in eligible patient revenues in FY2020, lowering from \$113.8 million in FY2019 to \$6.1 million in FY2020, resulting in a significant fee decrease in FY2022.

Healthcare Recruitment and Retention

\$1.5 million

Pursuant to a Governor's Budget Amendment dated May 20, 2022, the Budget increases general revenue in the Healthcare Services program by \$1.5 million to provide four incentives that address critical healthcare staffing shortages. This amendment consists of: \$569,660 for Pathways training, \$385,000 for clothing allowances, \$55,500 for mentoring bonuses, and \$455,500 for recruiting bonuses.

Hospital Compliance Projects**\$1.1 million**

The Budget increases general revenue by \$1.1 million to reflect a Governor's Budget Amendment to shift funds saved from personnel turnover to fund capital cost overruns for hospital compliance projects. There is a corresponding decrease in funding for personnel.

Retention Bonuses**\$872,320**

Pursuant to the Governor's Budget Amendment dated March 3, 2022, the Budget increases general revenues \$872,320 within the division to correct an error contained in the Governor's Recommended Budget with respect to underfunding retention payments.

Emergency Staffing**\$362,332**

The Budget increase general revenues by \$362,332 in lieu of federal State Fiscal Recovery Funds for emergency staffing needs related to COVID-19 at the Eleanor Slater Hospital.

Outpatient Clinic**(\$103,042)**

The Budget includes a net general revenue decrease of \$103,042 to reflect the proposed new Outpatient Clinic at Eleanor Slater Hospital. The clinic would be used for patients who do not need hospital levels of care, but have been court-ordered to receive an evaluation of their mental health and still need treatment. The outpatient clinic will provide a continuum of care for individuals and divert them away from the Hospital, which provides care at a much higher cost in a setting that does not fit their needs. Currently, these outpatient services are available only to those who have already been deemed incompetent to stand trial, not those who are awaiting evaluation.

Zambarano Long-Term Care Facility (RICAP Funds)**(Informational)**

The Budget includes \$108.2 million in Rhode Island Capital Plan funds to construct a new 110 bed long-term care facility on the Zambarano campus. 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.

STATE OF RHODE ISLAND PSYCHIATRIC HOSPITAL

The State of Rhode Island Psychiatric Hospital is a new proposed program within BHDDH for a separately-licensed facility on the Pastore Center in Cranston to treat individuals who need psychiatric care. The facility would be licensed by the Department of Health and accredited by the Joint Commission on Accreditation of Healthcare Organizations (JCAHO).

State of Rhode Island Psychiatric Hospital	General Revenue
FY2022 Enacted	\$0
<i>Target and Other Adjustments</i>	-
Shift from ESH	29,707,813
Hospital Administration	862,893
Emergency Staffing	92,168
FY2023 Enacted	\$30,662,874

Shift from ESH**\$29.7 million**

The Budget increases general revenue expenditures by \$29.7 million for personnel and operating expenditures for the proposed State of Rhode Island Psychiatric Hospital. The increase represents a shift of \$26.7 million in general revenue from the Eleanor Slater Hospital (ESH). The shift includes \$20.7 million for 83.0 FTEs, \$8.8 million in operating costs shifted from ESH and \$160,782 for the personnel costs of 3.0 FTEs that will be shared between ESH and the psychiatric hospital. The Budget also adds \$3.0 million

in general revenue that was federally funded at ESH, but the Rhode Island Psychiatric Hospital does not qualify for federal funding. The table below outlines the expenditure shifts.

	Eleanor Slater Hospital	Rhode Island Psychiatric Hospital
Personnel	(\$17,709,351)	\$20,734,217
Operating Costs	(8,812,814)	8,812,814
Shared Personnel	(160,782)	160,782
General Revenue	(\$26,682,947)	\$29,707,813

The Hospital would be separately licensed from the Eleanor Slater Hospital, and would need approval from the Rhode Island Department of Health and the Joint Commission on Accreditation of Healthcare Organizations. The funds are shifted from the Eleanor Slater Hospital to the new stand-alone hospital to resolve ongoing Medicaid billing issues.

The shift would transfer the care of psychiatric and forensic patients to the proposed Rhode Island Psychiatric Hospital, with an anticipated start date of fall 2022. Since this population is heavily reliant on court decisions, having a separately licensed psychiatric hospital would allow the State to remain in compliance with the IMD exclusion and resume billing Medicaid for patients at the Eleanor Slater Hospital. The RI Psychiatric Hospital would be located at the existing Benton building on the Pastore complex in Cranston and would be fully funded by general revenues.

Hospital Administration ***\$862,893***

The Budget adds \$862,893 in general revenues to reflect 5.0 new FTEs to serve as the administration of the State of Rhode Island Psychiatric Hospital. The Budget creates the following positions for the new hospital: Chief Associate Nurse, Associate Director, Chief of Psychiatric Services, Chief Financial Officer, and Director of Interagency Operations.

Emergency Staffing ***\$92,168***

The Budget increase general revenues by \$92,168 in lieu of federal State Fiscal Recovery Funds for emergency staffing needs related to COVID-19.

Governor's Commission on Disabilities

Expenditures By Program	FY2021 Actual	FY2022 Enacted	FY2022 Final	Change from Enacted		FY2023 Enacted	Change from Enacted	
Governor's Commission on Disabilities	\$1,266,566	\$1,530,481	\$1,567,206	\$36,725	2.4%	\$2,215,494	\$685,013	44.8%
Expenditures By Source								
General Revenue	\$834,302	\$1,090,710	\$1,118,123	\$27,413	2.5%	\$1,752,601	\$661,891	60.7%
Federal Funds	429,040	380,316	378,658	(1,658)	-0.4%	378,658	(1,658)	-0.4%
Restricted Receipts	3,224	59,455	70,425	10,970	18.5%	84,235	24,780	41.7%
Grand Total	\$1,266,566	\$1,530,481	\$1,567,206	\$36,725	2.4%	\$2,215,494	\$685,013	44.8%
Authorized FTE Levels	4.0	4.0	4.0	-	-	5.0	1.0	25.0%

The Governor's Commission on Disabilities advocates for individuals with disabilities, expands economic opportunities for businesses owned by or employing individuals with disabilities and their families, and ensures that individuals with disabilities have access to government. The Commission is responsible for coordinating compliance by state agencies with federal and state disability rights laws.

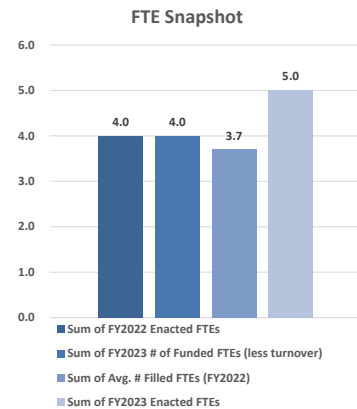
MAJOR ISSUES AND TRENDS

The FY2022 Final Budget includes \$1.6 million, of which \$1.1 million is general revenue. This is an all funds increase of \$36,725 from the FY2022 Budget as Enacted, mainly reflecting added funds for the statewide COLA and bonus appropriation.

For FY2023, the Budget includes \$2.2 million, of which \$1.8 million is general revenue. This reflects an all funds increase of \$685,013 from the FY2022 Budget as Enacted, reflecting increased funds for the Livable Homes Modification Program, for the statewide COLA and bonus appropriation, and for increased centralized services costs.

The Budget includes \$985,743 in general revenue for continued funding of the Livable Homes Modification Program.

The Budget includes 4.0 FTE positions in FY2022 and 5.0 FTE positions in FY2023, reflecting the addition of an Assistant Americans with Disabilities Act (ADA) Coordinator-Accessibility position.



Governor's Commission on Disabilities	General Revenue
FY2022 Enacted	\$1,090,710
Target and Other Adjustments	(2,322)
Livable Home Modification Grant Program	500,000
New ADA Coordinator Position	111,112
Statewide Cost of Living Adjustment and Bonus	30,054
Centralized Services	23,047
FY2023 Enacted	\$1,752,601
Other Fund Changes	
New England ADA Center (restricted receipts)	\$19,210
Technical Assistance - GCD (restricted receipts)	5,570

Livable Home Modification Grant Program \$500,000

The Governor's Commission on Disabilities (GCD) has administered the Livable Home Modification grant program since January 2018. The grant program allocates funding for home modification projects to allow

people to stay in their homes longer and decrease the length and frequency of nursing home stays. Improvements include bathroom modifications, wheelchair ramps, and stability rails, along with other home modifications. Since inception, the Commission has awarded and paid \$1.4 million for 534 awards.

The Budget continues funding for the Livable Home Modification Grant Program and includes \$547,324 in general revenue to support the Livable Home Modification Grant Program in the FY2022 Revised Budget and \$985,743 to support the Livable Home Modification Grant Program in FY2023. This reflects an increase of \$500,000 in general revenue in FY2023.

The FY2022 Final Budget and the FY2023 Budget as Enacted disperse the appropriations amongst the categories where expenditures occur. Approximately 96.9 percent of the appropriations will be used on grant awards in FY2022 and 94.7 percent is projected to be spent on grant awards in FY2023. The Commission tracks the project awards by the fiscal year in which they are awarded. The project and award are carried forward into succeeding fiscal years until the project is completed.

Fiscal Year	# of Grants		Amount
	Awarded	# Paid	Paid
FY2018	49	27	\$86,304
FY2019	167	161	423,794
FY2020	159	165	452,960
FY2021	113	110	305,006
FY2022	131	71	177,342
Total	619	534	\$1,445,406

Source: Commission on Disabilities
FY2022 as of January 18, 2022

Due to the COVID-19 Pandemic, the number of awards decreased in 2020 and 2021 as many of the approved recipients were reluctant to have contractors in their homes.

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. In addition, the FY2022 Budget as Enacted included proviso language requiring all unexpended or unencumbered funds be reappropriated to the ensuing fiscal year. The following table illustrates the appropriation and expenditures of the program.

	FY2021	FY2022	FY2022	FY2023
Liveable Homes Modification	Actual	Enacted	Revised	Enacted
Salary and Benefits	\$0	\$0	\$3,304	\$3,413
Contract Services	14,312	15,504	45,640	47,095
Operating Costs	1,104	420	1,461	1,461
Grants and Awards	305,006	491,926	496,919	933,774
Total	\$320,422	\$507,850	\$547,324	\$985,743

New ADA Coordinator Position

\$111,112

The Budget adds \$111,112 in general revenue for salary and benefit expenses related to an additional 1.0 Assistant ADA Coordinator-Accessibility position. The additional position is not limited to school construction design plans review. The position will assist with accessibility issues and to ensure timely project completion.

Statewide Cost of Living Adjustment and Bonus

\$30,054

Based on recently negotiated contract bargaining agreements between the State and the state employee bargaining units for a proposed 4-year contract, the Budget includes the following cost-of-living adjustments (COLAs): 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. In addition, the Budget includes a \$1,500 retention bonus to those eligible union employees that was included as part of the recently completed contract negotiation. The current agreement is projected to increase general revenue expenditures by \$30,054 in FY2023 and \$28,972 in FY2022 within the Governor's Commission on Disabilities.

Centralized Service Adjustment

\$23,047

The Budget increases general revenue expenditures by \$23,047 for statewide services provided by and previously centralized in the Department of Administration. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. As of FY2019, these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. The FY2022

Budget as Enacted appropriated \$10,288 for these expenses, which is increased by \$23,047 to \$33,335 in the FY2023 budget.

New England ADA Center (restricted receipts)

\$19,210

The Budget adds \$19,210 in restricted receipts for contracted services and operating costs. In 2018, voters authorized the \$250.0 million School Construction bond and the Commission is responsible to review school construction design plans for compliance with the Americans with Disabilities Act. The Commission does not have the staff to review these plans so it contracts out for these professional services. The Commission will use funding received from the New England ADA Center to pay 65.0 percent of the cost to hire a consultant to conduct design plan reviews. The balance of the cost will derive from the Commission's general revenue appropriation and from the Technical Assistance-GCD restricted receipt account. The increase mainly reflects the hiring of "temporary personnel" to assist the construction design plan specialist at the Commission to review school and other state funded construction plans and complaints for disability accessibility.

Technical Assistance –GCD (restricted receipts)

\$5,570

The Budget increases restricted receipts by \$5,570 under the Technical Assistance-GCD line sequence. This line houses donations received by the Commission. The increase mainly reflects the hiring of "temporary personnel" to assist the construction design plan specialist at the Commission to review school and other state funded construction plans and complaints for disability accessibility. The cost of the temporary position is split with funds from the New England ADA Center restricted receipt account and with general revenue on a 66/34 percent basis.

Commission on the Deaf and Hard of Hearing

Expenditures by Program	FY2021 Actual	FY2022 Enacted	FY2022 Final	Change from Enacted		FY2023 Enacted	Change from Enacted
Central Management	\$755,075	\$818,664	\$820,085	\$63,589.0	-8.4%	\$816,876	(\$1,788) -0.2%

Expenditures by Source	FY2021 Actual	FY2022 Enacted	FY2022 Final	Change from Enacted		FY2023 Enacted	Change from Enacted
General Revenue	\$575,032	\$655,862	\$739,765	\$80,830	-14.1%	\$716,876	\$61,014 9.3%
Restricted Receipts	\$180,043	\$162,802	\$80,320	(\$17,241)	9.6%	\$100,000	(\$62,802) -38.6%

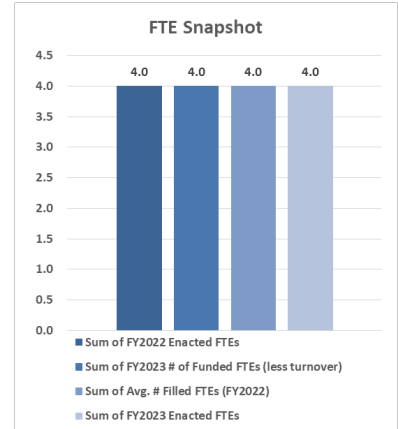
Authorized FTE Levels	4.0	4.0	4.0	-	-	4.0	-	-
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The Commission on the Deaf and Hard of Hearing (CDHH) advocates and coordinates the promotion of an environment in which deaf and hard of hearing persons in Rhode Island are afforded equal opportunity in all aspects of their lives. The CDHH develops policy and provides recommendations for programs and legislation that will enhance cooperation and coordination among agencies and organizations that currently serve, or have the potential to serve, the deaf and hard of hearing community.

MAJOR ISSUES AND TRENDS

The Budget includes total funding of \$816,876, including \$716,876 from general revenue for FY2023. General revenue increases by 9.3 percent from the FY2022 Budget as Enacted. The increases in general revenue are primarily due to the statewide COLAs and changes to centralized service charges. Restricted receipts decrease due to a one-time increase in funding in FY2022 for emergency referral services.

The Budget authorizes 4.0 FTE positions in FY2023.



CENTRAL MANAGEMENT

Central Management	General Revenue
FY2022 Enacted	\$655,862
Target and Other Adjustments	(\$2,148)
Statewide Cost of Living Adjustment	33,419
Centralized Service Charges	29,743
Total	\$716,876
Central Management	Other Funds
Emergency and Public Communications Access Fund (restricted receipts)	(\$62,802)

Statewide Cost of Living Adjustment \$33,419

Based on recently negotiated contract bargaining agreements between the State and the state employee bargaining units for a proposed 4-year contract, the Budget includes the following cost-of-living adjustments (COLAs): 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. In addition, the Budget includes a \$1,500 retention bonus to those eligible union employees that was included as part of the recently completed contract negotiation. The current agreement is projected to increase general revenue expenditures by \$33,419 in FY2023 and \$22,213 in FY2022 within the Commission.

Centralized Service Charges**\$29,743**

The Budget increases general revenue expenditures by \$29,743 to reflect billed amounts for human resources, capital asset management and maintenance and information technology services. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. These expenditures are reflected in each agency based on actual use, showing the true costs associated with a particular program or agency. The FY2022 Budget as Enacted appropriated \$41,935 for the centralized services, increased to \$71,678 in the FY2023 Budget.

Emergency and Public Communications Access Fund (restricted receipts)**(\$62,802)**

The Budget reduces restricted receipts by \$62,802 from the Emergency and Public Communications Access Fund (EPCAF). Typically, the EPCAF is required to transfer \$80,000 annually to CDHH for services to increase access to emergency and public communications for the deaf and hard of hearing community. The FY2022 Budget as Enacted included \$162,802 to meet an increased need for referral services, which is reversed in FY2023. Article 2 of the Budget also increases the required annual transfer from \$80,000 to \$100,000 to meet the ongoing need for increased referral services.

Office of the Child Advocate

Expenditures by Program	FY2021 Actual	FY2022 Enacted	FY2022 Final	Change to Enacted		FY2023 Enacted	Change to Enacted	
Central Management	\$991,174	\$1,243,526	\$1,166,531	(\$76,995)	-6.2%	\$1,494,065	\$250,539	20.1%
Expenditures by Source								
General Revenues	\$937,682	\$1,036,219	\$1,104,557	\$68,338	6.6%	\$1,494,065	\$457,846	44.2%
Federal Funds	53,492	207,307	61,974	(145,333)	-70.1%	-	(207,307)	-100.0%
Total	\$991,174	\$1,243,526	\$1,166,531	(\$76,995)	-6.2%	\$1,494,065	\$250,539	20.1%
Authorized FTE Levels	10.0	10.0	10.0	-	-	10.0	-	-

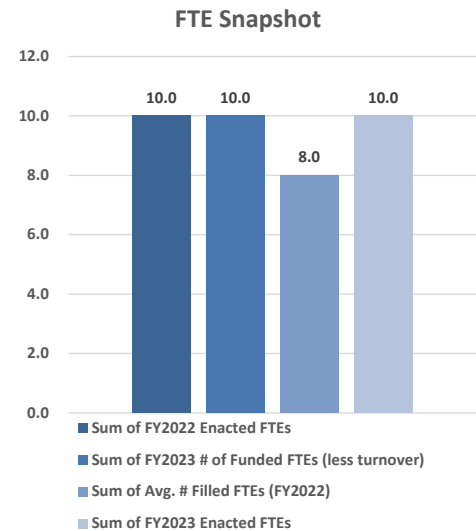
The Office of the Child Advocate (OCA) is mandated by statute to protect the legal, civil, and special rights of all children in the care of the Department of Children, Youth, and Families (DCYF). The Office strives to improve conditions and circumstances through monitoring, intervention, and advocacy. The OCA receives federal funding through the Victims of Crime Act (VOCA) to provide public education and support services for victims of crime and their families. The Office reviews all youth residential programs, including the Rhode Island Training School, and oversees compliance by all DCYF-contracted providers. The General Assembly amended the Office's statutory charge in both 2016 and 2019, further requiring the Child Advocate to investigate any child fatality or near fatality if:

- The child is involved with, or the child's family previously received services from, DCYF;
- The incident involves alleged abuse or neglect and the child's family had prior contact with DCYF; or
- The child's sibling, household member, or daycare provider was the subject of a child abuse or neglect investigation within 12 months of the incident.

MAJOR ISSUES AND TRENDS

In January 2018, the State and DCYF settled a long-standing class action lawsuit. The lawsuit, initially filed in 2007, demanded systemic reforms to the State's child welfare system and cited deficiencies throughout DCYF, including excessive caseworker assignments and an inappropriate residential service array. The settlement, known as the Children's Rights Settlement, outlined a number of new screening and reporting requirements for DCYF. The OCA acts as the federal monitor to the settlement and oversees DCYF's progress towards meeting the established benchmarks.

The Budget provides \$1.5 million from all funds for the Office in FY2023. This represents a \$250,539 all funds or 20.1 percent increase from the FY2022 Enacted Budget, net of a \$457,846 increase in general revenues, and a \$207,307 decrease in federal funds. The federal funds reduction stems from the expiration of the federal Victims of Crime Act (VOCA) grant funding. The Budget authorizes and fully funds 10.0 FTE positions in FY2023. Currently, 8.0 positions are filled.



Office of the Child Advocate	General Revenue
FY2022 Enacted	\$1,036,219
<i>Target and Other Adjustments</i>	<i>14,097</i>
Turnover Savings Elimination	196,535
Position Upgrades	144,600
Statewide Cost of Living Adjustment	67,385
Centralized Service Charges	35,229
FY2023 Enacted	\$1,494,065

Turnover Savings Elimination **\$196,535**

The Budget increases general revenue by \$196,535 to fully fund two positions not initially recommended for funding in FY2023. The two positions were partially funded from a federal Victims of Crime Act grant in prior years. In September 2021, the Office was notified that it will not receive any funding from the grant and the Governor did not recommend funding for FY2023.

Position Upgrades **\$144,600**

The Budget increases general revenue by \$144,600 for equitable salaries for office personnel. The Office requested this general revenue increase in response to difficulty with recruitment and retention, as well as increases in roles and responsibilities in the office and performance of tasks and responsibilities comparable to those undertaken in other state offices at higher rates of compensation.

Statewide Cost of Living Adjustment **\$67,385**

Based on recently negotiated contract bargaining agreements between the State and the state employee bargaining units for a proposed 4-year contract, the Budget includes the following cost-of-living adjustments (COLAs): 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. The current agreement is projected to increase general revenue expenditures by \$67,385 in FY2023 and \$45,276 in FY2022 within the Office of the Child Advocate.

Centralized Service Charges **\$35,229**

The Budget increases general revenue expenditures to reflect billed amounts for information technology services. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In FY2019 these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. The Governor includes an increase of \$30,848 for capital asset management and maintenance and an increase of \$4,381 for information technology charges.

Office of the Mental Health Advocate

Expenditures by Program	FY2021 Actual	FY2022 Enacted	FY2022 Final	Change from Enacted	FY2023 Enacted	Change from Enacted
Central Management	\$635,517	\$680,190	\$721,334	\$41,144 6.0%	\$973,329	\$293,139 43.1%
Expenditures by Source						
General Revenue	\$635,517	\$680,190	\$721,334	\$41,144 6.0%	\$973,329	\$293,139 43.1%
Authorized FTE Levels	4.0	4.0	4.0	- -	6.0	2.0 50.0%

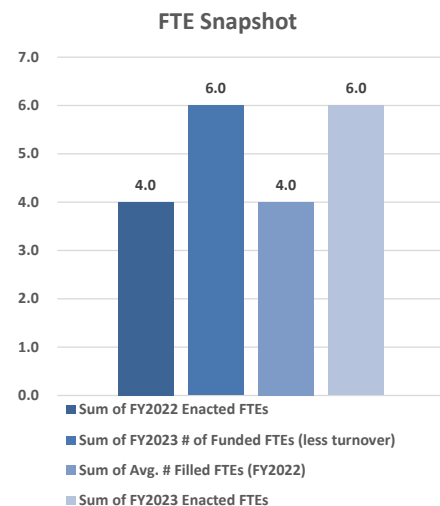
The Office of the Mental Health Advocate (OMHA) is statutorily mandated to protect the legal, civil, and special rights of people living with mental illness in Rhode Island. This includes providing legal representation at involuntary commitment proceedings, monitoring policies and procedures at inpatient treatment facilities and community-based mental health programs, proposing and evaluating legislation, and litigating civil and treatment rights disputes.

The Office also advocates for improvements in the mental health system by monitoring and evaluating the quality of services available to clients and combating the stigmatization and discrimination associated with mental illness. The Office seeks to close gaps in the programs administered by mental health providers, including the shortcomings in services related to emergency hospitalizations, psychiatric care for prison inmates, and homelessness among individuals with chronic mental illness.

MAJOR ISSUES AND TRENDS

The Budget includes \$973,329 from general revenues, an increase of \$293,139 or 43.1 percent as compared to the FY2022 Budget as Enacted. This increase is primarily due to the addition of funds for the Mental Health Court Pilot Program, as well as the Statewide COLA adjustments. The Office is funded entirely through general revenues.

The Budget authorizes and fully funds 6.0 FTE positions in FY2023, 2.0 more than the FY2022 Budget as Enacted to reflect new positions for the proposed mental health court.



Central Management	General Revenue
FY2022 Enacted	\$680,190
<i>Target and Other Adjustments</i>	1,207
Mental Health Court Pilot Program	234,447
Statewide Cost of Living Adjustment and Bonus	40,814
Centralized Service Charges	16,671
FY2023 Enacted	\$973,329

Mental Health Court Pilot Program **\$234,447**

The Budget adds \$234,447 from general revenues in FY2023 to finance a proposal to establish a mental health court pilot program. The Budget also includes funds in the Office of the Attorney General and the Judiciary for a total cost of \$4.2 million. The pilot program would allow defendants with mental illnesses to be connected with community treatment programs, with the goals of reducing recidivism and keeping these individuals out of criminal courts. Participants will receive treatment, monitoring, and additional

support. Successful completion may result in jail diversion, the reduction of charges, alternative sentencing, or the dismissal of charges.

The Mental Health Treatment Court will be a pre-plea program, with no admission of guilt, to avoid collateral consequences such as limited housing or a negative impact on employment opportunities. A participation agreement will define the expectations of both parties, including duration of the treatment plan and disposition upon completion. The Court will work closely and collaboratively with the community mental health centers and with the Department of Behavioral Health, Developmental Disabilities, and Hospitals (BHDDH), to provide monitoring of the participant in the community consistent with their risk level. Treatment Courts are collaborative, not adversarial. The team will include a designated judicial officer, a designated prosecutor (AG), and defense counsel from the Office of the Mental Health Advocate. The involvement of the Mental Health Advocate will bring both specialized knowledge of mental illness and experience with this population and the treatment providers. A shift in defense court-appointed counsel to the Office of the Mental Health Advocate is an important step toward the decriminalization of mental illness.

Statewide Cost of Living Adjustment

\$40,814

Based on recently negotiated contract bargaining agreements between the State and the state employee bargaining units for a proposed 4-year contract, the Budget includes the following cost-of-living adjustments (COLAs): 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. In addition, the Budget includes a \$1,500 retention bonus to those eligible union employees that was included as part of the recently completed contract negotiation. The current agreement is projected to increase general revenue expenditures by \$40,814 in FY2023 and \$27,876 in FY2022 within the Office of the Mental Health Advocate.

Centralized Service Charges

\$16,671

The Budget increases general revenue expenditures by \$16,671 to reflect billed amounts for capital asset management and information technology services. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. These expenditures are reflected in each agency based on actual use, showing the true costs associated with a particular program or agency. The FY2022 Budget as Enacted appropriated \$93,035 for the centralized services, increased to \$109,706 in the FY2023 Budget.

Elementary and Secondary Education

Expenditures By Program	FY2021 Actual	FY2022 Enacted	FY2022 Final	Change from Enacted		FY2023 Enacted	Change from Enacted	
Administration of the Comprehensive Education Strategy	\$262.6	\$354.4	\$348.5	(\$5.9)	-1.7%	\$325.6	(\$28.8)	-8.1%
Central Falls School District	44.8	69.7	48.7	(21.0)	-30.2%	69.8	0.1	0.1%
Davies Career and Technical Center	18.0	25.9	21.8	(4.1)	-15.8%	29.3	3.5	13.4%
Rhode Island School for the Deaf	8.1	8.8	9.2	0.5	5.5%	9.1	0.4	4.1%
Metropolitan Career and Technical School	9.3	14.3	10.1	(4)	(0)	14.7	0.5	3.2%
Education Aid	1,058.6	1,569.1	1,106.6	(462.5)	-29.5%	1,300.5	(268.6)	-17.1%
School Construction Aid	80.0	80.0	80.0	-	-	138.5	58.5	73.2%
Teacher Retirement	116.9	123.9	124.0	0.1	0.1%	130.9	6.9	5.6%
Total	\$1,598.4	\$2,246.0	\$1,748.9	(\$497.1)	-22.1%	\$2,018.5	(\$227.6)	-10.1%
Expenditures By Source								
General Revenue	\$1,280.1	\$1,330.8	\$1,332.9	\$2.0	0.2%	\$1,440.7	\$109.8	8.3%
Federal Funds	281.2	865.6	366.6	(499.0)	-57.6%	520.7	(344.8)	-39.8%
Restricted Receipts	36.2	46.7	47.2	0.5	1.1%	47.6	0.9	2.0%
Other Funds	0.7	2.9	2.2	(0.7)	-24.7%	9.4	6.5	221.8%
Total	\$1,598.4	\$2,246.0	\$1,748.9	(\$497.1)	-22.1%	\$2,018.5	(\$227.6)	-10.1%
Authorized FTE Levels	325.1	326.1	326.1	-	-	326.1	-	-

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

The Rhode Island Department of Elementary and Secondary Education, under the leadership of the Board of Education, is responsible for a strategic plan defining goals and objectives for elementary and secondary education; preparation and presentation annually of an educational budget for the Department of Elementary and Secondary Education, subordinate boards and agencies, and State aid to local school districts; approval of the basic subjects and courses of study to be taught, and instructional standards required to be maintained in the public elementary and secondary schools of the State; and, adoption of standards and qualifications for the certification of teachers and provision for the issuance of certificates.

MAJOR ISSUES AND TRENDS

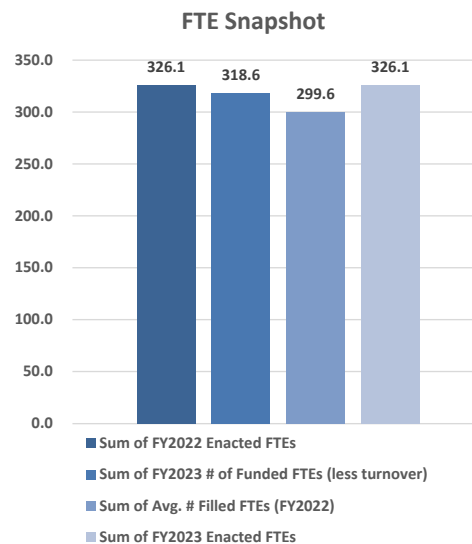
Most of the \$109.8 million increase in general revenue fully funds the education funding formula and provides \$50.0 million to capitalize the School Building Authority Capital fund. Categorical aid is level funded, except that regional transportation increases by \$1.6 million, while group home aid decreases by \$662,927, based on bed counts, and density aid by \$490,000. Density Aid shows a decrease based on the number of qualifying students.

Other general revenue increases include \$8.2 million for school construction aid, \$6.9 million for the State's contribution to teacher retirement, \$2.4 million for statewide COLA adjustments, and \$540,000 to address increased demand for adult education services.

The reduction in federal funds is due primarily to the shifting of funding from the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) and the American Rescue Plan Act (ARPA) from FY2022 into FY2023 and beyond. The restricted receipt increase is due to increased costs associated with statewide transportation and a new grant from the Gates Foundation to make algebra more accessible to students in Providence. The increase in other funds is due primarily to the appropriation of \$6.5 million in Rhode Island Capital Plan (RICAP) funds for the Davies Health Care Classroom Improvements project.

The Budget provides 326.1 FTE positions across the Elementary and Secondary Education system, including 145.1 FTE positions at the Department of Elementary and Secondary Education, 123.0 FTE positions at Davies, and 60.0 FTE positions at the School for the Deaf. The FTE level is consistent with the FY2022 Budget as enacted.

The FY2022 Budget as Enacted included 2.0 FTE Uniform Chart of Accounts (UCOA) School Spending Analysis positions. These positions were added to enable the Department to meet new spending analysis requirements imposed through Article 10 of the FY2022 Budget as Enacted. The Department filled one of these positions on February 13, 2022, but indicated that it was a challenging position to fill. The Department is going to engage a contract employee to provide the expertise needed for the second position.



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
FY2022 Enacted	\$24,339,679
<i>Target and Other Adjustments</i>	<i>249,777</i>
Statewide Cost of Living Adjustment	1,222,364
Adult Education Providers	540,000
Dyslexia Educator Training	50,000
FY2023 Enacted	\$26,401,820
Administration of the Comprehensive Education Strategy	Other Fund Changes
ARPA ESSER III Funds (federal funds)	(\$16,398,061)
School Nutrition Programs (federal funds)	4,500,000
RI School Based Mental Health Services (federal funds)	2,014,085
Substance Abuse and Mental Health Services (federal funds)	1,631,042
Gates Foundation Grant (restricted receipts)	441,886
CARES Act ESSER I (federal funds)	300,000

Statewide Cost of Living Adjustment **\$1.2 million**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living (COLA) increases of 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. The current agreement is projected to increase general revenue expenditures by \$1.2 million, including the \$1,500 bonus payment to most employees within the Department.

Adult Education Providers **\$540,000**

The Budget includes an increase of \$540,000 in general revenue to address increased demand for adult education services, bringing total funding for adult education programs to \$10.6 million in FY2023,

including \$2.7 million in general revenue, \$2.4 million in ongoing federal funds, \$2.0 million in one-time ARPA SFRF funding, and \$3.5 million in restricted receipts.

Through the Adult Education Program and in collaboration with the Governor's Workforce Board, the Department provides basic education, GED preparation, workforce training, and English language classes. Instruction is provided during day and evening classes and both online and face to face.

Dyslexia Educator Training

\$50,000

The Budget provides an additional \$50,000 in general revenue to support dyslexia educator training. The FY2020 Budget as Enacted provides \$250,000 to support a literacy position and curriculum for literacy and students with dyslexia. Funds are intended to strengthen literacy screenings to detect dyslexia, coordinate Orton-Gillingham training statewide, and provide additional resources to improve literacy practices.

Federal Fund Changes

(\$13.0 million)

The Budget includes a net decrease in federal funding of \$13.0 million, including the following:

- **ARPA ESSER III Funds (\$16.4 million):** The American Rescue Plan Act (ARPA), passed in March 2021, provided \$415.0 million in Elementary and Secondary Education Relief (ESSER) funds to Rhode Island. This was the third round of ESSER funds distributed. Of the total distribution, \$373.5 million was for direct grants to local education agencies (LEAs) and \$41.5 million was reserved for use by the state education agency (SEA), including a maximum of \$2.1 million for an administrative set aside. The FY2022 Budget as Enacted appropriated the entire amount into one year. The FY2023 Budget moves the funds to out years, providing \$25.1 million in FY2023, a decrease of \$16.4 million from the enacted level. The remaining \$16.4 million will be appropriated in future years. These funds are available for obligation through September 30, 2023. The Tyding Amendment would extend the deadline to 2024.

Based on the State Plan for the use of the SEA reserve (<https://oese.ed.gov/files/2021/06/Rhode-Island-ARP-ESSER-State-Plan.pdf>), the Department intends to use the funds to promote equity and decrease performance gaps by implementing the recommendations from the Learning, Equity & Accelerated Pathways (LEAP) Task Force Report. In 2019, the Department convened the Learning, Equity & Accelerated Pathways (LEAP) Task Force consisting of parents, state and local leaders, education experts, and community members representing a variety of stakeholders to identify priorities and recommendations for a path forward. The Task Force Report can be found here:

American Rescue Plan Act (ARPA) Elementary and Secondary Education Relief (ESSER) Fund Allocation	
Description	Budgeted Expenditure
Pass through to LEAs	\$373.5
Highlights of Rhode Island's Plan	41.5
Return to In-Person Learning in 2021	
Safely Reopening Schools and Sustaining Safe Operations	
Supporting Students Most Impacted by the Pandemic	
Addressing the Academic Impact of Lost Instructional Time	
Investing in Summer Learning	
Expanding Afterschool Programs	
Re-Engaging Students Disengaged from their Communities	
Staffing to Support Students' Mental Health Needs	
Total	\$415.0
<i>\$ in millions</i>	

(<https://www.ride.ri.gov/Portals/0/Uploads/Documents/COVID19/LEAPTaskForceReport.pdf?ver=2021-04-28-150118-777>).

- **School Nutrition Programs (\$4.5 million):** The Budget provides an increased appropriation in federal funds of \$20.0 million in FY2022 and \$4.5 million in FY2023 to support school breakfast and lunch programs based on updated cost projections. In response to the pandemic the United State Department

of Agriculture extended the free lunch program to all students attending school that participate in the program, regardless of income.

- **RI School Based Mental Health Services (\$2.0 million):** The School Based Mental Health Services (SBMHS) grant program provides competitive grants to state education agencies to increase the number of qualified mental health providers in local education agencies with demonstrated need. Rhode Island was awarded a five-year, \$10.4 million grant that provides about \$2.0 million in support each year. FY2022 represents the first year of the grant; however, based on the timing of the award the funds were not include in the FY2022 Budget as Enacted.

The district funding will be used for a local coordinator to oversee recruitment, retention, and re-specialization activities, as well as track data used for performance measures to track need. In addition, the funds will be used to support evidence-based and data-driven practices to increase the number of school-based mental health providers in the district. Rhode Island College will use the funds to support a coordinator to lead the development of a certificate program and pathways to increase the number of school-based mental health providers statewide.

School Based Mental Health Services		
Local Education Agencies		\$1,215,775
	Providence	\$655,259
	Central Falls	305,258
	Northwest Special Education Region	255,258
Rhode Island College		600,000
RIDE School Health Policy and Program Specialist (fully funds FTE)		120,000
RIDE Program Coordinator (23.0 percent of FTE)		40,000
Total Annual Cost		\$1,975,775

Source: Rhode Island Department of Education

- **Substance Abuse and Mental Health Services (\$1.6 million):** FY2023 is the second year of a 5-year, \$9.0 million federal grant to expand mental health awareness and services in Cranston, West Warwick, and Westerly. The Department will work in partnership with the Department of Children, Youth, and Families to expand mental health services in these districts. Each district will receive a minimum of \$360,000 each year to support a district-level manager and other mental health personnel, as well as materials for professional development for social emotional learning and behavioral risk awareness.
- **CARES ACT ESSER I \$300,000:** The Coronavirus Aid, Relief, and Economic Security (CARES) Act, passed in March 2020, provided \$46.4 million in Elementary and Secondary Education Relief (ESSER) I funds to Rhode Island. This was the first round of ESSER funds distributed. Of the total distribution \$41.7 million was for direct grants to local education agencies (LEAs). The FY2021 Budget as Enacted appropriated the full amount for the distribution of direct aid to the LEAs, while \$4.4 million was reserved for use by the state education agency (SEA). The FY2023 Budget moves \$300,000 of these reserve funds into FY2023 and \$2.6 million into FY2022. According to the Department, all of the ESSER I funds were encumbered in 2020; however, some of the payables were reversed freeing up balances for future years. The table shows the planned distribution of those funds, which were directed to the hardest hit communities.

ESSER Fund Set-Aside Distribution	
District	Amount
Central Falls	\$261,433
Cranston	382,294
East Providence	222,932
Pawtucket	600,370
Providence	2,387,422
Woonsocket	548,841
Total	\$4,403,292

According to the U.S. Department of Education, State Education Agencies (SEAs) may use reserve funds to address emergency needs resulting from the COVID-19 pandemic as determined by an SEA and for the same allowable uses as ESSER II and ESSER III. The statute provides broad flexibility.

- **Analyst Note:** The ESSER I funds are available for obligation through September 30, 2021; however, a one-year extension is provided through the Tydings Amendment.

Restricted Receipt Changes

\$441,886

The Budget increases restricted receipts by \$441,886 to account for the following:

- **Gates Foundation Grant (\$441,886):** In 2021, Rhode Island was awarded a Gates Foundation Grant to make algebra more accessible to Providence Middle School students who are multilingual, black, Latino, and/or experiencing poverty. The department will use the grant to develop an Algebra Readiness Course using student-centered instruction and real-world examples to strengthen pre-algebra skills while promoting social-emotional growth. The Budget provides \$1.1 million in FY2022 and \$441,886 in FY2023. The majority of the funds will be used for a contractor to develop the curriculum, administer professional development to teachers, as well as for a parent engage program, and a student ambassador. The professional development will be for both math content and strategies for supporting multilingual learners. The Phase II end date is May 31, 2023.

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 \$48.7 million for the Central Falls School Department in FY2023. This includes the funding formula distribution as well as \$10.1 million in funding through the Central Falls Stabilization Fund, excluding aid received through other education aid categories. (See Education Aid in the Special Report section of this publication for further detail.)

Central Falls	General Revenue
FY2022 Enacted	\$47,702,746
<i>Target and Other Adjustments</i>	-
Central Falls Stabilization	1,000,000
Funding Formula Adjustment	258,593
FY2023 Enacted	\$48,961,338
Central Falls	Other Fund Changes
ESSER Funds (federal funds)	(\$1,195,987)

Central Falls Stabilization **\$1.0 million**

The Budget funds this category at \$10.1 million in FY2023, an increase of \$1.0 million over the FY2022 Budget as Enacted. Central Falls schools are currently 100.0 percent state funded, with the State providing both the local and state contributions calculated through the formula, as well as the local share that would be supported outside of the core amount. For example, the total foundation amount calculated through the funding formula is \$39.2 million in FY2023; however, the Budget provides an additional \$9.6 million, including the Pandemic Hold Harmless funding. Generally, the costs outside the foundation aid formula, such as transportation, facility maintenance and retiree health benefits, are paid by the district. This program was created due to concerns regarding the city's capacity to meet the local share of education costs. Previously the statute required Central Falls to pay its share of the local contribution prior to receiving stabilization funds. However, the 2012 General Assembly amended the statute to provide for an annual review of the respective shares and to allow stabilization funds to be provided without the district having to pay the entire local share as determined from the education funding formula.

Although Central Falls has been working with the Department to reduce expenditures over the last several years, the district has not been able to reduce costs enough to keep pace with the phase in of the funding

formula. Also, charter school tuitions have been increasing resulting in a corresponding increase in district expenses. Consequently, the stabilization fund has been used to replace aid lost through the implementation of the funding formula and local payments to public schools of choice. To date, Central Falls has been unable or unwilling to absorb any educational costs.

Funding Formula Adjustment

258,593

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 FY2023, the district will see an increase of \$258,593 in funding formula aid; however, the stabilization aid and other categorical aid provide for a net increase of \$1.2 million over the previous fiscal year.

Federal Fund Changes

(\$1.2 million)

The Budget includes a decrease of \$1.2 million in federal Elementary and Secondary Education Relief (ESSER) funds relative to FY2022 Budget as Enacted.

- **ESSER Funds (\$1.2 million):** The Budget provides \$15.1 million in American Rescue Plan Act (ARPA) ESSER III funds and \$5.7 million in Coronavirus Response and Relief Supplemental Appropriations (CRRSA) ESSER II funds in FY2023, a decrease of \$1.2 million from the FY2022 Budget as Enacted. The American Rescue Plan Act (ARPA), passed in March 2021, provided \$415.0 million in ESSER III funds to Rhode Island. This was the third round of ESSER funds distributed. Of the total distribution \$373.5 million was for direct grants to local education agencies (LEAs). The FY2022 Budget as Enacted included \$15.3 million in direct aid for Central Falls. According to the United States Department of Education, an LEA must reserve at least 20.0 percent of its total allocation to address learning loss through evidence-based interventions such as summer learning, or enrichment, extended day, comprehensive after school programs, or extended school year programs. LEAs must ensure that such interventions respond to students' academic, social, and emotional needs, and address the disproportionate impact of COVID-19 on underrepresented student subgroups. Section 2001(e) specifically authorizes an LEA to use funds to develop strategies and implement public health protocols, including policies in line with guidance from the CDC for the reopening and operation of schools facilities to maintain the health and safety of students, educators, and other staff, to the greatest extent practicable. The funds may be used for expenses dating back to March 13, 2020, and the funds are available for obligation through September 30, 2023, excluding the 12-month Tydings Amendment period.

The Coronavirus Response and Relief Supplemental Appropriations (CRRSA), passed in December 2020, provided \$184.8 million in Elementary and Secondary Education Relief (ESSER) II funds to Rhode Island. This was the second round of ESSER funds distributed. Of the total distribution \$166.3 million was for direct grants to local education agencies (LEAs). The FY2022 Budget as Enacted appropriated \$6.8 million in direct aid to Central Falls. According to the United States Department of Education, LEAs may use these as allowed under ESSER I and ARPA ESSER, including hiring new staff and avoiding layoffs. Additional uses include addressing learning loss; preparing schools for reopening; and, testing, repairing, and upgrading projects to improve air quality in school buildings. The funds may be used for expenses dating back to March 13, 2020, and the funds are available for obligation through September 30, 2022, excluding the 12-month Tydings Amendment period.

DAVIES CAREER AND TECHNICAL CENTER

The Davies Career and Technical School provides a high school education program in occupational areas for students in grades nine through twelve. The school provides an integrated academic and vocation curriculum with up-to-date technology programs to provide a solid foundation for students entering postsecondary education or the community. Davies operates as a local education agency and is governed by a Board of Trustees.

The Budget provides \$14.7 million in general revenue funding for the Davies Career and Technical School, an increase of \$336,923 from the FY2022 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
FY2022 Enacted	\$14,437,904
<i>Target and Other Adjustments</i>	-
Funding Formula Adjustment	338,297
Davies Stabilization Fund	(1,374)
FY2023 Enacted	\$14,774,827
Davies Career and Technical School	Other Funds
ARPA ESSER III Funds (federal funds)	(\$2,132,018)
CRRSA ESSER II Funds (federal funds)	(510,570)

Funding Formula Adjustment **\$338,297**

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 FY2023, the Davies School will receive an increase of \$338,297 in funding formula aid (\$8.9 million in total aid). Instead of being entirely State funded, the sending districts now pay a portion of the tuition for each student from their district. Furthermore, Davies is now responsible for the cost of transporting students to and from their sending districts. The estimated cost for transportation is about \$600,000 annually.

Davies Stabilization Fund **(\$1,374)**

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 a decrease of \$1,374 (\$5.8 million total) in FY2023.

Federal Fund Changes **(\$2.6 million)**

The Budget includes a decrease of \$2.6 million in federal funds, including the following:

- **ARPA ESSER III Funds (\$2.1 million):** The American Rescue Plan Act (ARPA), passed in March 2021, provided \$415.0 million in Elementary and Secondary Education Relief (ESSER) III funds to Rhode Island. This was the third round of ESSER funds distributed. Of the total distribution \$373.5 million was for direct grants to local education agencies (LEAs). The FY2022 Budget as Enacted included \$2.6 million in direct aid for Davies. The FY2023 Budget moves \$500,000 of these funds into FY2023 and the remaining funds into the out years, since Davies does not expect to utilize these funds in FY2022.

According to the United States Department of Education, an LEA must reserve at least 20.0 percent of its total allocation to address learning loss through evidence-based interventions such as summer learning, or enrichment, extended day, comprehensive after school programs, or extended school year programs. LEAs must ensure that such interventions respond to students' academic, social, and emotional needs, and address the disproportionate impact of COVID-19 on underrepresented student subgroups. Section 2001(e) specifically authorizes an LEA to use funds to develop strategies and

implement public health protocols, including policies in line with guidance from the CDC for the reopening and operation of schools facilities to maintain the health and safety of students, educators, and other staff, to the greatest extent practicable. The funds may be used for expenses dating back to March 13, 2020, and the funds are available for obligation through September 30, 2023, excluding the 12-month Tydings Amendment period.

- **CRRSA ESSER II Funds (\$510,570):** The Coronavirus Response and Relief Supplemental Appropriations (CRRSA), passed in December 2020, provided \$184.8 million in Elementary and Secondary Education Relief (ESSER) II funds to Rhode Island. This was the second round of ESSER funds distributed. Of the total distribution \$166.3 million was for direct grants to local education agencies (LEAs). The FY2022 Budget as Enacted appropriated \$1.2 million in direct aid to Davies. The FY2023 Budget moves \$661,373 of these funds into FY2023, leaving \$500,000 in FY2022.

According to the United States Department of Education, LEAs may use these allowable uses under ESSER I and ARPA ESSER, including hiring new staff and avoiding layoffs. Additional uses include addressing learning loss; preparing schools for reopening; and, testing, repairing, and upgrading projects to improve air quality in school buildings. The funds may be used for expenses dating back to March 13, 2020, and the funds are available for obligation through September 30, 2022, excluding the 12-month Tydings Amendment period.

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
FY2022 Enacted	\$7,402,627
<i>Target and Other Adjustments</i>	42,515
Statewide Cost of Living Adjustment	495,195
FY2023 Enacted	\$7,940,337
School for the Deaf	Other Funds
ARPA ESSER III Funds (federal funds)	(\$52,264)

Statewide Cost of Living Adjustment **\$495,195**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living (COLA) increases of 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. The current agreement is projected to increase general revenue expenditures by \$495,195, including the \$1,500 bonus payment to most employees within the School.

In FY2023, the Department requested \$129,255 in salary and benefits for 1.0 new FTE Speech Pathologist position at RISD; however, the position was not included in the Budget. This position was also requested in FY2022.

Federal Fund Changes **(\$52,264)**

The Budget includes a decrease of \$52,264 in federal funds relative to FY2022 Budget as Enacted.

- **ARPA ESSER III Funds (\$52,264):** The American Rescue Plan Act (ARPA), passed in March 2021, provided \$415.0 million in Elementary and Secondary Education Relief (ESSER) III funds to Rhode Island. This was the third round of ESSER funds distributed. Of the total distribution \$373.5 million

was for direct grants to local education agencies (LEAs). The FY2022 Budget as Enacted included \$256,339 in direct aid for the School for the Deaf. The FY2023 Budget moves \$274,075 of these funds into FY2023, leaving \$50,000 in FY2022.

According to the United States Department of Education, an LEA must reserve at least 20.0 percent of its total allocation to address learning loss through evidence-based interventions such as summer learning, or enrichment, extended day, comprehensive after school programs, or extended school year programs. LEAs must ensure that such interventions respond to students' academic, social, and emotional needs, and address the disproportionate impact of COVID-19 on underrepresented student subgroups. Section 2001(e) specifically authorizes an LEA to use funds to develop strategies and implement public health protocols, including policies in line with guidance from the CDC for the reopening and operation of school facilities to maintain the health and safety of students, educators, and other staff, to the greatest extent practicable. The funds may be used for expenses dating back to March 13, 2020, and the funds are available for obligation through September 30, 2023, excluding the 12-month Tydings Amendment period.

METROPOLITAN CAREER AND TECHNICAL SCHOOL

The Metropolitan Career and Technical School (Met School) is a career and technical public school district with two campuses in Providence and a third in Newport. It provides a comprehensive education which includes internships, individual learning plans, advisory, and a college transition program for students in grades nine through twelve.

The Budget provides \$9.8 million in general revenue funding for the Met, level funded with the FY2022 Budget as Enacted. This includes \$1.1 million for the Met School Stabilization Fund, but excludes \$23,443 in English Learner 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
FY2022 Enacted	\$9,342,007
<i>Target and Other Adjustments</i>	-
Funding Formula Adjustment	448,156
Met School Stabilization Fund	Informational
FY2023 Enacted	\$9,790,163
Metropolitan Career and Technical School	Other Funds
ARPA ESSER III Funds (federal funds)	(\$1,028,531)
CRRSA ESSER II Funds (federal funds)	(1,012,968)

Funding Formula Adjustment* **\$448,156*

In FY2023, the Met School will receive an increase of \$448,156 in funding formula aid (\$8.7 million in total formula aid). Previously, the Met School was 100.0 percent state funded; however, beginning in FY2012, it received its general revenue funding through the new funding formula and sending districts pay a portion of the tuition for each student from their district. Furthermore, the Met School is now responsible for the cost of transporting students to and from their sending districts and will no longer be reimbursed by sending districts for transportation costs. Generally, the school provides RIPTA passes to students; however, due to the lack of RIPTA services available to students in Woonsocket, the school contracts for bus service for those students. The total estimated cost to the school is about \$177,000 annually.

Met School Stabilization Fund**Informational**

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 level funds the stabilization fund at \$1.1 million total in FY2023.

Federal Fund Changes**(\$2.0 million)**

The Budget includes a decrease of \$2.0 million in federal funds, including the following:

- **ARPA ESSER III Funds (\$1.0 million):** The American Rescue Plan Act (ARPA), passed in March 2021, provided \$415.0 million in Elementary and Secondary Education Relief (ESSER) III funds to Rhode Island. This was the third round of ESSER funds distributed. Of the total distribution \$373.5 million was for direct grants to local education agencies (LEAs). The FY2022 Budget as Enacted included \$3.2 million in direct aid to the Met. The FY2023 Budget moves \$2.2 million of these funds into FY2023, leaving \$1.0 million in FY2022.

According to the United States Department of Education, an LEA must reserve at least 20.0 percent of its total allocation to address learning loss through evidence-based interventions such as summer learning, or enrichment, extended day, comprehensive after school programs, or extended school year programs. LEAs must ensure that such interventions respond to students' academic, social, and emotional needs, and address the disproportionate impact of COVID-19 on underrepresented student subgroups. Section 2001(e) specifically authorizes an LEA to use funds to develop strategies and implement public health protocols, including policies in line with guidance from the CDC for the reopening and operation of schools facilities to maintain the health and safety of students, educators, and other staff, to the greatest extent practicable. The funds may be used for expenses dating back to March 13, 2020, and the funds are available for obligation through September 30, 2023, excluding the 12-month Tydings Amendment period.

- **CRRSA ESSER II Funds (\$1.0 million):** The Coronavirus Response and Relief Supplemental Appropriations (CRRSA), passed in December 2020, provided \$184.8 million in Elementary and Secondary Education Relief (ESSER) II funds to Rhode Island. This was the second round of ESSER funds distributed. Of the total distribution \$166.3 million was for direct grants to local education agencies (LEAs). The FY2022 Budget as Enacted appropriated \$1.4 million in direct aid to the Met. The FY2023 Budget moves \$424,929 of these funds into FY2023, leaving \$1.0 million in FY2022.

According to the United States Department of Education, LEAs may use these allowable uses under ESSER I and ARP ESSER, including hiring new staff and avoiding layoffs. Additional uses include addressing learning loss; preparing schools for reopening; and, testing, repairing, and upgrading projects to improve air quality in school buildings. The funds may be used for expenses dating back to March 13, 2020, and the funds are available for obligation through September 30, 2022, excluding the 12-month Tydings Amendment period.

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
FY2022 Enacted	\$1,023,707,116
<i>Target and Other Adjustments</i>	-
Funding Formula Distribution	38,577,350
Supplemental Assistance	698,382
Categorical Aid	454,906
FY2023 Enacted	\$1,063,437,756

Education Aid	Other Funds
ARPA ESSER III Funds (federal funds)	(\$252,145,661)
CRRSA ESSER II Funds (federal funds)	(67,255,631)
Statewide Transportation (restricted receipts)	789,790
CARES Act ESSER I (federal funds)	500,000

Funding Formula Distribution **\$38.6 million**

Based on the highest enrollment from March 2020, 2021, or 2022 and the share ratio from FY2022, the FY2023 Budget recommendation increases the education funding formula distribution by \$38.6 million, for a total of \$1,021.9 million for all the school districts except Central Falls and the state schools, which are included as separate budget programs.

The increase in funding formula aid for all school districts, charter schools, Davies Career & Technical School (Davies), and the Metropolitan Career and Technical School (Met) totals \$39.6 million. The difference is due to the increase in funding to Central Falls (\$258,593), Davies (\$338,297) and the Met (\$448,157) in FY2023 relative to the FY2022 enacted level.

The Education Adequacy Act (2010-S-2770, Substitute A as Amended) provided a new school funding formula that creates a single methodology for distributing state aid to all public schools. The core principle behind the formula is that state funding should follow the student; therefore, distribution could change annually based on shifts in enrollment. There are no changes in funding methodology for the School for the Deaf, since it is an education program that already has a state, federal and local share.

The formula establishes a per-pupil spending amount (\$11,050 in FY2023) and allocates this funding based on student enrollment. The formula also includes a single factor to adjust the core foundation amount to address the effects of poverty and other factors influencing educational needs. The high need student weight, or student success factor, increases the core foundation amount by 40.0 percent, (\$4,420 in FY2023) for each student eligible for free or reduced lunch. The formula accounts for local revenue generating capacity and overall poverty level by using the EWAV (Equalized Weighted Assessed Valuation) and the concentration of pre-kindergarten through sixth grade students eligible for free or reduced price lunch.

Article 11 of the FY2017 Budget as Enacted changed the threshold for the high-need student weight to a family income at or below 185.0 percent of the federal poverty guidelines. The change is in response to the United States Department of Agriculture no longer requiring districts to collect eligibility data. Since this income level is the same threshold as that used for the free or reduced lunch program, the Department of Elementary and Secondary Education (Department) does not anticipate a change in the eligibility numbers.

The Act included a multi-year transition plan to ease districts into the new formula, allowing time to adjust for gains or losses in education aid. The plan 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.)

Supplemental Assistance**\$698,382**

The Budget includes \$701,190 for the House floor amendment to Article 10 providing 20.0 percent of any negative difference between the FY2023 educator aid distribution proposed by the House Finance Committee and current law. Of the total, \$698,382 is distributed to traditional districts and charter schools. The balance of \$2,808 is distributed to the Davies Career and Technical School.

House Floor Amendment LC004160/4)	
20.0 Percent of negative HFC change to Governor Model	
Districts	
Barrington	\$302,169
East Greenwich	148,478
Exeter	106,335
North Smithfield	30,508
Richmond	502
Smithfield	75,374
Beacon Charter School	22,731
Blackstone Academy	11,212
Village Green Charter School	1,073
Davies Career and Technical School	2,808
Total	\$701,190

Categorical Aid**\$454,906**

When the education funding formula was passed in 2010, five categorical funds were identified that would not be distributed according to the formula, but according to other methodology to address the priorities and funding needs of the districts. These categories include Transportation, High-Cost Special Education, Career & Technical Education, Early Childhood, and the Regionalization Bonus. Article 11 of the FY2017 Budget as enacted added two new aid categories: English Learners and Density Aid Fund. The Density Fund support ended in FY2019, but was reestablished in FY2022. The FY2019 Budget as Enacted created a temporary category for School Resource Officer Support, which expired after FY2021. (The Central Falls, Davies and Met School Stabilization Funds are addressed in the relevant sections of this analysis.)

The FY2023 Budget includes funding for all of the categories, except the Regionalization Bonus and School Resource Officer Support.

- **Transportation:** This fund provides funding for transporting students to out-of-district, non-public schools and for 50.0 percent of the local costs associated with transporting students within regional school districts. The program provides for a pro-rata reduction in reimbursements to districts based on available funding. The Budget funds this category at \$9.3 million in FY2023, an increase of \$1.6 million over the FY2022 Budget as Enacted to fully fund the regional component of this category.

FY2023 Education Aid as Enacted		
Categorical	Change from Enacted	Total Funding
Transportation	1.6	9.3
Early Childhood	-	14.9
High-Cost Special Education	-	4.5
Career & Tech. Schools	-	4.5
English Learners	-	5.0
Regionalization Bonus	-	-
School Resource Officer Support	-	-
Group Home Aid	(0.7)	2.3
Density Aid	(0.5)	0.5
Total	\$0.5	\$40.9

\$ in millions

- **Early Childhood Education:** This fund is designed to increase access to voluntary, free, high-quality pre-kindergarten programs. The funds will be distributed through a request for proposals process targeting communities in three tiers, with the first tier having the highest concentration of children at risk for poor educational outcomes. The Budget level funds this category at \$14.9 million in FY2023.
- **High-Cost Special Education:** This fund reimburses districts for instructional and related services provided to a student pursuant to an Individual Education Plan (IEP). The State reimburses costs that exceed five times the combined core instruction and student success factor funding (currently \$77,350 for FY2023). The program provides for a pro-rata reduction in reimbursements to districts based on available funding. The Budget funds this category at \$4.5 million in FY2023, level with the FY2022 Budget as Enacted. An additional \$7.8 million would be needed to fully fund this category.
- **Career and Technical Schools:** This fund contributes toward the initial investment needed to transform existing programs or create new programs and the costs associate with facilities, equipment maintenance and repair, and supplies associated with higher-cost programs at career and technical schools. The Budget funds this category at \$4.5 million in FY2023, level with the previous year.

- **English/Multilingual Learners:** Article 11 of the FY2017 Budget as Enacted established a categorical fund for English Learners (EL). The fund provides additional aid of 10.0 percent of the per-pupil core instruction amount for each qualified EL student. This additional aid is then multiplied by the state share. When the article was originally enacted, the additional per-pupil weight was \$898 for each identified English learner. In FY2023, the per-pupil weight increases to \$1,105, to reflect 10.0 percent of the \$11,050 core instruction amount. This amount is then multiplied by the state share ratio. The formula is provided below.

(Per-pupil core instruction amount x number of EL students) x 10.0 percent x state share ratio = additional state support per EL student

This support is then ratably reduced based on the total amount appropriated.

The Article restricted the funds to provide new services to EL students and required that the funds be managed in accordance with requirements enumerated by the Commissioner. The Article also required the Department to collect performance reports and approve the use of funds prior to expenditure to ensure the funded activities align to innovative and expansive activities. Distribution is subject to a pro-rata reduction based on the funds available. The Budget level funds this category in FY2023 at \$5.0 million; however, an additional \$6.4 million would be needed to fully fund this category.

- **Regionalization Bonus:** This fund provides a bonus to regionalized districts and those that regionalize in the future. In the first year, the bonus is 2.0 percent of the State's share of the total foundation aid. In the second year, the bonus is 1.0 percent of the State's share and in the third year the bonus phases out. The program provides for a pro-rata reduction in reimbursements to districts based on available funding. The Budget provides no funding in FY2023. This category has not been funded since FY2014, as no new regionalized districts have been formed.
- **School Resource Officer Support:** Article 9 of the FY2019 Budget as Enacted establishes a new aid category to support new Resource Officers at public middle and high schools. The program provides support for districts to add Resource Officers but does not mandate their use. For FY2019 through FY2021, the State will reimburse one half the cost of salaries and benefits for qualifying positions created after July 1, 2018; however, for schools with < 1,200 students, only one resource officer position is eligible for reimbursement. Schools with \geq 1,200 students may receive reimbursement for up to 2 positions. Each resource officer can only be assigned to one school. The Budget does not fund this category since the program expired in FY2021.
- **Group Home Aid:** The Group Home aid category was created by the General Assembly in 2001 to provide state support to districts hosting group homes in exchange for relieving the resident sending district of financial responsibility for students placed in group homes. When enacted, the Act maintained the current funding for group homes as a categorical grant program, and provided \$15,000 annually per bed, except for group home beds associated with Bradley Hospital Children's Residential and Family Treatment (CRAFT) Program, which received \$22,000 per bed. Through Article 11 of the FY2017 Budget as Enacted, the per-bed aid increased by \$2,000 for a total of \$17,000 per bed, except for beds associated with the Bradley Hospital Children's Residential and Family Treatment (CRAFT) Program, which increased by \$4,000 for a total of \$26,000 per bed.

The FY2023 Budget includes \$2.3 million to fund group home beds. This is \$662,927 less than the FY2022 Budget as Enacted. This adjustment represents the most recent update on the number of group home beds per district and the decrease required pursuant to RIGL 16-7-22(1)(ii) to reduce the average daily membership of a district by the number of group home beds used in the group home aid calculation.

- **Density Aid:** Article 10 of the FY2022 Budget as Enacted reestablished density aid for districts where 5.0 percent or more of the average daily membership (ADM) are enrolled in a charter or state school and provided \$1.0 million in education aid for FY2022. The intent is to provide one \$500 payment for each new resident student enrolled in a charter or state school. For FY2022, the aid was calculated based on the number of new students attending a public school of choice since FY2019. FY2019 is the last year density aid was provided. In subsequent fiscal years, the \$500 will be paid for each new charter or state school student relative to the previous year. In FY2023, the Budget includes \$520,500 to level fund this category.

Federal Fund Changes

(\$318.9 million)

The Budget includes a net decrease of \$318.9 million in federal funds, including the following:

- **ARPA ESSER III Funds (\$252.1 million):** The American Rescue Plan Act (ARPA), passed in March 2021, provided \$415.0 million in Elementary and Secondary Education Relief (ESSER) III funds to Rhode Island. This was the third round of ESSER funds distributed. Of the total distribution \$373.5 was for direct grants to local education agencies (LEAs). The FY2022 Budget as Enacted included \$352.1 million in direct aid to the LEAs excluding Central Falls, Davies, the Met, and the School for the Deaf. The FY2023 Budget moves \$100.0 million of these funds into FY2023, leaving \$10.0 million in FY2022.

According to the United States Department of Education, an LEA must reserve at least 20.0 percent of its total allocation to address learning loss through evidence-based interventions such as summer learning, or enrichment, extended day, comprehensive after school programs, or extended school year programs. LEAs must ensure that such interventions respond to students' academic, social, and emotional needs, and address the disproportionate impact of COVID-19 on underrepresented student subgroups. Section 2001(e) specifically authorizes an LEA to use funds to develop strategies and implement public health protocols, including policies in line with guidance from the CDC for the reopening and operation of school facilities to maintain the health and safety of students, educators, and other staff, to the greatest extent practicable. The funds may be used for expenses dating back to March 13, 2020, and the funds are available for obligation through September 30, 2023, excluding the 12-month Tydings Amendment period.

- **CRRSA ESSER II Funds (\$67.3 million):** The Coronavirus Response and Relief Supplemental Appropriations (CRRSA), passed in December 2020, provided \$184.8 million in Elementary and Secondary Education Relief (ESSER) II funds to Rhode Island. This was the second round of ESSER funds distributed. Of the total distribution \$166.3 million was for direct grants to local education agencies (LEAs). The FY2022 Budget as Enacted appropriated \$156.8 million in direct aid to the LEAs excluding Central Falls, Davies, the Met, and the School for the Deaf. The FY2023 Budget moves \$89.5 million of these funds into FY2023, leaving \$43.5 million in FY2022.

According to the United States Department of Education, LEAs may use these allowable uses under ESSER I and ARPA ESSER, including hiring new staff and avoiding layoffs. Additional uses include addressing learning loss; preparing schools for reopening; and, testing, repairing, and upgrading projects to improve air quality in school buildings. The funds may be used for expenses dating back to March 13, 2020, and the funds are available for obligation through September 30, 2022, excluding the 12-month Tydings Amendment period.

- **CARES ACT ESSER I (\$500,000):** The Coronavirus Aid, Relief, and Economic Security (CARES) Act was passed in March 2020, provided \$46.4 million in Elementary and Secondary Education Relief (ESSER) I funds to Rhode Island. This was the first round of ESSER funds distributed. Of the total

distribution \$41.7 million was for direct grants to local education agencies (LEAs). The FY2021 Budget as Enacted appropriated \$39.5 million in direct aid to the LEAs excluding Central Falls, Davies, the Met, and the School for the Deaf. The FY2023 Budget moves \$500,000 of these funds into FY2023 and \$2.8 million into FY2022. According to the Department, all of the ESSER I funds were encumbered in 2020; however, some of the payables were reversed freeing up balances for future years.

Analyst Note: The ESSER I funds are available for obligation through September 30, 2021; however, a one-year extension is available through the Tydings Amendment.

Restricted Receipt Changes

\$789,790

The Budget includes a restricted receipt increase of \$789,790 to account for the following:

- **Statewide Transportation (\$789,790):** The statewide student transportation program was created to help districts provide transportation for students attending private schools outside their transportation district, special needs students, homeless students, and foster youth with greater service and cost efficiencies. Transportation is provided to students who attend private, parochial, and charter schools, as well as career & technical education centers and other approved programs. This program maximizes the sharing of buses when possible to achieve service and cost efficiencies. This program is entirely funded by participating school districts but managed by the Department. Payments from the participating districts are deposited into a restricted receipt account within the Department for payment to the vendor providing the transportation services. The costs associated with the statewide transportation program increased in FY2021 due to an increase in rates and in resources and accommodations needed to transport a growing number of students. Due to the federal McKinney-Vento Homeless Education Assistance Act, districts are required to provide transportation for homeless students to and from their school of origin if it is in the student's best interest. Also, the federal Every Student Succeeds Act requires that students placed in foster care be bused to their district of origin if it is the best interest of the student. Both of these initiatives have led to greater participation in the program and the need to service more locations.

The FY2023 Budget includes an estimated increase in expenditures for the statewide transportation program of \$789,790 in restricted receipts (\$36.7 million total), relative to the FY2022 Budget as Enacted. The FY2022 Revised Budget includes a decrease of \$355,599, based on decreased enrollment. These funds pass through the Department; consequently, if the full estimate is not used by districts, the cost will not be invoiced.

This program experienced a 32.2 percent increase (\$8.4 million) in FY2022 relative to FY2021. Based on information received from the Department, the primary reasons for the increase include:

- Student capacity limits, instituted to meet social distancing guidelines, resulted in 199 additional routes
- The rate for emergency bus vendors increased by 46.0 percent relative to the FY2019 rates
- PPE and sanitization costs of \$50 per day were paid to vendors for each vehicle
- The contract allows the vendor to bill 50.0 percent per day for routes with Covid-related service interruptions
- The new five-year contract with First Student began on July 1, 2020, with a 5.0 percent rate increase
- The new five-year contract for the system manager also began on July 1, 2020, with a \$1.0 million increase due to the team expanding from 8 to 14 employees; the system manager was located in a

separate area from the Department, due to social distancing guidelines; and, the state mandated an increase in the insurance bond.

SCHOOL CONSTRUCTION AID

In 1960, the school housing aid program was enacted by the General Assembly to guarantee adequate school facilities for all public school children in the state, and to prevent the cost of constructing and repairing facilities from interfering with the effective operation of the schools. Applications for aid to support the construction and renovation of school buildings are submitted to and evaluated by the Rhode Island Department of Elementary and Secondary Education (RIDE). State aid is provided for approved projects based on a percentage of cost. The percentage provided by the State to the school district is determined based on a share ratio designed to measure a community's need. For FY2022, as updated in August 2021, the minimum state share is 35.0 percent for school districts and the maximum is 96.7 percent for Central Falls: the state share for charter schools is 30.0 percent.

The 2010 General Assembly passed legislation increasing the minimum share ratio from 30.0 percent in FY2011 to 35.0 percent in FY2012 and to 40.0 percent in FY2013. The 2012 General Assembly froze the reimbursement rate at 35.0 percent, but provided that projects completed after June 30, 2010, that received approval from the Board of Regents by June 30, 2012, receive the 40.0 percent minimum.

The 2011 General Assembly enacted legislation limiting the approval of new projects between FY2012 and FY2015 to those necessitated by immediate health and safety reasons. Any project requested during the moratorium was reported to the chairs of the House and Senate Finance Committees. Furthermore, any project approval granted prior to the adoption of the school construction regulations in 2007, which was currently inactive, had not received voter approval, or had not been previously financed, was deemed no longer eligible for reimbursement. Article 22 of the FY2015 Budget extended the moratorium from June 30, 2014, to May 1, 2015, limiting the approval of new projects between FY2012 and FY2015 to those necessitated by immediate health and safety conditions.

As part of the 2011 legislation, RIDE was charged with developing recommendations for further cost containment strategies in the school housing aid program. The following recommendations were submitted on March 22, 2012:

- Establish capital reserve funds on the state and local level.
- Reduce the minimum share ratio.
- Limit costs associated with bonding by establishing a mechanism to allow districts with poor bond ratings to borrow at a lower interest rate, reduce the State's reimbursement rate on interest, and provide incentives for districts to refinance bonds.

Article 13 of the FY2014 Budget as Enacted provided an incentive to communities to refinance existing school housing bonds by allowing communities to receive 80.0 percent of the total savings, instead of distributing the savings based on the state share ratio. The increased savings to the communities would only apply to refinancing done between July 1, 2013, and December 31, 2015. The table shows the estimated savings realized through the incentive.

School Bond Refinancing Incentive Estimated Savings Summary			
Municipality	Local Savings	State Savings	Total Savings
Burrillville	\$391,582	\$97,896	\$489,478
Central Falls	485,690	121,423	607,113
Cumberland	392,456	98,136	490,592
Johnston	41,684	10,421	52,105
Lincoln	1,590,165	397,541	1,987,706
New Shoreham	329,114	82,278	411,392
North Kingstown	419,141	104,785	523,926
North Providence	492,390	123,098	615,488
Pawtucket	44,094	11,023	55,117
Portsmouth	208,533	52,135	260,668
Providence	5,854,680	1,463,670	7,318,350
South Kingstown	232,603	58,151	290,754
Tiverton	753,270	188,317	941,587
West Warwick	525,572	131,393	656,965
Woonsocket	728,129	182,083	910,212
Total Savings	\$12,489,103	\$3,122,350	\$15,611,453

Article 9 of the FY2019 Budget as Enacted provided temporary incentives to encourage districts to improve the condition of public school buildings in Rhode Island, establishes a permanent incentive for school safety and security projects, and established school maintenance expenditure requirements.

School Construction Aid	General Revenue
FY2022 Enacted	\$80,000,000
<i>Target and Other Adjustments</i>	-
School Building Authority Capital Fund	49,409,186
School Construction Aid	9,127,321
FY2023 Enacted	\$138,536,507

School Building Authority Capital Fund

\$49.4 million

Article 9 of the FY2016 Budget as Enacted designated the Department of Elementary and Secondary Education (Department) as the State's School Building Authority and charged the Department with implementing a system of state funding for school facilities, managing the school housing aid program, and developing a project priority system. The Authority oversees two distinct funding mechanisms for school facilities: the Foundation Program, as enumerated in RIGL 16-7-35 through 16-7-47, and the School Building Authority Capital Fund (Capital Fund), as created through the article. The FY2016 Budget added 1.0 FTE position to the Department for a new construction manager to assist in developing procedures for the proposed Capital Fund. In FY2016, the Department received a one-time, pass-through appropriation of \$20.0 million in new general revenue to capitalize the Capital Fund, which is held in trust and administered by the Rhode Island Health and Education Building Corporation (RIHEBC). For FY2021, \$1.0 million in general revenue from the surplus construction aid was transferred to the Capital Fund.

For FY2022, the Budget as Enacted projected \$590,814 in general revenue from the surplus construction aid to the Capital Fund; however, the revised budget provides a total of \$9.0 million in surplus funds. The increase is due to construction delays, caused by the COVID 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.

Beginning in FY2023, a surplus in construction aid is no longer projected in the enacted budget; however, based on past experience, some surplus is likely but not at the recent levels. In addition to the \$250.0 million school building bond referendum in Article 5, the FY2023 Budget as Enacted provides \$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, an increase of \$49.4 million relative to the FY2022 budget as Enacted.

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 rate 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 Office of Opportunity, Equity and Diversity (ODEO). 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

While this program is only a pilot, should the funding become available, the School Building Authority Capital Fund will continue to address high-priority projects. The SBA proposes to expand the pilot program to include all LEAs with free and reduced lunch rates over 40.0 percent, thus doubling the number of eligible schools. The expansion would extend the program to Cranston, East Providence, Johnston, Newport, North Providence, and certain charter schools.

Through Article 9, the FY2019 Budget also shifted the 3.0 FTE positions currently responsible for the administration of the school construction program from general revenue to a new school construction services restricted receipt account, and added 1.0 FTE Director of School Construction Services. The new restricted receipt account, named the “School Construction Services”, is funded by the Rhode Island Health and Education Building Corporation (RIHEBC) from the School Building Authority Capital Fund, fees generated from the origination of municipal bonds and other financing vehicles used for school construction, and its own reserves. There is no limit on the amount or type of expenses that will be funded; however, Article 9 limited the fee that RIHEBC can impose on cities, towns and districts to one tenth of one percent (0.001) of the principal amount of the bond. In FY2021, RIHEBC collected \$303,180 in school bond fees. In FY2022, this revenue is estimated at \$207,000 and in FY2023 at \$250,000.

In FY2018, RIHEBC was required to transfer \$6.0 million to the State Controller. In FY2019, RIHEBC supported \$737,735 in SBA personnel expenses. In FY2020 personnel expenses increased to \$770,946, and \$677,946 in FY2021. In the FY2022 Budget as Enacted, \$500,000 in expenses was shifted back to general revenue, for a total of \$793,596 in funding, to bring the costs covered by RIHEBC back in line with projected fee revenue. In the FY2022 Revised Budget, RIHEBC is projected to contribute \$279,485 and general revenue expenditures are decreased to \$407,996. The decrease in general revenue in the FY2022 Revised Budget is due to turnover savings from a vacant position.

Analyst Note: The allocation between the general revenue and the restricted receipts is based on the ratio of the \$500,000 general revenue appropriation relative to the most recent budget of \$800,000 for salaries and benefits when the office of fully staffed. The ratio is 62.3 percent general revenue to 36.7 percent restricted receipts.

School Construction Aid**\$9.1 million**

While historically funded at \$80.0 million annually, for FY2023 based on current projections, the Budget provides \$88.5 million, an increase of \$9.1 million over the FY2022 Budget as Enacted. While the entire amount is expected to be used for housing aid entitlements, any surplus will be deposited into the School Building Authority Capital Fund. Based on December 2021 projections, housing aid entitlements are projected to increase to \$97.7 million in FY2024, \$122.3 million in FY2025, and \$128.3 million in FY2026.

TEACHER RETIREMENT

Since 1949, all teachers are required to become members of the State Retirement System. The State pays 40.0 percent of the employer's share of the retirement contribution each year. These funds, which are actuarially determined annually, are appropriated to the Department of Education for transfer to the State Retirement Fund.

On November 17, 2011, the General Assembly passed the Rhode Island Retirement Security Act of 2011 (RIRSA) to reform the state and local pension systems. The Act introduces a hybrid pension structure for all State employees, except public safety employees and judges, to shift risk to the employee by combining the attributes of both the defined benefit and defined contribution plans.

Teacher Retirement	General Revenue
FY2022 Enacted	\$123,916,166
<i>Target and Other Adjustments</i>	-
Defined Benefit Plan	6,939,305
Defined Contribution Plan	Informational
FY2023 Enacted	\$130,855,471

Defined Benefit Plan**\$6.9 million**

The Budget provides total funding of \$126.0 million for the State's contribution to the teacher retirement defined benefit plan, reflecting a net increase of \$6.9 million from the FY2022 Budget as Enacted. The employer contribution rates are actuarially determined annually, and appropriated to the Department of Education for transfer to the State Retirement Fund. For teachers the State pays 40.0 percent of the employer contribution. This projection is based on the average annual growth between FY2019 and FY2022 of 5.3 percent.

Defined Contribution Plan**Informational**

The Budget provides \$4.8 million in general revenue for the State's share of the contribution to the new defined contribution portion of the hybrid pension system, providing level funding with the FY2022 Budget as Enacted. The plan includes a mandatory 5.0 percent employee and 1.0 percent employer contribution. For teachers the State pays 40.0 percent of the employer contribution.

CAPITAL PROJECTS

The Budget includes a total of \$2.8 million in capital expenditures from Rhode Island Capital Plan (RICAP) funds in FY2022 and \$6.1 million in FY2023. This provides an increase of \$276,500 in FY2022 and \$3.5 million in FY2023 relative to the FY2022 Budget as Enacted, including:

- **Davies Health Care Classrooms:** The Budget provides \$4.5 million in FY2023 for health care classrooms at Davies. The architectural and engineering phase of the project occurred in FY2022 (\$500,000). The Davies Health Care Classrooms project includes building replacement space for the Health Care classrooms and eliminating the detached modular classroom building where the program

is currently housed. This project was previously scheduled to begin in FY2021; however, the late passage of the FY2021 Budget delayed progress.

- **Davies HVAC:** To replace and repair the HVAC system at Davies, the Budget includes \$1.0 million in FY2022 and \$150,000 in FY2023. 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 \$815,000 in FY2022 and \$500,000 in FY2023 for asset protection projects at Davies, reflecting an increase of \$150,000 in FY2022 and a decrease of \$165,000 in FY2023 relative to the FY2022 Budget as Enacted. Projects in FY2023 include Americans with Disabilities (ADA) compliance upgrades, elevator upgrades, walkways, railings, and modifications to the annex building.
- **Met School Asset Protection:** The Budget provides \$250,000 in FY2022 and \$800,000 in FY2023 for asset protection projects at the Metropolitan Career and Technical Center (MET), reflecting level funding in FY2022 and an increase of \$555,000 in FY2023 relative to the FY2022 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 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.

Public Higher Education

Expenditures By Program	FY2021 Actual	FY2022 Enacted	FY2022 Final	Change from Enacted		FY2023 Enacted	Change from Enacted	
Office of Postsecondary Commissioner	\$41.7	\$46.5	\$45.6	(\$0.9)	-1.9%	\$44.4	(\$2.1)	-4.5%
University of Rhode Island	812.0	867.4	877.2	9.7	1.1%	881.9	14.5	1.7%
Rhode Island College	158.8	225.8	201.1	(24.7)	-10.9%	195.4	(30.4)	-13.5%
Community College of R.I.	155.5	231.7	184.3	(47.4)	-20.5%	196.3	(35.5)	-15.3%
Total	\$1,168.0	\$1,371.4	\$1,308.2	(\$63.3)	-4.6%	\$1,318.0	(\$53.5)	-3.9%
Expenditures By Source								
General Revenue	\$238.0	\$260.0	\$266.8	\$6.9	2.6%	\$265.9	\$5.9	2.3%
Federal Funds	51.1	140.4	13.8	(126.6)	-90.2%	9.8	(130.6)	-93.0%
Restricted Receipts	2.6	4.1	4.6	0.4	10.1%	4.9	0.7	17.0%
Other Funds	876.4	966.9	1,023.0	56.1	5.8%	1,037.4	70.5	7.3%
Total	\$1,168.0	\$1,371.4	\$1,308.2	(\$63.3)	-5.0%	\$1,318.0	(\$53.5)	-3.9%
Third Party Funded FTE	523.8	523.8	523.8	-	-	523.8	-	-
Authorized FTE Levels	3,860.5	3,862.5	3,862.5	-	-	3,863.5	1.0	0.0%
Total	4,384.3	4,386.3	4,386.3	-	-	4,387.3	1.0	0.0%

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

Prior to January 1, 2013, higher education in Rhode Island functioned under the direction of the Board of Governors for Higher Education. The FY2013 Budget as Enacted established a new Board of Education consisting of 11 members, appointed by the Governor with the advice and consent of the Senate. The Board of Governors for Higher Education and the Board of Regents for Elementary and Secondary Education were abolished as of January 1, 2013.

The major responsibilities of the Board of Education (Board), pertaining to higher education, include the governance of public institutions of higher learning and the regulation of proprietary schools; the preparation of a public higher education budget and capital development program; and the development of policies in pursuit of the primary goals of excellence, opportunity and access, diversity and responsiveness, coordination and accountability in public higher education.

The system of public higher education consists of three major institutions located at eight different campuses across the State of Rhode Island: the University of Rhode Island (URI), Rhode Island College (RIC), and the Community College of Rhode Island (CCRI).

The FY2015 Budget as Enacted established the Council on Postsecondary Education, which has duties and responsibilities per RIGL 16-59-1 and 16-59-4, much the same as the former Board of Governors for Higher Education. Article 9 of the FY2020 Budget as Enacted shifted oversight of the University of Rhode Island 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 Board.

MAJOR ISSUES AND TRENDS

The FY2023 Budget includes total funding of \$1,318.0 million, representing a net decrease of \$53.5 million (3.9 percent) from the FY2022 Budget as Enacted, including a general revenue increase of \$5.9 million (2.3 percent). The increase is primarily due to the addition of \$8.0 million for costs associated with the new statewide personnel contract and \$4.8 million in state funding to promote alignment between the State's priorities for higher education and institutional practice and policy, partially offset by a decrease of \$9.6 million to shift funding for the Promise I Scholarship program back to the traditional funding sources. The

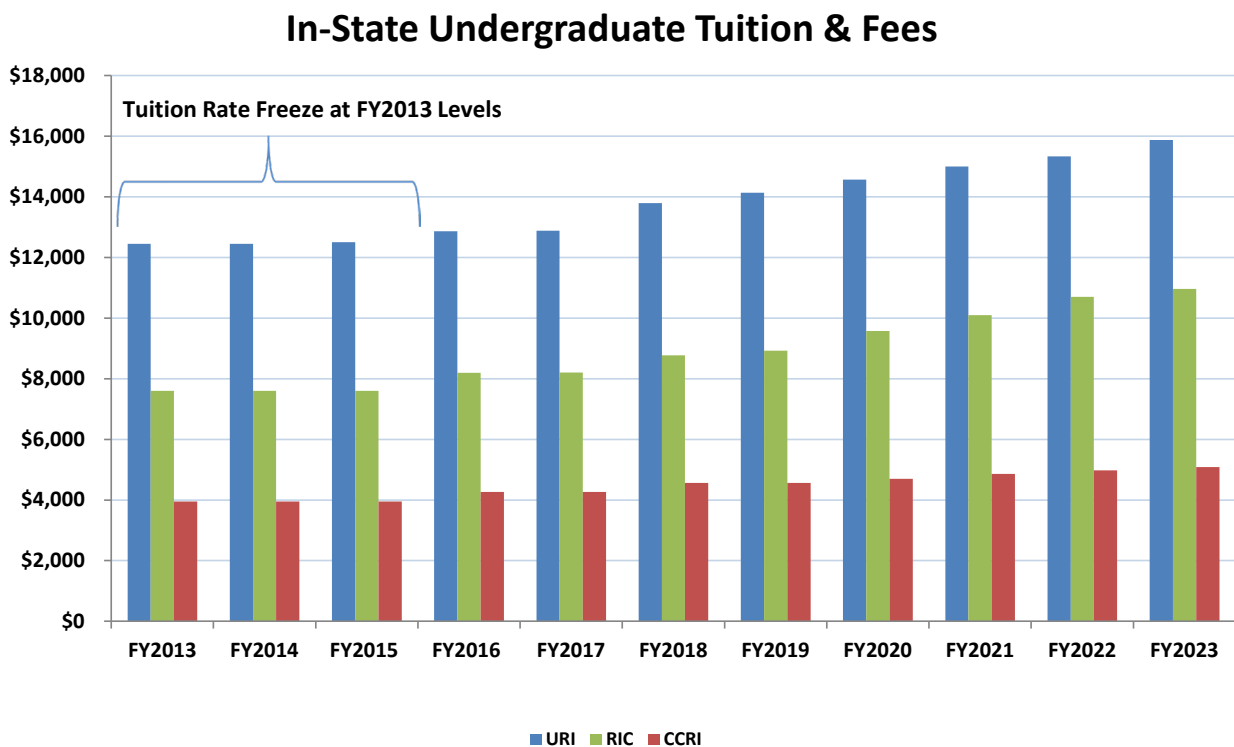
increased state funding will be split among the three institutions, providing \$7.0 million to URI, \$3.1 million to RIC, and \$2.7 million to CCRI.

The decrease in federal funds of \$130.6 million (93.0 percent) is due primarily to the appropriation of federal Higher Education Emergency Relief Funds (HEERF) provided through the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act and the American Rescue Plan (ARP) Act in the FY2022 Budget as Enacted. The FY2022 Budget as Enacted appropriated \$145.4 million in federal HEERF II and III to the public higher education institutions, of which \$128.0 million was in FY2022 and \$17.4 million in the FY2021 Revised Budget. These funds are not provided in FY2023.

Restricted receipts increase by \$704,360 (17.0 percent) in FY2023 due primarily to the projected opening of the new Higher Education and Industry Center in Woonsocket in late summer 2022.

Tuition and Fees

Actual tuition and fee rates, by institution, along with a projection for FY2022 and FY2023, are shown in the following graph.



URI	FY2019	FY2020	FY2021	FY2022			FY2023		Change from FY2022
				Enacted	FY2022	Final	Enacted	Enacted	
In-State Tuition	\$12,248	\$12,590	\$12,922	\$13,250		\$13,250	\$13,586	\$336	2.5%
Out-of-State Tuition	28,972	29,710	30,496	31,272		31,272	32,068	796	2.5%
Mandatory Fees	1,890	1,976	2,082	2,082		2,082	2,294	212	10.2%
Tuition & Fee Revenue	323,265,906	335,017,650	351,862,783	352,063,419		354,851,270	365,416,872	13,353,453	3.8%
RIC									
In-State Tuition	\$7,790	\$8,218	\$8,835	\$9,277		\$9,277	\$9,481	\$204	2.2%
Out-of-State Tuition	20,553	21,683	23,310	24,475		24,475	25,014	539	2.2%
Northeast Neighbors Program	11,685	12,328	13,252	13,915		13,915	14,221	306	2.2%
Mandatory Fees	1,139	1,360	1,268	1,425		1,425	1,485	60	4.2%
Tuition & Fee Revenue	70,945,602	65,868,388	65,572,087	67,839,867		61,425,355	60,999,841	(6,840,026)	-10.1%
CCRI									
In-State Tuition	\$4,148	\$4,284	\$4,414	\$4,524		\$4,524	\$4,624	\$100	2.2%
Out-of-State Tuition	11,740	12,128	12,492	12,804		12,804	13,086	282	2.2%
Mandatory Fees	416	416	446	456		456	466	10	2.2%
Tuition & Fee Revenue	53,997,972	56,551,293	53,773,815	55,544,270		49,321,539	50,426,993	(5,117,277)	-9.2%

In FY2023, URI is projecting an increase in tuition and fee revenue of \$13.4 million, or 3.8 percent, based on an increase in in-state tuition of \$336, or 2.5 percent; out-of-state tuition of \$796, or 2.5 percent; and, mandatory fees of \$212, or 10.2 percent. RIC is projecting a decrease in tuition and fee revenue of \$6.4 million, or 2.2 percent, based on a projected decrease in enrollment of 12.5 percent, relative to the FY2022 Budget as Enacted, partially offset by an increase in in-state tuition of \$204, or 2.2 percent; an increase in out-of-state tuition of \$539, or 2.2 percent; and, an increase in mandatory fees of \$60, or 4.2 percent. CCRI projects a decrease in tuition and fee revenue of \$5.1 million, or 9.2 percent, based on a projected decrease in enrollment of 12.8 percent, relative to FY2021, partially offset by an increase in in-state tuition of \$100, or 2.2 percent; an increase in out-of-state tuition of \$282, or 2.2 percent; and, an increase in mandatory fees of \$10, or 2.2 percent.

State Support for Public Education

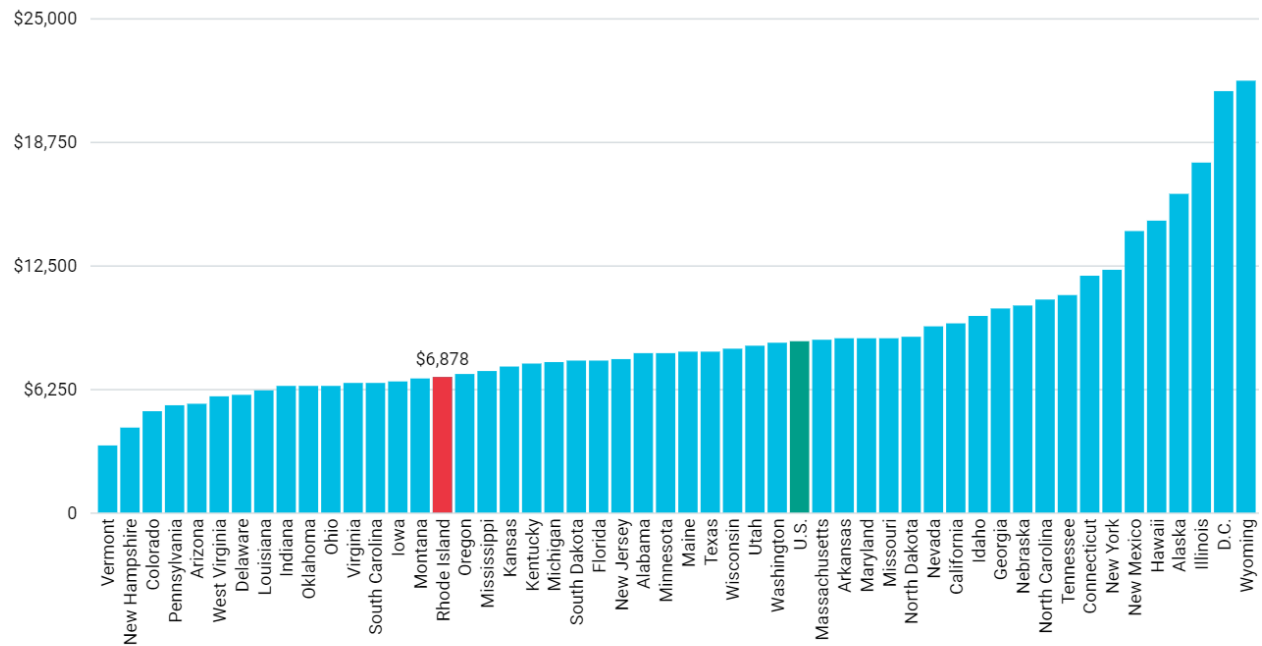
When looking at state support for public higher education, many policy makers tend to take a regional approach. For example, if looking at New England, Rhode Island is in the middle of the pack. In FY2020, the most recent data available, Connecticut appropriated \$5,087 more per student FTE than Rhode Island and Massachusetts appropriated \$1,850 more. Based on Rhode Island's FY2020 FTE enrollment of 30,099, the difference in per-student FTE appropriation between Rhode Island and Massachusetts is \$55.7 million.

However, on a national perspective in FY2020, the State of Wyoming appropriated \$14,924 more per student FTE than Rhode Island. The chart that follows is from the State Higher Education Executive Officers Association (SHEEO) and illustrates state 2020 appropriations to public higher education based on student FTEs. The State of Rhode Island appropriates \$1,758 less per student than the national average.

FY2020 State Educational Appropriations per FTE	
Connecticut	\$11,965
Massachusetts	8,728
Maine	8,102
Rhode Island	6,878
New Hampshire	4,321
Vermont	3,387
Regional Average	\$7,230

Source: State Higher Education Executive Officers (SHEEO)

Education Appropriations Per FTE



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. Constant 2020 dollars adjusted by the Higher Education Cost Adjustment (HECA).
4. Adjusted to account for interstate differences using the Enrollment Mix Index (EMI).
5. Adjusted to account for interstate differences using the Cost of Living Index (COLI). The COLI is not a measure of inflation over time.

Source(s): State Higher Education Executive Officers Association

In FY2023, the three state institutions requested a \$12.9 million increase in the State general revenue support, excluding general obligation debt service. The Budget provides \$14.7 million in additional funding including the state appropriation and estimated new contractual cost, but excluding general obligation debt service.

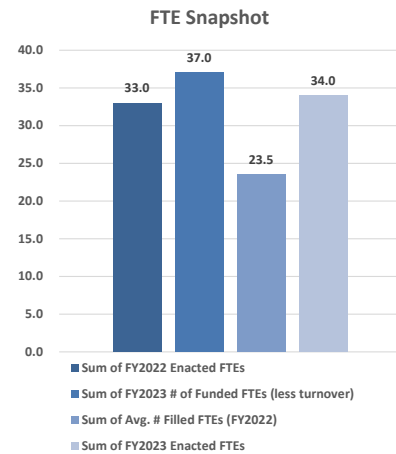
OFFICE OF THE POSTSECONDARY COMMISSIONER

Expenditures By Source	FY2020 Actual	FY2021 Actual	FY2022 Enacted	FY2022 Final	Change from Enacted		FY2023 Enacted	Change from Enacted	
General Revenue	\$16.1	\$16.9	\$27.0	\$25.5	(\$1.4)	-5.3%	\$18.6	(\$8.4)	-31.1%
Federal Funds	8.3	12.9	7.2	10.4	3.2	44.5%	8.0	0.8	11.5%
Restricted Receipts	1.1	1.8	3.5	3.8	0.3	8.5%	4.0	0.6	16.1%
Other Funds	9.9	10.2	8.8	5.9	(2.9)	-33.3%	13.7	4.9	55.5%
Total	\$35.4	\$41.7	\$46.5	\$45.6	(\$0.9)	-1.9%	\$44.4	(\$2.1)	-4.5%

\$ 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 34.0 FTE positions for the OPC in FY2023, including 1.0 FTE that is third-party funded. This represents an increase of 1.0 FTE position from the FY2022 Budget as Enacted. The increase is due to the addition of 1.0 FTE Executive Assistant position for the Northern RI Education Center. Of the positions provided, 12.0 are available only for the State's Higher Education Centers located in Woonsocket and Westerly, and 10.0 for the Nursing Education Center.



Office of Postsecondary Commissioner	General Revenue
FY2022 Enacted	\$26,979,920
<i>Target and Other Adjustments</i>	<i>419,197</i>
Last Dollar (Promise I) Scholarship Fund Source	(9,595,000)
RI Promise - College Crusade Scholarships	230,000
Higher Education Opportunities for Teachers of Color	200,000
Elimination of Turnover Savings	149,670
Nursing Education Center Lease	130,363
Statewide Cost of Living Adjustment	83,790
FY2023 Enacted	\$18,597,940

Office of Post Secondary Commissioner	Other Fund Changes
Higher Education and Industry Centers (1.0 FTE position) (restricted receipts)	524,764
IGT Scholarship for STEM (restricted receipts)	35,000

Last Dollar (Promise I) Scholarship Fund Source ***(\$9.6 million)***

The FY2022 Budget as Enacted shifted \$4.0 million in federal and \$5.6 million in other funds to general revenue for the Promise I scholarship program. Shifting one year of scholarship funding to general revenue will allow funding from other sources to be reserved for FY2023. The FY2023 Budget shifts these programs back. Based on current projections, there will not be sufficient funding for the Dual/Concurrent Enrollment program and the RI Last Dollar (Promise I Need-Based) Scholarship program in FY2024.

Projection of DHEA Revenues/Expenses for FY2022 through FY2024

	FY2022 Enacted	FY2023 Governor	FY2024 Projected
Revenues			
Reserves ¹	\$8,530,689	\$10,830,689	\$2,621,772
CollegeBound Fund Fees (from Treasurer)	5,000,000	4,400,000	4,300,000
General Revenue ²	9,595,000	-	-
Total	\$23,125,689	\$15,230,689	\$6,921,772
Expenditures			
Promise 1 Scholarship (CollegeBound Fees)	(5,595,000)	(5,595,000)	(5,595,000)
Promise 1 Scholarship (DHEA Reserves)	(4,000,000)	(4,000,000)	(4,000,000)
Dual/Concurrent Enrollment (CollegeBound Fees)	(2,300,000)	(2,600,000)	(2,300,000)
Personnel Expenses (DHEA Reserves)	(400,000)	(413,917)	(400,000)
Total	(\$12,295,000)	(\$12,608,917)	(\$12,295,000)
Ending Balance	\$10,830,689	\$2,621,772	(\$5,373,228)

¹ Any unused CollegeBound fund fee revenue is deposited into the Reserves account for future use.

² The FY2023 Budget as Enacted provided a one-time infusion of general revenue to preserve other fund sources for another fiscal year.

Source: Reserves and expenditure projections from OPC and the FY2023 database for the Governor's budget.

CollegeBound Fee projections from the General Treasurer's Office.

On December 6, 2017, the Council on Postsecondary Education voted to authorize the Commissioner to transfer the Federal Family Education Loan Portfolio to the United States Department of Education. The transfer was completed in FY2018; consequently, the Division of Higher Education Assistance (DHEA) no longer receives any guaranty agency fee revenues. Without the revenues, the reserves balance declines and will be exhausted in FY2022. Pursuant to RIGL 16-57-6.1(b) and 16-56-6, CollegeBound Fund fees **must be used** for need-based grant programs; thereby limiting the use of these funds. Additionally, revenues from the CollegeBound fund are expected to decline due to the rising average age of participants and smaller contributions. The revenues are based on the amount of assets under management.

The average age of the participants is currently 16; and, as these participants enter college, they will withdraw assets. Furthermore, the new, younger participants are not joining in the numbers needed to offset withdrawals, and these new participants are generally making smaller contributions to their savings plans. Historically generating about \$6.0 million annually, the General Treasurer projects revenue to decline to \$4.6 million in FY2022, \$4.4 million in FY2023, and \$4.3 million in FY2024. These revenues are used to partially support the need-based Promise I grant program.

RI Promise - College Crusade Scholarships **\$230,000**

Pursuant to Article 10, grants received by students from the College Crusade (newly renamed "Onward We Learn") will no longer be considered federal or financial aid for the purposes of the last dollar scholarship program. The Budget includes \$230,000 to support this change. Exempting these scholarships will allow the College Crusade grants to be used for other expenses, such as transportation and materials.

Higher Education Opportunities for Teachers of Color **\$200,000**

The Budget includes \$200,000 in general revenue to increase access to higher education opportunities for teachers of color through the Rhode Island School for Progressive Education (RISPE). RISPE is an educator preparation provider founded with the mission to diversify the Rhode Island teacher workforce, and

promote anti-racist education. The funds will be used to offset the cost of attendance, help support faculty and clinical staff stipends, increase recruitment effort, and purchase equipment.

Elimination of Turnover Savings

\$149,670

The Budget eliminates turnover savings in FY2023 by adding \$149,670 in general revenue funded salaries and benefits to fully fund personnel in the Office. The Budget also shifts \$61,580 in salary and benefits for the Chief Financial Officer position to DHEA reserve funds; however, since the position is not directly related to the administration of the reserves and the funds are generally earmarked for financial aid, the position should not be charged to this funding source.

Nursing Education Center (NEC)

\$130,363

The Nursing Education Center (NEC) is a partnership between the State, Rhode Island College (RIC), and the University of Rhode Island (URI) to provide a state-of-the-art facility that is shared by the institutions thus reducing redundancy. The NEC is located at the South Street Landing property (a.k.a. the South Street Power Station or Dynamo House). The building also houses administrative offices for Brown University's Alpert Medical Schools. The Board of Education and the Department of Administration entered into a 15-year lease with a two-year extension option. The two schools took possession of their space in April 2017. Under the terms of the lease, the first rent payment was made in September 2017. Classes began in September 2017 allowing for the installation and testing of lab and other equipment, as well as staff training, and a smoother transition. While personnel and operating costs are supported by URI and RIC, the base rent and tenant improvement costs are paid from general revenue. FY2023 is the sixth year of the lease and, pursuant to the lease agreement, there is an 8.0 percent increase in the base rent, \$130,363 (\$2.0 million total).

Statewide Cost of Living Adjustment (COLA)

\$83,790

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living (COLA) increases of 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. The current agreement is projected to increase general revenue expenditures by \$83,790 in the OPC, including the \$1,500 bonus payment to most employees within the Office of the Commissioner.

Restricted Receipt Changes

\$559,764

The Budget includes a total increase in restricted receipts of \$559,764, including the following adjustments:

- ***Higher Education and Industry Centers (1.0 FTE position):*** The Budget includes an additional \$524,764 in restricted receipt funding to enable the Northern Rhode Island Education Center to operate weekdays from 8:00 am to 10:00 pm. Of this total increase, \$103,278 would add a second 1.0 FTE Executive Assistant. The remaining \$421,486 will provide additional educational consultants and janitorial services when the center fully opens in spring 2022. Due the delayed opening caused by construction delays, the Northern Education Center has started programming out of the former Monsignor Gaudory School.

Currently, the Center is running two of CCRI's workforce programs (about 37 students), including Security Industry Essentials (SIE) and teaching assistant programs. Two additional classes, Data Analytics and Business Computing Applications, are scheduled to start in April (about 40 students). The Center is advertising for an in-person, driver's education program which will run if there is enough interest. Conversations with employers are being revisited due to the pandemic; however, CVS is committed to a mock retail store once the building is open.

▪ **IGT Scholarship for STEM (restricted receipts)**

\$35,000

Pursuant to a Governor's Budget Amendment, dated April 22, 2022, the Budget provides \$35,000 in general revenue to address mandates in the lottery contract. Section 18 of the 8th amendment to the lottery contract requires IGT to pay \$35,000 on or before June 30 of each year, beginning in 2022 and ending in 2042, to fund scholarships relating to the study of science, technology, engineering, or mathematics (STEM) at an accredited educational institution.

UNIVERSITY OF RHODE ISLAND

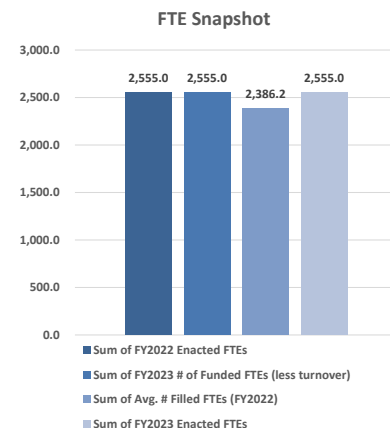
Expenditures By Source	FY2020 Actual	FY2021 Actual	FY2022 Enacted	FY2022 Final	Change from Enacted		FY2023 Enacted	Change from Enacted	
General Revenue	\$112.7	\$109.5	\$115.3	\$120.2	\$4.9	4.2%	\$121.8	\$6.5	5.6%
Federal Funds	4.5	38.2	31.1	-	(31.1)	-100.0%	-	(31.1)	-100.0%
Other Funds	706.1	664.3	721.0	757.0	36.0	5.0%	760.1	39.1	5.4%
Total	\$823.3	\$812.0	\$867.4	\$877.2	\$9.7	1.1%	\$881.9	\$14.5	1.7%

\$ in millions

The University of Rhode Island (URI) was founded in 1888 as an agricultural school known as the Rhode Island College of Agriculture and Mechanic Arts. The college was actually the second State college established in Rhode Island. The Agricultural Experiment Station building was the first structure on campus, and was built in 1889: the building was later renamed Taft Hall. Today, Taft Hall houses internship, international exchange, and foreign student programs. In 1955, the school became known as the University of Rhode Island.

URI quickly evolved beyond its genesis as a land grant and agricultural school, and today has retained a focus on biological and natural sciences, along with a developing focus on technology in areas such as ocean engineering, chemistry, pharmacy, economics, nursing, and renewable energy. URI has the third oldest continuously operating marine laboratory in the United States, the oldest turfgrass research program in the country, and has implemented green building technology in the expansion and renovation of its facilities. URI provides Bachelor's, Master's, and Doctorate level degrees.

URI has four campuses: the 1,250 acre Kingston Campus; the 153 acre Bay Campus in Narragansett; the Providence Campus, located in the Shepard Building on Washington Street in Providence; and, the W. Alton Jones Campus located on 2,300 acres in West Greenwich. The Budget provides 2,555 FTE positions, consistent with the FY2022 Budget as Enacted, including 357.8 positions that are third party funded.



Major Issues and Trends

URI requested a 2.5 percent (\$336 for in-state and \$796 for out-of-state) increase in tuition and a 10.2 percent (\$212) increase in mandatory fees. The fee increase includes \$136 for the Memorial Union fee, \$72 for the Health Services fee, and \$4 for the Fitness and Wellness Center fee.

In addition to the 3.8 percent increase in tuition and fee revenue, URI requested a general revenue, state appropriation increase of \$7.5 million (9.3 percent relative to the FY2022 Budget as Enacted) excluding general obligation debt service. Of the \$9.4 million requested increase for personnel costs, \$8.6 million is for contractual increases, such as benefit, COLA, and step increases, while \$250,000 is for 10 new graduate assistants for the fifth and final year of the strategic initiative to increase the number of graduate teaching assistants. The \$4.2 million (8.5 percent) increase in operating costs is driven primarily by costs; inflationary increases; new initiatives such as building a new university strategic plan; bad debt expenses; and increased costs at the Nursing Educating Center and the Shephard Building. Other operating increases include a management subscription for Body Worn Cameras, mandated public safety electronic records management, implementation of the eProcurement system, and a partial year payment for a new Enterprise Resource Planning (ERP) system. The \$4.2 million increase in operating includes \$680,456 for utilities and \$639,930 for insurance. The student aid increase includes \$3.4 million to offset the tuition increase and \$300,000 in waivers for new graduate assistants.

University of Rhode Island FY2023 Budget Request Increase over FY2022 Budget as Enacted	
Revenue Initiative	Amount
State Appropriation ¹	\$7.5
Tuition and Fees	10.6
Total	\$18.0
Expenditure Initiatives	Amount
Personnel	\$9.4
Operating	4.2
Student Aid	3.7
Non-GO Debt Service	0.7
Total	\$18.0

¹ Excludes G.O. debt service.
\$ in millions.

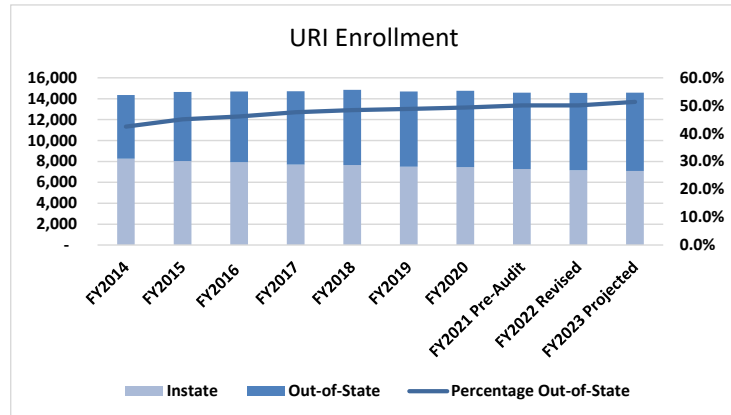
URI requests 6.0 new FTE positions, including 2.0 FTE positions for the State Crime Lab, which are not included in the numbers above, and 4.0 university-funded FTEs. The university funded positions include 1.0 FTE Project Manager for the long-term implementation of a new Enterprise Resource Planning (ERP) system, 1.0 FTE landscape maintenance position for the Brookside Apartments, 1.0 FTE Information Technologist position related to body-worn cameras for the URI Police, and 1.0 Information Technologist for Housing and Residential Life. The Information Technologist position is funded from the Housing and Residential life budget and is not included in the personnel numbers above. The Budget provides funding for the 2.0 FTE positions in the Crime Lab, but does not increase the FTE cap. As of January 15, 2022, URI had more than 150.0 vacant positions.

While approving the tuition and fee increase, the Budget provides a state appropriation increase of \$2.1 million, excluding debt service for general obligation bonds; however, the Budget provides another \$4.9 million in general revenue for the total estimate cost of the new, statewide union contract recently announced by the Governor in both FY2022 and FY2023.

Article 5 of the FY2023 Budget includes a \$100.0 million bond referendum for repairs and construction on the Bay Campus in support of education and research for the marine disciplines. This project is Phase II of an ongoing project to update a campus that, for the most part, has not been updated since the 1980's. Phase I was funded primarily from a \$45.0 million general obligation bond approved by voters in 2018. For Phase II, URI requested total funding for \$157.5 million, including a general obligation bond of \$150.0 million and \$7.0 million in private funding to transition from the design work in Phase I to the construction of several key buildings, including the Ocean Frontiers Building, to replace the Horn building, the Ocean Robotics Laboratory, and the Ocean Engineering Education and Research Center. In addition to the bond referendum, the Budget provides \$6.0 million in RICAP funding for this project in both FY2023 and FY2024.

Enrollment

In-state enrollment is projected to be 7,087 full-time equivalent students, a decrease of 180, or 2.5 percent from the FY2022 Budget as Enacted. Out-of-state student enrollment is projected at 7,482 in FY2023, an increase of 176, or 2.4 percent.



University of Rhode Island		General Revenue
FY2022 Enacted		\$115,332,755
Target and Other Adjustments		-
Contract Costs		4,888,197
State Appropriation		2,104,440
General Obligation Debt Service		(787,861)
State Crime Lab		198,114
Institute for Labor Studies & Research		100,000
FY2023 Enacted		\$121,835,645

Contract Costs

\$4.9 million

The Budget provides the \$4.9 million in general revenue to cover the estimate cost of the tentative contract agreement announced by the Governor and the Department of Administration. The current agreement between the State and the state employee bargaining units is a proposed 4-year contract that provides cost-of-living (COLA) increases of 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. The agreement also provides a \$1,500 bonus payment to classified employees within the University. The entire estimated cost of this contract is supported by state funds.

State Appropriation

\$2.1 million

The state appropriation for URI increases by \$2.1 million in FY2023 to a total of \$83.6 million, excluding general obligation bond debt service and the new contract costs. The increase is calculated as a 2.5 percent increase over the enacted to match the 2.5 percent increase in tuition and fees. The University requested an increase of \$7.5 million. The increased support will be used for ongoing operating costs and strategic investments as discussed previously in the “Major Issues and Trends” section.

General Obligation Debt Service

(\$787,861)

The Budget includes \$29.0 million in general revenue for general obligation debt service at URI in FY2023 and \$29.8 million in FY2022. This is a decrease of \$787,861 in FY2023 and \$28,653 in FY2022 relative to the FY2022 Budget as Enacted. The change is due primarily to the refunding of bonds in May 2021.

	FY2022 Enacted	FY2022 Final	Change from Enacted		FY2023 Enacted	Change from Enacted	
University of Rhode Island	\$29,837,239	\$29,808,586	(\$28,653)	-0.1%	\$29,049,378	(\$787,861)	-2.6%
Rhode Island College	6,024,998	6,174,153	149,155	2.5%	6,002,565	(22,433)	-0.4%
Community College of Rhode Island	1,095,685	1,123,523	27,838	2.5%	1,405,299	309,614	28.3%
Total	\$36,957,922	\$37,106,262	\$148,340	0.4%	\$36,457,242	(\$500,680)	-1.4%

Source: Rhode Island Budget Office

Crime Lab**\$198,114**

The Budget provides an additional \$198,114 in general revenue (\$1.5 million total) for the State Crime Lab, consistent with the requested budget. The increased funding is to support two additional positions within the Lab; however, the FTE cap for the University is not increased. The Crime Lab currently has 9.8 FTE positions, not including the new positions. In July, the State Crime Laboratory Commissioner directed the Crime Lab to hire a Criminalist and a Technician I in FY2022 using surplus FY2022 general revenue. The Crime Lab funding is categorized as a grant in the University's budget and is not subject to reappropriation. The Technician was hired as a limited period FTE for the balance of the fiscal year. The Criminalist position is being filled on a contracted basis.

- Criminalist II Firearms Examiner (\$118,163): This position will help to address the growing caseload. Over the past year, the case backlog has increased from 30 cases in April 2020 to over 260 cases in June 2021 and the cases continue to come in at a faster rate than previous years.
- Technician I (\$79,951): This position will be responsible for receiving and returning all evidence submitted to the Lab, working with the Laboratory Management Information System, and being the primary person to enter and correlate evidence cases into the National Integrated Ballistic Information Network (NIBIN).

Institute for Labor Studies & Research**\$100,000**

The Budget provides \$100,000 for the Institute for Labor Studies & Research (ILSR) through the University of Rhode Island. The Institute for Labor Studies & Research (ILSR) is a private, non-profit educational institution that provides education and training to enable working Rhode Islanders and the labor movement to have a stronger voice in the workplace, to participate more effectively in Rhode Island's changing job market and to create a more just and equitable society.

RHODE ISLAND COLLEGE (RIC)

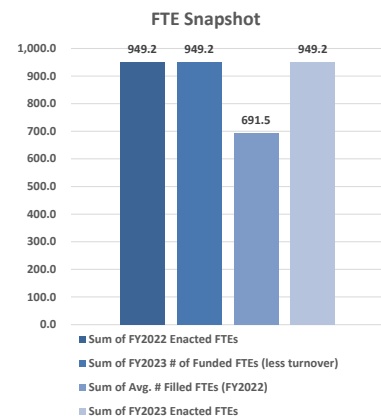
Expenditures By Source	FY2020 Actual	FY2021 Final	FY2022 Enacted	FY2022 Final	Change from Enacted		FY2023 Enacted	Change from Enacted	
General Revenue	\$54.1	\$57.9	\$64.1	\$66.1	\$2.0	3.1%	\$68.3	\$4.2	6.6%
Federal Funds	7.0	-	34.6	-	(34.6)	-100.0%	-	(34.6)	-100.0%
Other Funds	123.7	100.9	127.1	135.0	7.9	6.2%	127.1	(0.0)	0.0%
Total	\$184.8	\$158.8	\$225.8	\$201.1	(\$24.7)	-10.9%	\$195.4	(\$30.4)	-13.5%

\$ in millions

Rhode Island College (RIC) was established in 1854 as the Rhode Island State Normal School, with the mission of providing teacher preparation to Rhode Island residents. In 1959, RIC moved to its current campus location on 180 acres off of Mount Pleasant Avenue in Providence and was renamed Rhode Island College to reflect expanded curriculum.

Today, RIC provides comprehensive education at the Bachelor's and Master's level, with a focus on Rhode Island residents. Rhode Island College is accredited by the New England Commission of Higher Education, the Council on Social Work Education, National Association of Schools of Art and Design, National Association of Schools of Music, National Association of State Directors of Teacher Education and Certification, National Council for Accreditation of Teacher Education, and the Commission on Collegiate Nursing Education.

The Budget includes 949.2 FTE positions in FY2023, including 76.0 third-party funded positions, consistent with the FY2022 Budget as Enacted.



Major Issues and Trends

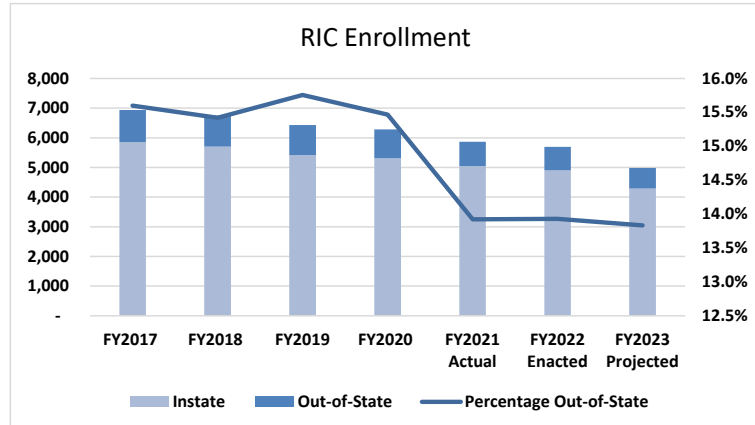
The Budget includes a tuition increase of 2.2 percent for both in-state (\$204) and out-of-state students (\$538). Mandatory fees increase by 4.2 percent (\$60) relative to FY2022, including a \$50 increase in the Health, Counseling, and Wellness fee; and a \$10 increase in the Dining Center fee. The tuition and fee increase relative to FY2022 is 2.5 percent (\$264) for in-state students and 2.3 percent (\$598) for out-of-state students, and is projected to generate \$1.0 million in FY2023.

Due to a projected decline in enrollment of 12.5 percent, the tuition and fee revenue is projected to decrease by \$6.8 million relative to the FY2022 Budget as Enacted. In addition, RIC requested an increase in the state general revenue appropriation of \$2.9 million, excluding G.O. debt service, relative to the FY2022 Budget as Enacted. Beginning in FY2022, RIC no longer subsidizes the Henry Barnard School, for an annual savings of about \$2.6 million. The College projects a \$3.2 million increase in fixed costs and commitments including benefits, contractual obligations, and debt service payments. The FY2023 Budget request also continues investments of \$2.5 million for initiatives including enrollment management, new academic investments, and strategic hires.

While approving the tuition and fee increase, the Budget provides a state appropriation increase of \$1.5 million, excluding debt service for general obligation bonds and the new contract costs; however, the FY2023 Budget includes an additional \$2.1 million for the estimated increased cost of the tentative, statewide, collective bargaining agreement. In addition, \$700,000 in general revenue is provided for the development of a new Bioscience Certificate program.

Enrollment

Total enrollment is projected to be 4,981 full-time equivalent students in FY2023, a decrease of 712 students, or 12.5 percent, relative to FY2022 enacted enrollment, and a decrease of 155 students, or 3.0 percent from the FY2022 Revised level. This enrollment projection represents a decrease of 22.5 percent (1,448 students) from the FY2019 enrollment level. The Rhode Island Promise program providing free tuition to CCRI for recent high school graduates was passed in the FY2018 Budget and may have contributed to enrollment declines at RIC; however, the COVID-19 pandemic is also a factor.



Rhode Island College		General Revenue
FY2022 Enacted		\$64,133,153
<i>Target and Other Adjustments</i>		-
Contract Costs		2,080,698
State Appropriation		1,452,434
Bioscience Certificate Development		700,000
General Obligation Debt Service		(22,433)
FY2023 Enacted		\$68,343,852

Contract Costs

\$2.1 million

The Budget provides the \$2.1 million in general revenue to cover the estimated cost of the tentative contract agreement announced by the Governor and the Department of Administration. The current agreement

between the State and the state employee bargaining units is a proposed 4-year contract that provides cost-of-living (COLA) increases of 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. The agreement also provides a \$1,500 bonus payment to most employees within the College. While salary and benefit costs are generally shared between the State and the University, the entire estimated cost of this contract is supported by state funds.

State Appropriation

\$1.5 million

The Budget includes \$1.5 million in increased general revenue support (\$59.6 million total), excluding G.O. bond debt service and the additional contract costs recommended by the Governor. Rhode Island College (RIC) had requested a \$2.9 million increase in the state appropriation to help support fixed costs (\$3.2 million) and continued investments for initiatives in student enrollment management, new student population outreach, and strategic hires.

Bioscience Certificate Development

\$700,000

The Budget provides \$700,000 in general revenue to further the implementation of a Certificate of Applied Biology and Biotechnology at Rhode Island College. The funds will support 1.0 FTE position in applied biotechnology/biotechnology (\$125,000) and be used toward upgrading existing laboratory space. This funding is expected to leverage other support. The program is slated to open the fall of 2023.

General Obligation Debt Service

(\$22,433)

The Budget provides \$6.0 million in FY2023 and \$6.2 million FY2022 for general obligation debt service at RIC funded by general revenue. This is a decrease of \$22,433 in FY2023 and an increase of \$149,155 in FY2022 relative to the FY2022 Budget as Enacted.

	FY2022 Enacted	FY2022 Final	Change from Enacted		FY2023 Enacted	Change from Enacted	
University of Rhode Island	\$29,837,239	\$29,808,586	(\$28,653)	-0.1%	\$29,049,378	(\$787,861)	-2.6%
Rhode Island College	6,024,998	6,174,153	149,155	2.5%	6,002,565	(22,433)	-0.4%
Community College of Rhode Island	1,095,685	1,123,523	27,838	2.5%	1,405,299	309,614	28.3%
Total	\$36,957,922	\$37,106,262	\$148,340	0.4%	\$36,457,242	(\$500,680)	-1.4%

Source: Rhode Island Budget Office

COMMUNITY COLLEGE OF RHODE ISLAND (CCRI)

Expenditures By Source	FY2020 Actual	FY2021 Final	FY2022 Enacted	FY2022 Final	Change from Enacted		FY2023 Enacted	Change from Enacted	
General Revenue	\$48.5	\$53.7	\$53.5	\$55.0	\$1.4	2.7%	\$57.1	\$3.6	6.7%
Federal Funds	4.2	-	67.6	3.4	(64.1)	-94.9%	1.8	(65.8)	-97%
Restricted Receipts	0.6	0.7	0.7	0.8	0	18.4%	0.8	0.1	21.9%
Other Funds	110.7	101.0	110.0	125.1	15.1	13.8%	136.6	26.6	24.2%
Total	\$164.1	\$155.5	\$231.7	\$184.3	(\$47.4)	-20.5%	\$196.3	(\$35.5)	-15.3%

\$ in millions

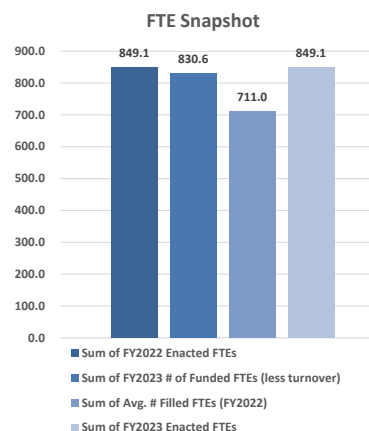
The Community College of Rhode Island (CCRI) was established by the General Assembly in 1960 as Rhode Island Junior College. The first class of 325 students enrolled at a temporary Providence location in the fall of 1964. CCRI has provided a variety of career, technical, and academic programs and has established partnerships with businesses and non-profit organizations to provide worker training.

Today, CCRI has four main campuses: the 205 acre Knight Campus in Warwick; the 300 acre Flanagan Campus in Lincoln; the 7 acre Liston Campus in downtown Providence; and the 5 acre Newport County Campus in Newport. In addition, CCRI holds classes in the Westerly Higher Education and Industry Center.

The Budget includes 849.1 FTE positions in FY2022 and FY2023, including 89.0 third-party funded FTE positions, consistent with the enacted level.

Major Issues and Trends

CCRI's budget request includes a 2.2 percent increase in tuition and mandatory fees; however, due to a projected decline in enrollment, total tuition and fee revenue is estimated to decrease by \$5.1 million (9.2 percent) from the FY2022 Enacted level. The state appropriation request increases by \$2.5 million to \$54.9 million. While approving the tuition and fee increase, the Governor recommends an increase of \$1.3 million in general revenue funding, excluding G.O. debt service and recommended increased contractual costs.



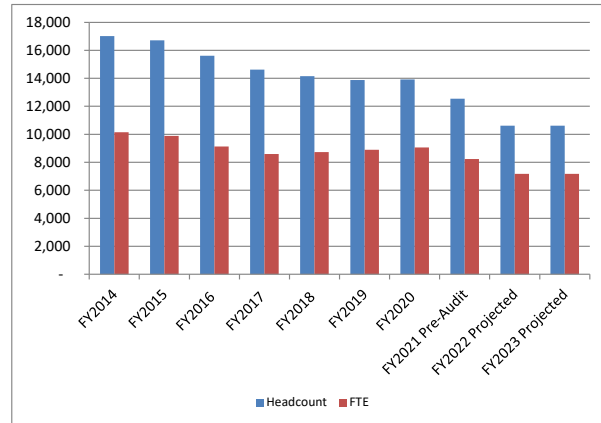
The expenditure request includes funding to support current services and \$1.5 million for strategic priorities: 4.0 FTE advising staff (\$350,000); professional development (\$150,000); and implementation of a customer relationship management (CRM) system to support student engagement and enrollment. While the 4.0 FTE advising staff would be prioritized within the existing cap, CCRI requested 15.0 new FTE positions to be authorized as sponsored research positions. The increase in the cap is needed to give the CCRI flexibility in hiring from restricted sources. The addition of these 15.0 positions is putting pressure on the number of available positions and, without the increase, CCRI may not be able to accept new grants or third party funding that required FTE support.

Of this increase, 10.0 FTE positions would provide advisors and enrollment service representatives in Student Services, allowing CCRI to meet the 350:1 ratio for students to advisors considered as best practices in higher education. An additional 3.0 positions will be used to support scholarship programs supported through the Governor's Emergency Education Relief (GEER) fund resources from the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act and the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act. The programs include the following:

- **Promise Expansion: Finish what you start:** A total of \$4.0 million has been allocated to support adult students with some college credits in completing a degree or certification. CCRI will provide students who have not been enrolled in college during the fall of 2020 to spring of 2021 but who have completed at least 50.0 percent of an undergraduate certificate (about 9 credits) or associate degree (about 30 credits) from an accredited college the opportunity to attend CCRI tuition-free over two years. CCRI expects to award 810 scholarships through this program.
- **Promise Expansion: Class of 2020:** CCRI is providing 2020 high school graduates or GED recipients who did not attend college within the fall 2020 to spring 2021 semesters, the opportunity to attend CCRI tuition-free over two years. CCRI expects to award 325 scholarships.

Enrollment

CCRI Student Enrollment				
	Headcount		FTE	
Year	Headcount	% Change	FTE	% Change
FY2014	17,017	-1.9%	10,141	-2.8%
FY2015	16,718	-1.8%	9,882	-2.6%
FY2016	15,611	-6.6%	9,128	-7.6%
FY2017	14,624	-6.3%	8,593	-5.9%
FY2018	14,155	-3.2%	8,732	1.6%
FY2019	13,878	-2.0%	8,899	1.9%
FY2020	13,923	0.3%	9,065	1.9%
FY2021 Pre-Audit	12,549	-9.9%	8,231	-9.2%
FY2022 Projected	10,621	-15.4%	7,176	-12.8%
FY2023 Projected	10,621	0.0%	7,176	0.0%
10-Year Average	13,972	-4.7%	8,702	-3.5%



The table shows the actual student enrollment, both by headcount and by FTE, from 2014 through 2021, and a projection for 2022 and 2023. In FY2023, enrollment is projected to decrease by 1,055 full-time equivalent students, or 12.8 percent, relative to FY2021.

Analyst Note: According to CCRI, they are monitoring enrollment daily to prepare for reductions. Since HEER funds can be used to replace tuition revenue, the enrollment decline should not be a problem unless it does not bounce back. If that is the case, the revenue problem will arise in FY2024.

Community College of Rhode Island	General Revenue
FY2022 Enacted	\$53,522,765
Target and Other Adjustments	-
Contract Costs	1,432,820
State Appropriation	1,286,207
Healthcare Workforce	547,175
General Obligation Debt Service	309,614
FY2023 Enacted	\$57,098,581

Contract Costs **\$1.4 million**

The Budget provides the \$1.4 million in general revenue to cover the estimated cost of the tentative contract agreement announced by the Governor and the Department of Administration. The current agreement between the State and the state employee bargaining units is a proposed 4-year contract that provides cost-of-living (COLA) increases of 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. The agreement also provides a \$1,500 bonus payment to classified employees within the College. While salary and benefit costs are generally shared between the State and CCRI, the entire estimated cost of this contract is supported by state funds.

State Appropriation **\$1.3 million**

State general revenue support for CCRI increases by \$1.3 million in FY2023 to a total of \$53.7 million, excluding general obligation bond debt service and increased contract costs recommended by the Governor. CCRI requested an increase of \$2.5 million over the FY2022 Budget as Enacted to support current services and \$1.5 million for strategic priorities such as additional advising staff, professional development, and implementation of the customer relationship management (CRM) system.

CCRI - Healthcare Workforce **\$547,175**

Pursuant to a Governor's Budget Amendment, dated May 20, 2022, the Budget adds \$547,175 in general revenue to fund 4.0 FTE positions, within the College's current staffing authorization, to provide support

services and stipends for nursing assistant students, as well as marketing and advertising to recruit and train certified nursing assistants, licensed practical nurses, and registered nurses.

General Obligation Debt Service

\$309,614

The Budget provides \$1.4 million in FY2023 and \$1.1 million in FY2022 for general obligation debt service at CCRI funded by general revenue. This is an increase of \$309,614 and \$27,838 respectively from the FY2022 Budget as Enacted.

	FY2022 Enacted	FY2022 Final	Change from Enacted		FY2023 Enacted	Change from Enacted	
University of Rhode Island	\$29,837,239	\$29,808,586	(\$28,653)	-0.1%	\$29,049,378	(\$787,861)	-2.6%
Rhode Island College	6,024,998	6,174,153	149,155	2.5%	6,002,565	(22,433)	-0.4%
Community College of Rhode Island	1,095,685	1,123,523	27,838	2.5%	1,405,299	309,614	28.3%
Total	\$36,957,922	\$37,106,262	\$148,340	0.4%	\$36,457,242	(\$500,680)	-1.4%

Source: Rhode Island Budget Office

CAPITAL PROJECTS

The Budget includes a total of \$56.1 million in capital expenditures from Rhode Island Capital Plan (RICAP) funds in FY2023 and \$24.0 million in FY2022, including the following.

URI, RIC, CCRI – Asset Protection: Asset Protection projects are budgeted from Rhode Island Capital Plan funds (RICAP) and are used to maintain and repair facilities, including roads, buildings, and infrastructure. The asset protection program includes a number of projects at various facilities, and allows each school to shift funding based on current priorities. In FY2023, there is a total of \$24.2 million, including \$11.4 million in RICAP asset protection funding for URI, \$9.6 million for RIC, and \$3.2 million for CCRI. In FY2022, the Budget includes a total of \$15.3 million in asset protection funding for URI (\$9.9 million), RIC (\$2.4 million), and CCRI (\$3.0 million).

URI – Bay Campus: In addition to the \$100.0 million general obligation bond question for the November 2022 ballot, the Budget provides \$6.0 million in RICAP funding in FY2023 toward repairs and construction on the Narragansett Bay Campus in support of education and research for the marine disciplines.

URI Academic Mechanical, Electrical, and Plumbing (newly requested project): The Budget provides \$4.7 million FY2023 to provide new HVAC systems in Fogarty and White Hall. The total project cost is \$17.9 million with the remaining \$13.2 million scheduled for FY2024. 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 \$1.7 million in FY2023 toward the total cost of \$8.1 million 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.

OPC – Northern RI Education Center – The Budget provides \$1.0 million in FY2022 and \$2.9 million in FY2023 to expand the RI Education Center model to Northern RI. The new Center was scheduled to open in May 2022 in Woonsocket, but is currently expected to open in late summer 2022.

RIC Infrastructure Modernization: The Budget provides \$4.9 million in RICAP funding in FY2023 and \$5.5 million in FY2022 to modernize and replace steam lines, water lines, and the electrical distribution system across the RIC campus. Improvements will address issues of water quality, limit power failures, and eliminate steam plumes throughout the campus.

CCRI Knight Campus Renewal: The Budget includes \$2.9 million in RICAP funding in FY2023 and \$105,734 in FY2022 for the renovation of 280,000 square feet of the 385,000 square-foot Knight Campus Megastructure, including lighting, painting, and replacement of carpeting/tile.

CCRI Flanagan Campus Renewal (Lincoln): The Budget provides \$2.0 million in FY2023 to begin the renewal of the Flanagan Campus in Lincoln. Funding for this \$13.2 million project includes \$12.5 million in RICAP funds, \$436,994 in College funds, and \$300,000 in private funding. The project includes the modernization and code compliance upgrades to all of the science labs at the Lincoln campus, as well as the refurbishment of the exterior including heat resistance paint, window replacement, and light abatement.

CCRI Data, Cabling, and Power Infrastructure: The Budget provides \$1.8 million in FY2023 to assess, design, and construct a modernized data cabling and power infrastructure across the four CCRI campuses. The project will upgrade network wiring infrastructure and deliver more capacity to support additional classroom technology, wireless devices and security systems, including cameras, emergency alarm systems, and HVAC control systems.

CCRI Knight Campus Lab Renovation: The Budget provides \$2.9 million in FY2023 and \$105,734 in FY2022 to complete the modernization of the second floor labs on CCRI's Knight Campus. The Engineering and Physics labs have not been renovated since the mega-structure was built in the 1970's. The project will bring the labs up to current code, including Americans with Disability Act (ADA) requirements and enclosures will be constructed to prevent distractions from people walking past the lab. The equipment will be modernized to reflect current employer expectations.

Rhode Island State Council on the Arts

Expenditures by Program	FY2021 Actual	FY2022 Enacted	FY2022 Final	Change from Enacted		FY2023 Enacted	Change from Enacted	
Central Management	\$3,963,908	\$5,261,293	\$4,580,362	(\$680,931)	-12.9%	\$4,164,995	(\$1,096,298)	-20.8%

Expenditures by Source	FY2021 Actual	FY2022 Enacted	FY2022 Final	Changes to Enacted		FY2023 Enacted	Changes to Enacted	
General Revenue	\$2,002,290	\$2,048,651	\$2,112,307	\$63,656	3.1%	\$2,198,276	\$149,625	7.3%
Federal Funds	1,689,729	2,677,642	1,953,055	(\$724,587)	-27.1%	1,331,719	(1,345,923)	-50.3%
Restricted Receipts	284	40,000	20,000	(\$20,000)	-50.0%	50,000	10,000	25.0%
Other Funds	271,605	495,000	495,000	\$0	0.0%	585,000	90,000	18.2%
Total	\$3,963,908	\$5,261,293	\$4,580,362	(\$680,931)	-12.9%	\$4,164,995	(\$1,096,298)	-20.8%

Authorized FTE Levels	8.6	9.6	9.6	-	-	9.6	-	-
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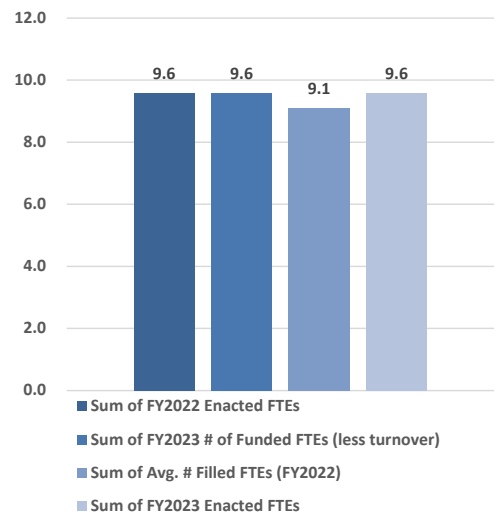
The Rhode Island State Council on the Arts (RISCA) provides grants, technical assistance and support to arts organizations, schools, community centers, social service organizations, and local governments to bring the arts into the lives of Rhode Islanders. RISCA provides these services through grant making, partnerships, education and technical assistance. RISCA also manages the Art for Public Facilities Program providing art for state buildings.

MAJOR ISSUES AND TRENDS

The general revenue increase in FY2023 is due to personnel reclassifications and the statewide cost of living adjustment. Federal funds decrease due to the end of federal aid provided in FY2022 through the American Rescue Plan Act (ARPA), as well as a grant provided through the ARPA from the National Endowment for the Humanities to support organizations and jobs in the cultural and humanity sector that have been impacted by the pandemic. The other funds increase in FY2023 is for the Percent for Arts program. The increase in restricted receipts is due to a donation received from private contributions to supplement the state appropriation for the purchase of a governor's portrait pursuant to RIGL 37-8-9.

The Budget authorizes 9.6 FTE positions in FY2023 and FY2022, consistent with the FY2022 Budget as Enacted.

FTE Snapshot



RI State Council on the Arts	General Revenue
FY2022 Enacted	\$2,048,651
<i>Target and Other Adjustments</i>	<i>21,197</i>
Personnel Reclassification	89,188
Statewide Cost of Living Adjustment	64,240
Governor's Portrait	(25,000)
Percent for the Arts	Informational
Cultural Arts and the Economy	Informational
FY2023 Enacted	\$2,198,276

RI State Council on the Arts	Other Fund Changes
National Endowment Grants (federal funds)	(\$1,513,080)

Personnel Reclassification ***\$89,188***

The Budget restores \$89,188 in general revenue and \$7,042 in federal funds to support the personnel reclassifications approved in the FY2022 Budget as Enacted but inadvertently omitted from the Governor's recommendation for FY2023.

Statewide Cost of Living Adjustment ***\$62,240***

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living (COLA) increases of 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. The current agreement is projected to increase general revenue expenditures by \$62,240, including the \$1,500 bonus payment to qualified employees within the Department.

Governor's Portrait ***(\$25,000)***

The Budget eliminates \$25,000 in general revenue from FY2023 and shifts \$20,000 from FY2022 for the commissioning of a governor's portrait to restricted receipts due to a larger private donation. The Budget also provides \$45,000 in restricted receipts for this project. Article 2 amends RIGL 42-75-13, creating the Governor's Portrait Donation Fund as a restricted receipt account for any revenue received by the Rhode Island Council on the Arts from contributions received to supplement the state appropriation for the purchase of a governor's portrait pursuant to RIGL 37-8-9.

Percent for the Arts ***Informational***

The Rhode Island State Council on the Arts administers the State's Percent for Public Art Program, which was established in 1987 to expand the public experience of art, foster the development of artists, and create a more humane environment. It also serves to stimulate the state's economy.

In accordance with Rhode Island General Law, at least 1.0 percent of state government capital construction costs are allocated for the acquisition of works of art to be placed in public places. The 1.0 percent is generally spent on the project from which the funds were derived; any amounts not expended by RISCA are retained to provide for the maintenance and restoration of existing works.

The following table shows recently completed, current, and future projects of the program.

1% for Public Art Program - 2011 to Present	Location	Art Project Cost
<i>Completed Projects</i>		
URI - School of Pharmacy	Kingston	\$995,020
URI - College of Engineering	Kingston	714,356
URI - Chemistry	Kingston	501,000
Wickford Junction	Wickford	350,000
Intermodal Station	Warwick	300,000
Attorney General	Cranston	265,000
Veterans Home	Bristol	210,000
RIC - Art Center	Providence	170,000
Virks Building	Cranston	120,000
Division of Motor Vehicles	Cranston	110,000
Met School	Providence	78,000
Rhode Island School for the Deaf	Providence	43,000
URI - Harrington Hall	Kingston	35,000
Rhode Island State Police	Lincoln	45,000
Rhode Island Fire Academy	Exeter	30,000
<i>Current Projects (Budget)</i>		
URI- Fine Arts Center	Kingston	450,000
Garrahy Parking Garage	Providence	300,000
Pawtucket-Central Falls Train Station	Pawtucket	59,000
Barry and Simpson Buildings, Pastore Complex	Cranston	215,297
RIC Fogerty	Providence	45,000
National Guard Joint Force Headquarters	East Greenwich	35,000
<i>Future Projects (Budget)</i>		
RIC Gaige Lee Hall	Providence	360,000
RIC Horace Mann	Providence	190,000
URI- Narragansett Bay Campus	Narragansett	191,000
Total		\$5,811,673

Cultural Arts and the Economy

Informational

In March 2021, voters approved a \$6.0 million bond to continue the Cultural Arts and the Economy Grant program administered by the Rhode Island State Council on the Arts (RISCA) for capital improvements, preservation, and renovation of public and nonprofit performance centers, museums, and cultural art centers. 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.

The 2014 referenda provided funding to begin the State Cultural Arts and the Economy Grants Program. The Commerce Corporation of Rhode Island, in consultation with the Rhode Island Council on the Arts, administers this 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 Commerce Corporation of Rhode Island developed rules and regulations to administer the program. As of February 2022, there is a remaining balance for this program of \$388,241 which will be bundled into the October 1, 2021 grant cycle.

National Endowment Grants (federal funds)

(\$1.5 million)

The Budget decreases federal funds by \$1.5 million due to the end of \$764,740 in National Endowment for the Arts funds and the exclusion of \$749,340 in National Endowment for the Humanities funding. The National Endowment for the Arts award was part of federal COVID-19 pandemic relief funds and must be

spent by December 31, 2022. The National Endowment for the Humanities grant was awarded by the federal government directly to the Council for the Humanities but never passed through the agency's budget.

Rhode Island Atomic Energy Commission

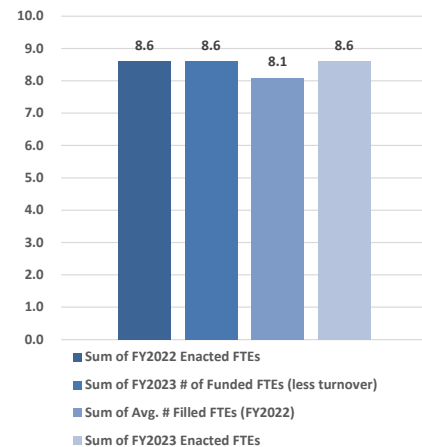
Expenditures By Program	FY2022		FY2022 Final	Change from		FY2023	Change from	
	FY2021 Final	Enacted		Enacted		Enacted	Enacted	
Atomic Energy Commission	\$1,351,296	\$1,959,573	\$2,012,416	\$52,843	2.7%	\$1,536,396	(\$423,177)	-21.6%
Expenditures By Source								
General Revenue	\$1,004,580	\$1,076,170	\$1,139,351	\$63,181	5.9%	\$1,146,763	\$70,593	6.6%
Federal Funds	143	477,000	477,000	-	-	-	(477,000)	-100.0%
Restricted Receipts	-	25,036	25,036	-	-	25,036	-	-
Other Funds	346,573	381,367	371,029	(\$10,338)	-2.7%	364,597	(\$16,770)	-4.4%
Total	\$1,351,296	\$1,959,573	\$2,012,416	\$52,843	2.7%	\$1,536,396	(\$423,177)	-21.6%
Authorized FTE Levels	8.6	8.6	8.6	-	-	8.6	-	-

The Rhode Island Atomic Energy Commission (Commission) operates and maintains the Rhode Island Nuclear Science Center (RINSC), which is used for medical, biological, environmental, and materials research, education and commercial activities. The Commission also provides assistance to other state agencies in their radiation and emergency response programs.

RINSC operates a research reactor and provides laboratories and classrooms for research and education programs for the University of Rhode Island as well as for other colleges and universities in the State and throughout New England. In 2010, the University of Rhode Island (URI) began offering a nuclear engineering minor program of study. For students who perform well, a new nuclear engineer operating course was added in 2016 that prepares students for the operator license exam. URI is currently working to create a major in nuclear engineering. The Commission continues its collaboration with schools and universities in the State. Davies High School, Brown University physics classes, and URI mechanical design students are among those that have recently utilized the facility.

The Budget authorizes 8.6 FTE positions in FY2022 and FY2023 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 FY2022 Revised Budget and FY2023 is primarily due to the statewide COLA adjustment. The reduction in federal funds is due to the expenditure of a federal instrumentation grant from the federal Department of Energy used to support upgrades to reactor control instrumentation. The project started in October 2020; however, project delays related to COVID-19 have pushed the completion date into FY2022. The other funds decrease in FY2023 and FY2022 is due to salaries and benefits decreases associated with the FTE positions funded through URI.

Article 2 of the FY2019 Budget as Enacted created a new restricted receipt account, the "Atomic Energy Enterprise fund", for reactor usage fees collected by the Commission to support the technical operations and maintenance of equipment.

Rhode Island Atomic Energy Commission	General Revenue
FY2022 Enacted	\$1,076,170
<i>Target and Other Adjustments</i>	5,144
Statewide Cost of Living Adjustment	65,449
FY2023 Enacted	\$1,146,763

Statewide Cost of Living Adjustment **\$65,449**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living (COLA) increases of 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. The current agreement is projected to increase general revenue expenditures by \$65,449, including the \$1,500 bonus payment to most employees within the Commission.

CAPITAL PROJECTS

The Budget includes \$50,000 in Rhode Island Capital Plan (RICAP) funded asset protection projects for FY2022 and FY2023. In FY2023, projects include merging the utilities and security system in the Sub-Chem Building with the rest of the facility, and refurbishing two more rooms in the office wing basement level for use as an electronic shop and for shop supply storage. Additional projects include resealing the parking lots and driveways.

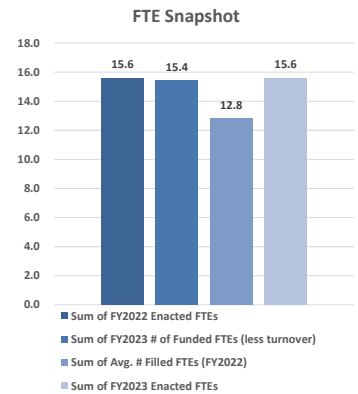
Rhode Island Historical Preservation and Heritage Commission

Expenditures By Program	FY2021 Actual	FY2022 Enacted	FY2022 Final	Change from Enacted		FY2023 Enacted	Change from Enacted	
Central Management	\$2.1	\$2.7	\$2.6	(\$0.1)	-2.0%	\$3.5	\$0.8	31.5%
Total	\$2.1	\$2.7	\$2.6	(\$0.1)	-2.0%	\$3.5	\$0.8	31.5%

Expenditures By Source								
General Revenue	\$1.4	\$1.4	\$1.3	(\$0.1)	-7.6%	\$1.6	\$0.2	12.9%
Federal Funds	0.6	0.7	0.7	0.0	6.3%	1.4	0.7	93.7%
Restricted Receipts	0.0	0.4	0.4	-	0.0%	0.4	-	0.0%
Operating Transfers from Other Funds	0.1	0.2	0.2	0.0	0.0%	0.2	0.0	4.0%
Grand Total	\$2.1	\$2.7	\$2.6	(\$0.1)	4.5%	\$3.5	\$0.8	9.0%

Authorized FTE Levels	15.6	15.6	15.6	-	-	15.6	-	-
<i>\$ in millions. Totals may vary due to rounding.</i>								

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 FY2023 Budget as Enacted includes \$1.6 million in general revenue (\$3.5 million all funds), representing a general revenue increase of \$181,748 (\$850,391 all funds) relative to the FY2022 Budget as Enacted.

The Budget authorizes 15.6 FTE positions for FY2023, consistent with the enacted budget.

Historic Preservation & Heritage Commission	General Revenue
FY2022 Enacted	\$1,390,704
Target and Other Adjustments	(14,586)
Personnel	116,384
Statewide Cost of Living Adjustment and Bonus	79,950
FY2023 Enacted	\$1,572,452

Historic Preservation & Heritage Commission	Other Funds
Old State House Renovations (federal funds)	\$500,000
Artifact Relocation Grant (federal funds)	100,000
State Preservation Grant (G. O. bond Proceeds)	Informational

Personnel \$116,384

The Budget includes an additional \$116,384, \$1.2 million total, in general revenues to support personnel costs. In an effort to adequately compensate staff based on related positions elsewhere in government, the Commission conducted research on comparable positions and, as a result, initiated an overhaul of their job classifications and pay scales. A number of increases were approved in FY2022 with additional increases pending for FY2023.

Statewide Cost of Living Adjustment and Bonus**\$79,950**

Based on recently negotiated contract bargaining agreements between the State and the state employee bargaining units for a proposed 4-year contract, the Budget includes the following cost-of-living adjustments (COLAs): 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. In addition, the Budget includes a \$1,500 retention bonus to eligible union employees that was included as part of the recently completed contract negotiation. The current agreement is projected to increase general revenue expenditures by \$79,950 in FY2023 and \$73,776 in FY2022 within the Commission.

Federal Fund Changes**\$600,000**

The Budget provides a net increase of \$600,000 in federal funds including the following:

- **Old State House Renovations:** The Budget provides \$500,000 in federal funds to fund accessibility renovations at the Old State House. In addition, the Budget provides \$375,952 in RICAP funding within the Department of Administration's budget to serve as matching funds for the Save America's Treasures federal grant.
- **Artifact Relocation Grant:** The Budget includes \$100,000 in federal funds to catalogue and relocate historical artifacts from the basement of the Old State House to a central repository at the University of Rhode Island.

State Preservation Grant (G.O. Bond Proceeds)**Informational**

In November of 2014, voters approved \$5.0 million in general obligation bonds to recapitalize the State Preservation Grant Program. The State Preservation Grants Program was established to improve and/or repair landmarks and historic facilities such as museums, cultural centers, theatres, and public historic sites. Through FY2022, the Commission supported 55 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 anticipates awarding 18 grants for new projects totaling \$1.2 million throughout FY2023 and FY2024.

State Preservation Grant Awards

Recipient	Town	Amount Disbursed	FY2022 to be Spent	FY2023 & FY2024 to be Spent
Bristol Historical and Preservation Society	Bristol	\$75,888	\$0	\$0
Coggeshall Farm Museum	Bristol	29,707	-	-
Friends of Linden Place	Bristol	72,635	-	28,200
Herreshoff Marine Museum	Bristol	150,000	-	112,000
Town of Bristol	Bristol	150,000	-	-
Central Falls City Hall	Central Falls	150,000	-	-
Cogswell Tower	Central Falls	-	-	150,000
Town of Coventry	Coventry	26,404	-	-
Town of Cumberland	Cumberland	149,041	-	-
Historic Metcalf-Franklin Farm Preservation Association	Cumberland	-	-	75,000
Town of East Greenwich	East Greenwich	150,000	-	-
Varnum Continentals, Inc.	East Greenwich	23,609	-	-
City of East Providence	East Providence	69,652	-	-
Friends of Pomham Rocks	East Providence	150,000	-	-
East Providence Historical Society	East Providence	-	-	26,800
Borders Farm Preservation, Inc.	Foster	30,000	-	-
Foster Preservation Society	Foster	29,703	-	-
Foster Preservation Society	Foster	-	-	11,900
Beavertail Lighthouse Museum Association	Jamestown	25,000	-	-
Beavertail Lighthouse Museum Association	Jamestown	42,250	-	-
Historic New England	Jamestown	-	-	69,000
Historic New England	Johnston	31,240	-	-
Block Island SE Lighthouse Foundation	New Shoreham	150,000	-	-
City of Newport	Newport	150,000	-	-
Fort Adams Trust	Newport	150,000	-	-
International Tennis Hall of Fame	Newport	73,188	-	-
La Forge Restoration Foundation	Newport	300,000	-	-
Newport Art Museum	Newport	150,000	-	-
Newport Restoration Foundation	Newport	16,596	-	-
Preservation Society of Newport County	Newport	150,000	-	-
RI Dept. of Environmental Mgmt.	Newport	150,000	-	-
The Company of the Redwood Library and Athenaeum	Newport	39,783	-	-
Trinity Episcopal Church	Newport	29,508	-	-
La Farge Restoration Fund	Newport	-	-	150,000
Fort Adams Trust	Newport	-	-	122,500
Preservation Society of Newport County	Newport	-	-	74,250
Newport Restoration Foundation	Newport	-	-	30,000
Cocumcussoc Association	North Kingstown	47,447	-	-
North Smithfield Heritage Association	North Smithfield	53,955	34,265	-
City of Pawtucket	Pawtucket	106,238	-	-
Old Slater Mill Assoc.	Pawtucket	44,500	-	-
Pawtucket Public Library	Pawtucket	-	-	48,500
Portsmouth Historical Society	Portsmouth	30,000	-	-
City of Providence	Providence	135,313	-	-
Congdon Street Baptist Church	Providence	150,000	-	-
Friends of the Music Mansion, Inc.	Providence	150,000	-	-
Preserve Rhode Island	Providence	150,000	-	-
Providence Athenaeum	Providence	148,806	-	-
Providence Performing Arts Center	Providence	150,000	-	-
Providence Public Library	Providence	150,000	-	-
Trinity Restoration Inc	Providence	145,846	-	-
City of Providence	Providence	-	-	88,500
Rhode Island Historical Society	Providence	-	-	48,000
The Steel Yard	Providence	-	-	40,850
Scituate Preservation Society	Scituate	-	-	9,900
Smithfield Preservation Society	Smithfield	27,476	-	-
Town of Smithfield	Smithfield	31,950	-	-
Historic New England	South Kingstown	39,160	-	-
South County Art Association	South Kingstown	57,967	-	-
South County History Center	South Kingstown	-	-	42,075
Clouds Hill Victorian House Museum	Warwick	-	-	50,000
Memorial and Library Association of Westerly	Westerly	15,488	-	-
Orlando Smith Trust	Westerly	10,575	-	-
Westerly Armory Restoration, Inc	Westerly	24,750	-	-
American French Genealogical Society	Woonsocket	150,000	-	-
City of Woonsocket	Woonsocket	74,249	-	-
Total		\$4,607,924	\$34,265	\$1,177,475

Department of the Attorney General

Expenditures By Program	FY2021 Actual	FY2022 Enacted	FY2022 Final	Change from Enacted		FY2023 Enacted	Change from Enacted	
General Division	\$4.1	\$4.3	\$4.7	\$0.4	8.8%	\$6.5	\$2.2	50.7%
Criminal Division	19.8	21.4	22.7	1.4	6.3%	23.6	2.2	10.5%
Civil Division	6.2	7.1	8.0	0.9	12.6%	8.2	1.1	16.1%
Bureau of Criminal Identification	3.3	3.1	3.4	0.3	9.3%	3.2	0.1	4.8%
Total	\$33.4	\$35.8	\$38.7	\$2.9	8.1%	\$41.5	\$5.7	15.9%

Expenditures By Source	FY2021 Actual	FY2022 Enacted	FY2022 Final	Change from Enacted		FY2023 Enacted	Change from Enacted	
General Revenue	\$28.3	\$29.8	\$32.0	\$2.2	7.4%	\$33.5	\$3.7	12.4%
Federal Funds	2.6	3.4	3.6	0.2	5.7%	2.9	(0.6)	-16.3%
Restricted Receipts	2.4	2.4	2.9	0.5	21.4%	3.2	0.8	35.2%
Other Funds	0.0	0.2	0.2	0.0	2.4%	1.9	1.7	1160.0%
Total	\$33.4	\$35.8	\$38.7	\$2.9	8.1%	\$41.5	\$5.7	15.9%

Authorized FTE Levels	239.1	247.1	247.1	-	-	249.1	2.0	0.8%
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\$ in millions. Totals may vary due to rounding

The Department of the Attorney General is the central legal agency of the State. The Department is responsible for the prosecution of all felony criminal cases and misdemeanor, appeals as well as prosecution of misdemeanor cases brought by state law enforcement in the various district courts. Additionally, as chief legal officer of the State, the Attorney General acts to protect consumers against fraudulent business practices; investigates Opens Meetings Act and Access to Public Records compliance; and, acts as the central repository for criminal history and information in the State. The Department is divided into four budget programs: General, Criminal, Civil, and Bureau of Criminal Identification.

MAJOR ISSUES AND TRENDS

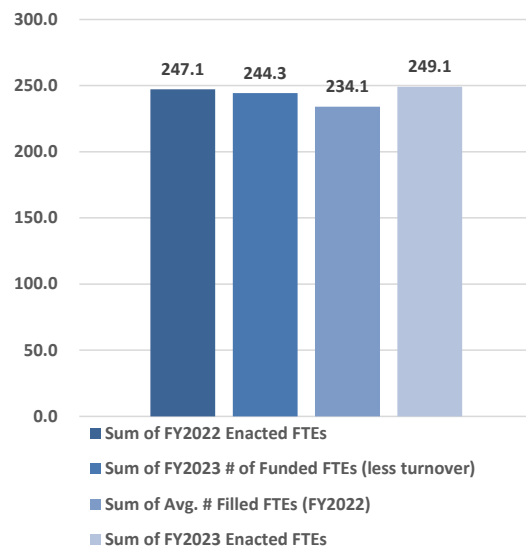
The Budget includes \$41.5 million in total funding for the Department, an increase of \$5.7 million from the FY2022 Budget as Enacted. General revenues increased by \$3.7 million or 12.4 percent from the FY2022 Budget as Enacted, to \$33.5 million. The increase in general revenue is primarily related to an additional \$1.9 million for statewide adjustments including cost-of-living adjustments (COLAs) and bonuses for eligible employees.

The decrease in federal funds is related to the end of grant funding for the National Criminal History Improvement Program (NCHIP) grant within the Bureau of Criminal Identification.

The increase in restricted receipts is mainly within the Criminal Division to support the automatic expungement of marijuana related convictions. The Budget appropriates \$380,000 of restricted receipt funds to support the initiative. The Budget also includes an additional \$200,000 in restricted receipts within the Civil Division to continue supporting the Department's multi-state litigation efforts.

The increase in other funds is related to an increase in Rhode Island Capital Plan (RICAP) funding to support the replacement of the roof at the Attorney General Civil Division office at 150 South Main Street.

FTE Snapshot



The Budget includes 249.1 FTE positions in FY2023, an increase of 2.0 FTE positions over the FY2022 Enacted level. New positions include 1.0 new Staff Attorney and 1.0 Paralegal Clerk within the Criminal Division for a new Mental Health Court Pilot Program. These new positions were initially intended to be funded with American Rescue Plan Act (ARPA) State Fiscal Recovery Funds (SFRF) but will instead be funded by general revenue.

GENERAL DIVISION

The General Division is responsible for the overall operations of the Department. It consists of the following units: Executive, Fiscal, Personnel, Operations, Management Information Systems, and Public Information/Legislation. The Division oversees the finances of the Department, prepares and submits the Department's annual budget, and lobbies for the resources necessary for the efficient operation of the Department.

General Division	General Revenue
FY2022 Enacted	\$4,136,361
<i>Targets and Other Adjustments</i>	<i>46,895</i>
Statewide Cost of Living Adjustment and Bonus	262,555
Legal Staff Increase	124,667
FY2023 Enacted	\$4,570,478

Statewide Cost of Living Adjustment and Bonus **\$262,555**

Based on recently negotiated contract bargaining agreements between the State and the state employee bargaining units for a proposed 4-year contract, the Budget includes the following cost-of-living adjustments (COLAs): 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. In addition, the Budget includes a \$1,500 retention bonus to eligible union employees that was included as part of the recently completed contract negotiation. The current agreement is projected to increase general revenue expenditures by \$262,555 in FY2023 within the General Division.

Legal Staff Increase **\$124,667**

The Budget provides an additional \$124,667 of general revenue within the General Division for increases to salaries of the Legal Staff. The Department has been unable to retain staff, leading to an increase in turnover in recent years as a result of lower wages. Additional funding will allow the Department to increase salaries for Attorneys and Paralegals in an effort to attract and retain experienced employees.

CRIMINAL DIVISION

The Criminal Division is charged with the prosecution of felony cases and misdemeanor appeals. The Division assists the Attorney General in carrying out the constitutional responsibility to prosecute all felony criminal offenses occurring in the State, as well as all misdemeanor criminal cases brought by State law enforcement agencies or appealed to the Superior Court. Specialized units focus on white-collar crime, narcotics and organized crime, firearms offenses, juvenile offenders, domestic violence and sexual assault, Medicaid fraud, and District Court offenses.

Criminal Division	General Revenue
FY2022 Enacted	\$17,949,759
<i>Targets and Other Adjustments</i>	293,804
Statewide Cost of Living Adjustment and Bonus	1,125,516
Legal Staff Increase	669,666
Mental Health Court Pilot Program - 2.0 FTE	204,005
Turnover	(127,698)
FY2023 Enacted	\$20,115,052
Criminal Division	Other Fund Changes
Adult-Use Marijuana Expungements (restricted receipts)	\$380,000

Statewide Cost of Living Adjustment and Bonus ***\$1.1 million***

Based on recently negotiated contract bargaining agreements between the State and the state employee bargaining units for a proposed 4-year contract, the Budget includes the following cost-of-living adjustments (COLAs): 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. In addition, the Budget includes a \$1,500 retention bonus to eligible union employees that was included as part of the recently completed contract negotiation. The current agreement is projected to increase general revenue expenditures by \$1.1 million in FY2023 within the Criminal Division.

Legal Staff Increase ***\$669,666***

The Budget provides an additional \$669,666 in general revenue within the Criminal Division for increases to salaries of the Legal Staff. The Department has been unable to retain staff and has seen an increase in turnover in recent years as a result of lower wages. Additional funding will allow the Department to increase salaries for Attorneys and Paralegals in an effort to attract and retain experienced employees, thereby improving recruitment and retention.

Mental Health Court Pilot Program – 2.0 FTE ***\$204,005***

The Budget includes \$204,005 in general revenue to support a Mental Health Court Pilot Program in FY2023. The funds will support an additional 2.0 FTE positions, 1.0 Paralegal and 1.0 Staff Attorney I.

People who suffer from mental illness are greatly impacted by the criminal justice system, a problem that is most evident in the District Court. According to the Judiciary, when Rhode Island deinstitutionalized services to the mentally ill, funding was reallocated to community providers to support mentally ill persons within the community. This funding has been decreased overtime leading to fewer community safety nets and treatment options.

The Mental Health Treatment Court will be a pre-plea program, with no admission of guilt, to avoid collateral consequences such as limited housing or a negative impact on employment opportunities. A participation agreement will define the expectations of both parties, including duration of the treatment plan and disposition upon completion. The Court will work closely and collaboratively with the community mental health centers and with the Department of Behavioral Health, Developmental Disabilities, and Hospitals (BHDDH), to provide monitoring of the participant in the community consistent with their risk level. Treatment Courts are collaborative, not adversarial. The team will include a designated judicial officer, a designated prosecutor (AG), and defense counsel from the Office of the Mental Health Advocate. The involvement of the Mental Health Advocate will bring both specialized knowledge of mental illness and experience with this population and the treatment providers. A shift in defense court-appointed counsel to the Office of the Mental Health Advocate is an important step toward the decriminalization of mental illness.

Turnover**(\$127,698)**

The Budget includes \$354,347 in turnover savings, which equates to 3.0 FTE positions. This is an additional \$127,698 in savings above the FY2022 Budget as Enacted. The Office averaged 13.0 FTE vacancies for FY2022.

Adult-Use Marijuana Expungements (restricted receipts)**\$380,000**

The Budget includes an additional \$380,000 in restricted receipts from the proposed Marijuana Trust Fund to support the automatic expungement of marijuana related convictions. The General Assembly passed Senate Bill 2430 Substitute A as amended which included provisions to automatically expunge marijuana-related convictions for offenses that have been decriminalized since the conviction date. The bill outlines a schedule for automatic, no-fee expungements, stating that all eligible records shall be expunged before July 1, 2024. The legislation also stipulates that expunged convictions may not prevent an individual from partaking in the cannabis industry or any government assistance programs.

CIVIL DIVISION

The Civil Division is charged with conducting the State's legal affairs and representing the State in legal proceedings. By law, the Attorney General initiates and defends actions in state and federal courts whenever warranted; ensures that representation is provided to state officers, employees, and agencies in all courts; advises state officers and agencies on legal issues; and, issues written opinions on legal issues when requested by governmental officers.

Civil Division	General Revenue
FY2022 Enacted	\$5,897,317
<i>Targets and Other Adjustments</i>	<i>136,102</i>
Statewide Cost of Living Adjustment and Bonus	366,368
Legal Staff Increase	220,000
Contract Professional Services	158,412
FY2023 Enacted	\$6,778,199

Civil Division	Other Fund Changes
Multi-State Litigation (restricted receipts)	\$200,000

Statewide Cost of Living Adjustment and Bonus**\$366,368**

Based on recently negotiated contract bargaining agreements between the State and the state employee bargaining units for a proposed 4-year contract, the Budget includes the following cost-of-living adjustments (COLAs): 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. In addition, the Budget includes a \$1,500 retention bonus to eligible union employees that was included as part of the recently completed contract negotiation. The current agreement is projected to increase general revenue expenditures by \$366,368 in FY2023 within the Civil Division.

Legal Staff Increase**\$220,000**

The Budget provides an additional \$220,000 of general revenue within the Civil Division for increases to salaries of the Legal Staff. The Department has been unable to retain staff, leading to an increase in turnover in recent years as a result of lower wages. Additional funding will allow the Department to increase salaries for Attorneys and Paralegals in an effort to attract and retain experienced employees.

Contract Professional Services**\$158,412**

The Budget includes \$435,482 in funding for Financial Services, Legal Services, and Economists in FY2023, an increase of \$158,412 above the FY2022 Budget as Enacted. This funding is used to support complex litigation needs within the Civil Division including expert witness testimony. Due to the COVID19

Pandemic the Department had reduced funding for professional services. As the courts open back up and cases move forward, additional funding is needed to support and prosecute cases.

Multi-State Litigation (restricted receipts)

\$200,000

The Budget includes an additional \$200,000 in restricted receipts, \$265,000 total, for dues and fees related to multi-state litigation. Currently, the Attorney General decides if the State will participate in a multi-state initiative and how large of a role the State will play. If the Department is able to pursue additional multi-state initiatives and take on more responsibilities, such as working on the executive committee, the State would be able to have an expanded role in deciding how settlement funds are distributed. This could lead to the State recouping additional settlement funds.

BUREAU OF CRIMINAL IDENTIFICATION

The Bureau of Criminal Identification (BCI) is the state entity charged with maintaining criminal history information for crimes committed in Rhode Island. The BCI responds to criminal history records requests, analyzes and records fingerprint information, maintains pistol permits, issues security guard licenses, and conducts employee background checks. The BCI is open 24-hours per day, 7-days per week to respond to requests from law enforcement agencies throughout the country. In FY2019, the BCI moved to the Department's new facility located at the Pastore complex. The new facility was completed in 2018 using Google forfeiture federal funds.

Bureau of Criminal Identification	General Revenue
FY2022 Enacted	\$1,836,927
<i>Targets and Other Adjustments</i>	57,717
Statewide Cost of Living Adjustment and Bonus	120,928
Legal Staff Increase	26,667
FY2023 Enacted	\$2,042,239

Statewide Cost of Living Adjustment and Bonus

\$120,928

Based on recently negotiated contract bargaining agreements between the State and the state employee bargaining units for a proposed 4-year contract, the Budget includes the following cost-of-living adjustments (COLAs): 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. In addition, the Budget includes a \$1,500 retention bonus to those eligible union employees that was included as part of the recently completed contract negotiation. The current agreement is projected to increase general revenue expenditures by \$120,928 in FY2023 within the Bureau of Criminal Identification.

Legal Staff Increase

\$26,667

The Budget provides an additional \$26,667 of general revenue within the BCI for increases to salaries of the Legal Staff. The Department has been unable to retain staff, leading to an increase in turnover in recent years as a result of lower wages. Additional funding will allow the Department to increase salaries for Attorneys and Paralegals in an effort to attract and retain experienced employees.

CAPITAL PROJECTS

The General Assembly has enacted a total of \$1.9 million in Rhode Island Capital Plan (RICAP) funding for building repairs and maintenance at the Attorney General Civil Division office at 150 South Main Street in FY2023. \$1.8 million will be used to replace the roof, which was last replaced in 1997. The recent remodeling at the building has allowed water to infiltrate the roofing, making the repairs a necessary expense.

Department of Corrections

Expenditures By Program	FY2021 Actual	FY2022 Enacted	FY2022 Final	Change from Enacted		FY2023 Enacted	Change from Enacted	
Central Management	\$15.7	\$15.8	\$18.6	\$2.8	17.6%	\$20.1	4.2	26.8%
Community Corrections	16.5	18.7	20.0	1.3	6.9%	20.3	1.6	8.4%
Custody and Security	147.1	139.7	147.2	7.5	5.4%	142.6	2.9	2.1%
Healthcare Services	24.5	28.2	29.3	1.1	4.0%	31.0	2.8	10.1%
Institutional Based Rehab/Population M	11.8	12.6	12.6	0.0	0.3%	12.5	-0.1	-1.2%
Institutional Support	30.5	29.4	34.0	4.6	15.6%	28.5	-0.9	-3.2%
Parole Board	1.3	1.5	1.5	0.0	-0.3%	1.4	0.0	-2.8%
Total	\$247.3	\$245.9	\$263.2	\$17.3	7.0%	\$256.3	\$10.4	4.2%

Expenditures By Source	FY2021 Actual	FY2022 Enacted	FY2022 Final	Change from Enacted		FY2023 Enacted	Change from Enacted	
General Revenue	\$108.8	\$236.3	\$250.3	\$13.9	5.9%	\$245.9	\$9.5	4.0%
Federal Funds	132.3	2.11	2.4	0.3	14.1%	2.1	0.0	1.8%
Restricted Receipts	0.1	2.3	2.4	0.0	0.5%	2.9	0.6	25.9%
Other Funds	6.0	5.13	8.19	3.1	59.8%	5.4	0.3	4.9%
Total	\$247.3	\$245.9	\$263.2	\$17.3	7.0%	\$256.3	\$10.4	4.2%

Authorized FTE Levels	1,411.0	1,424.0	1,424.0	-	-	1,427.0	3.0	0.0
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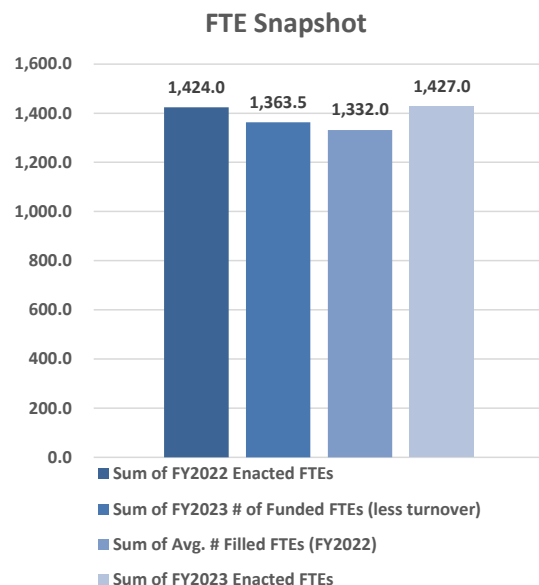
\$ in millions. Totals may vary due to rounding

The Rhode Island Department of Corrections (DOC) provides appropriate, safe, secure, and humane control of offenders, while actively assisting and encouraging offenders to become productive and law-abiding members of the community. Additionally, the Rhode Island State Parole Board is budgeted as a unit of the Department, but has independent programmatic decision-making authority. Collectively known as the Adult Correctional Institutions (ACI), there are seven separate occupied facilities, which have a total current capacity of 3,989 beds. In FY2022, the Department has averaged 2,132 inmates (53.4 percent of capacity) housed at the ACI for the fiscal year, including 2,031 men and 101 women. The Department also provides supervision of offenders in the community (home confinement, probation, and parole).

MAJOR ISSUES AND TRENDS

The Budget includes \$256.3 million in total DOC expenditures for FY2023, a \$10.4 million or 4.2 percent increase from the FY2022 Enacted Budget. This includes \$245.9 million in general revenue, an increase of \$9.5 million or 4.0 percent from the FY2022 enacted level. The majority of the general revenue increase is associated with the Rhode Island Brotherhood of Correctional Officers (RIBCO) contract renewal and the installation of a new radio communication system throughout the Department's facilities.

The Budget includes additional funding to support cost-of-living adjustments (COLAs) and bonuses for eligible employees related to recently negotiated contract bargaining agreements between the State and the state employee bargaining units for a proposed 4-year contract. The RIBCO contract is not included in the statewide COLA and bonus adjustments. Contract negotiations with RIBCO are ongoing and \$9.3 million of general revenue is reserved for anticipated costs related to COLA and bonuses for correctional officers when a contract is finalized.



The FY2023 Budget for the DOC is based on an estimated average daily population of 2,357 individuals, a decrease of 30 from the FY2022 Budget as Enacted, and 225 above the current average year-to-date.

The Budget authorizes 1,427.0 FTE positions for FY2023, an increase of 3.0 FTE positions from the FY2022 Budget as Enacted. The FY2023 Budget includes an additional 3.0 Certified Nursing Assistant positions within the Healthcare Services program.

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
FY2022 Enacted	\$15,823,807
<i>Targets and Other Adjustments</i>	<i>8,895</i>
Radio System	2,700,000
Centralized Service Charges	788,762
Statewide Cost of Living Adjustment and Bonus	468,749
Correctional Officer Stipends	270,000
FY2023 Enacted	\$20,060,213

Central Management	Other Fund Changes
WIFI at the ACI	Informational

Radio System **\$2.7 million**

The Budget includes \$2.7 million in general revenue to install a new radio/communication system throughout the ACI. The initiative was originally proposed in the Governor's FY2023 Budget with federal funding provided by American Rescue Plan Act (ARPA) State Fiscal Recovery Fund (SFRF), however the Budget has shifted the funding to general revenue.

The Rhode Island Department of Corrections currently operates an obsolete communication/radio system. The radios the Department uses are no longer in production and often lose signal and communication abilities. For safety purposes, Correctional Officers need to be able to communicate while working permitted posts, supervising work crews, and working within the facility.

Various police departments and state agencies have moved towards the use of upgraded 800MHz trunked radio systems. The RI Emergency Management Agency (RIEMA) manages the RI Statewide Communications Network (RISCON) on which many agencies operate their systems. Through a RIEMA grant in 2007, the Department was allocated 60 radios that are compatible with the system. These radios are only used for Incident Command purposes and other specialized activities by dedicated units. The Department does not currently have the required equipment for this system inside their facilities. Installation of a new system would increase safety and put the Department on the same frequency as other first responders (City of Cranston Police/Fire, State Police, RIEMA, etc.).

Centralized Service Charges **\$788,762**

The Budget includes \$7.0 million in general revenue expenditures for Information Technology and Human Resource Service Center projected costs in FY2023. This is an increase of \$788,762 from the FY2022 Budget as Enacted amount of \$6.2 million. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In FY2019 these expenditures were reflected in each agency based on actual use, thereby

showing the true costs associated with a particular program or agency. The Budget increases these costs for FY2023.

	FY2022	FY2023	Change from	
Centralized Service Charges	Enacted	Enacted	Enacted	
Information Technology	\$4,162,462	\$4,470,708	\$308,246	7.4%
Human Resources	2,066,733	2,547,249	480,516	23.3%
Total	\$6,229,195	\$7,017,957	\$788,762	12.7%

Statewide Cost of Living Adjustment and Bonus

\$468,749

Based on recently negotiated contract bargaining agreements between the State and the state employee bargaining units for a proposed 4-year contract, the Budget includes the following cost-of-living adjustments (COLAs): 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. In addition, the Budget includes a \$1,500 retention bonus to eligible union employees that was included as part of the recently completed contract negotiation. The current agreement is projected to increase general revenue expenditures by \$468,749 in FY2023 within the Central Management program.

Correctional Officer Stipends

\$270,000

The Budget includes \$270,000 of general revenue to increase the stipend for Correctional Officer recruits. The stipend granted during the Correctional Officer Training Academy has been increased from \$1,000 to \$1,300 to support improvement in the recruitment of Correctional Officers.

WIFI at the ACI

Informational

The Budget includes \$3.1 million in restricted Information Technology Investment Funds which are budgeted through the Department of Administration, to install WIFI and technology throughout the ACI. The Governor originally proposed the initiative to be funded by American Rescue Plan Act (ARPA) State Fiscal Recovery Funds (SFRF) but the General Assembly shifted the funding to restricted Information Technology Investment Funds.

Currently, there is no WIFI in any housing modules within the Department of Corrections. The Department would like to install WIFI in these areas to automate administrative and uniform staff processes and allow for the replacement, use, and maximization of newly acquired and existing hardware and software as well as to improve and expand programming for inmates in the areas of education and telemedicine.

The installation of WIFI would also allow for newly acquired tablets and iPads to be used within the building to automate administrative staff work. The Department would like to setup the WIFI access to the education network for the classrooms and modules which would allow the offenders to access programs, self-help, college courses, etc. WIFI will also allow the Department to replace outdated software and replace manual information logging that is currently done by Correctional Officers.

With WIFI installed in the buildings, RIDOC will no longer use paper logbooks and store them for potential litigation. The new web-based logbook system allows users to look up any information via search of the application for any date, time, building etc. The application also prints out a report if needed for court purposes. Transitioning from paper to web-based logbooks has been the Director's Initiative for a while because looking for the logbooks is a very tedious and time-consuming task. A web-based application would produce logbook information immediately and as make it easier for the officers and Lieutenants to record information via computer. Making more programs available for the offenders, the Rehab Services unit can see what is working for offenders and what is not.

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
FY2022 Enacted	\$18,577,675
<i>Targets and Other Adjustments</i>	<i>(62,372)</i>
Statewide Cost of Living Adjustment and Bonus	1,356,784
Community Corrections Population	Informational
FY2023 Enacted	\$19,872,087

Community Corrections	Other Funds
Domestic Violence Justice Reinvestment Initiative (federal funds)	\$319,375

Statewide Cost of Living Adjustment and Bonus

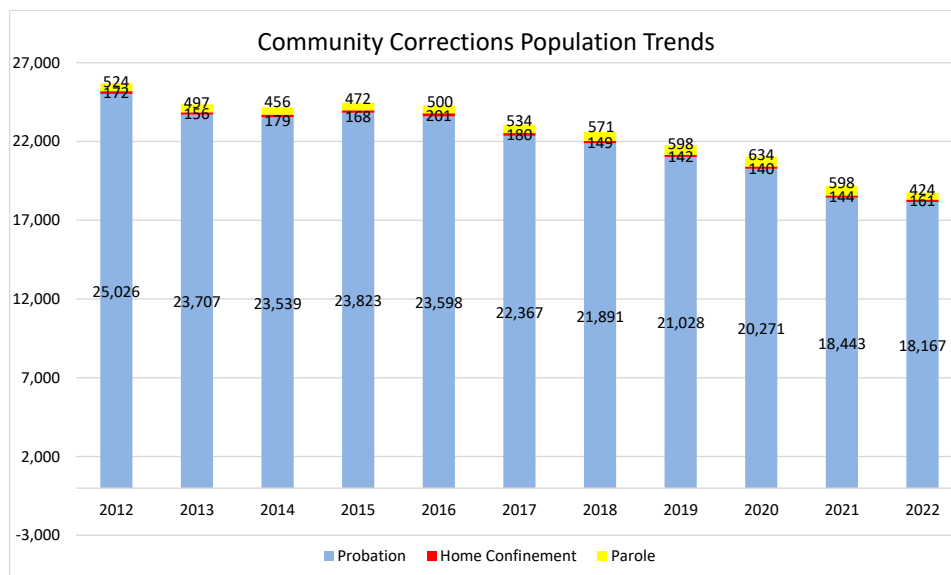
\$1.4 million

Based on recently negotiated contract bargaining agreements between the State and the state employee bargaining units for a proposed 4-year contract, the Budget includes the following cost-of-living adjustments (COLAs): 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. In addition, the Budget includes a \$1,500 retention bonus to eligible union employees that was included as part of the recently completed contract negotiation. The current agreement is projected to increase general revenue expenditures by \$1.4 million in FY2023 within the Community Corrections program. Statewide COLA and bonus adjustments are not included for the Rhode Island Brotherhood of Correctional Officers (RIBCO) union. Contract negotiations with RIBCO are ongoing. The Office of Management and Budget anticipates including additional necessary costs related to COLA and bonuses for correctional officers when a contract is finalized.

Community Corrections Population

Informational

While representing only 8.1 percent of the Department’s general revenue budget for FY2023, Community Corrections serves the largest number of individuals. In FY2021, the program served 18,846 cases. Based on DOC’s statistics, 1 out of every 58 adult residents in the State is on probation or parole.



Domestic Violence Justice Reinvestment Initiative (federal funds)**\$319,375**

The Budget includes \$319,375 in both FY2022 and FY2023 for a new Domestic Violence Justice Reinvestment Grant. Under this federally funded grant, the Department will work with leaders in Rhode Island to identify innovative ways to address domestic violence challenges by assessing the entire criminal justice system's response to domestic violence, from event to reentry.

CUSTODY AND SECURITY

The Custody and Security program is responsible for the secure custody and control of the State's inmate population to ensure the safety of staff, inmates, and the general public. The program manages six correctional institutions and one jail complex, all located in Cranston at the Pastore Center. Men's facilities include High Security, Maximum Security, the John J. Moran Medium Security Prison, the currently closed Donald Price Medium Security facility, Minimum Security, and the Intake Center. Women are housed in the Gloria McDonald. Some female inmates were previously housed in the Bernadette Guay facility; however, this facility was closed in FY2017. The program is the largest within the Department and is divided into two sub-programs: Custody, which includes all staff, activities, and food service within the facilities under care of their respective Wardens, and the Security sub-program which includes the Central Office Warden, the Correctional Emergency Response Team, Facility Security Audit Teams, Crisis Intervention Teams, Special Investigations Unit, the Canine Unit, and a Department Armorer.

Custody and Security	General Revenue
FY2022 Enacted	\$138,679,834
<i>Targets and Other Adjustments</i>	<i>43,821</i>
RIBCO Contract Reserve	9,300,000
Statewide Cost of Living Adjustment and Bonus	130,921
Personnel	(6,327,465)
Population Related Supplies	(378,716)
Inmate Population	Informational
FY2023 Enacted	\$141,448,395

RIBCO Contract Reserve**\$9.3 million**

The Budget includes \$9.3 million in general revenue funding for anticipated settlement of the Rhode Island Brotherhood of Correctional Officers (RIBCO) employee contract. The funding represents FY2023 base payroll costs assuming the terms are similar to those of other state employee unions that have already finalized contracts this year.

Statewide Cost of Living Adjustment and Bonus**\$130,921**

Based on recently negotiated contract bargaining agreements between the State and the state employee bargaining units for a proposed 4-year contract, the Budget includes the following cost-of-living adjustments (COLAs): 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. In addition, the Budget includes a \$1,500 retention bonus to eligible union employees that was included as part of the recently completed contract negotiation. The current agreement is projected to increase general revenue expenditures by \$130,921 in FY2023 and \$289,935 in FY2022 within the Custody and Security program. Statewide COLA and bonus adjustments are not included for the Rhode Island Brotherhood of Correctional Officers (RIBCO) union. Contract negotiations with RIBCO are ongoing. The Office of Management and Budget anticipates including additional necessary costs related to COLA and bonuses for correctional officers when a contract is finalized.

Personnel**(\$6.3 million)**

The Budget includes a general revenue decrease of \$6.3 million related to personnel costs within the Custody and Security program. The majority of this decrease is related to additional turnover savings. The

Budget assumes \$6.0 million in turnover savings, an additional \$4.8 million above the FY2022 Enacted level. The Budget also includes a decrease of \$3.1 million related to health insurance and retirement benefits. These decreases are partially offset by an additional \$1.1 million in holiday and longevity pay. The Budget also includes a net increase of \$1.1 million in overtime expenditures comprised of an additional \$1.7 million in overtime costs to ensure necessary Correctional Officer staffing levels, and a savings of \$557,868 related to a decrease in overtime expenditures for medical trips. The Budget includes an additional 3.0 Certified Nursing Assistant positions within Healthcare Services allowing the Department to expedite patients' return from community hospitals.

The Department plans to graduate two new Correctional Officer classes, Class 85 in FY2022 and Class 86 in FY2023. Each class is estimates to have 53 graduates who will all be hired by the Department. The increase in new Correctional Officers at a lower salary level contributes to the turnover savings as well as the decrease in health insurance and retirement benefits.

Population Related Supplies

(\$378,716)

The Budget includes savings of \$378,716 in general revenue based on population, including janitorial supplies, inmate clothing/uniforms, and medical supplies. The Budget is based on 2,357 inmates, a decrease of 30 inmates from the FY2022 Budget as Enacted.

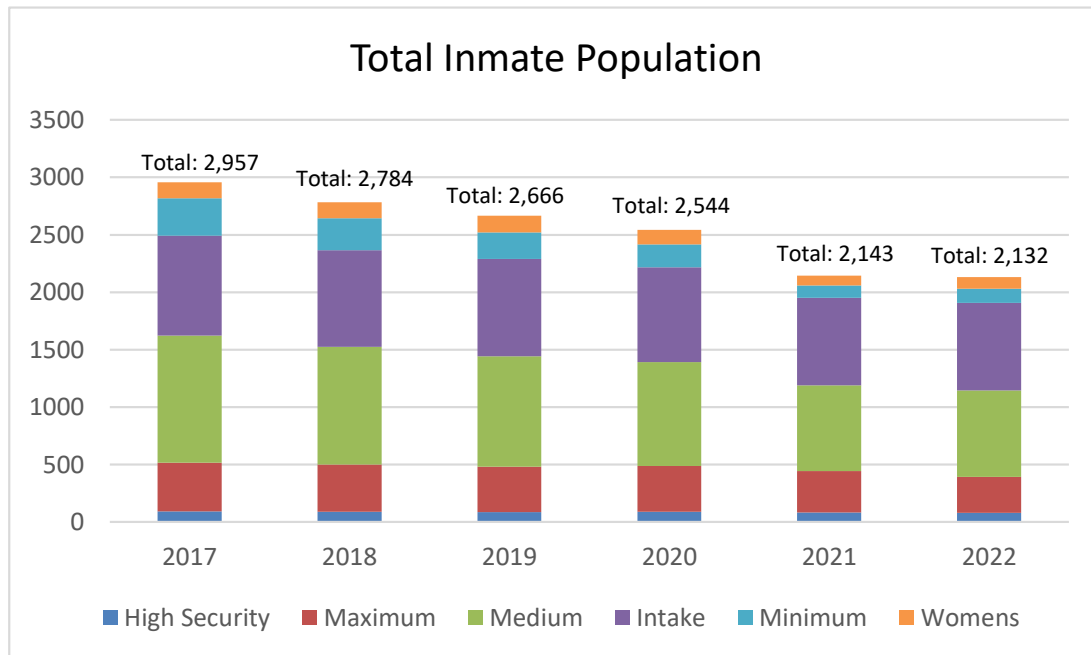
Inmate Population

Informational

The Department's budget is largely influenced by the number of inmates in its custody at any given time. As the Department does not control the number of inmates entering or leaving its care, its budget is in large part a reflection of overall judicial and prosecutorial policies in the State. Factors may include legislative mandates requiring minimum sentences, variances in sentencing policies based on the judges, and/or prosecution or defense counsel involved in cases.

The Department of Corrections' Budget was based on an average daily population of 2,181 for the FY2022 Revised Budget, a decrease of 206 inmates from the FY2022 Enacted level. For FY2023, the Budget assumes a population of 2,357 individuals, a decrease of 30 inmates from the FY2022 Budget as Enacted.

In FY 2022, the Department averaged a total population of 2,132 inmates, a decrease of 11 from FY2021. The Intake Center, which includes Intake Center North and Intake Center South, housed the largest number of inmates, averaging 763 inmates or 35.7 percent of all individuals under the care of DOC for FY2023.



HEALTHCARE SERVICES

The Healthcare Services program is constitutionally mandated to provide medical, dental, and mental health service provision to all inmates. According to the Department, the inmate population is more likely than the general population to have infectious diseases and other conditions. About 1.0 percent of the inmate population is HIV positive, 25.0 percent is infected with Hepatitis C, 15.0 percent have mental health illnesses, and 70.0 to 90.0 percent have histories of substance abuse.

Healthcare Services	General Revenue
FY2022 Enacted	\$25,847,217
<i>Targets and Other Adjustments</i>	<i>150,776</i>
Statewide Cost of Living Adjustment and Bonus	1,247,863
Healthcare Recruitment and Incentive	665,340
Nursing Services- 3.0 FTE Positions	238,392
FY2023 Enacted	\$28,149,588

Healthcare Services	Other Funds
Opioid Stewardship Fund (restricted receipts)	\$594,077

Statewide Cost of Living Adjustment and Bonus **\$1.2 million**

Based on recently negotiated contract bargaining agreements between the State and the state employee bargaining units for a proposed 4-year contract, the Budget includes the following cost-of-living adjustments (COLAs): 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. In addition, the Budget includes a \$1,500 retention bonus to eligible union employees that was included as part of the recently completed contract negotiation. The current agreement is projected to increase general revenue expenditures by \$1.2 million in FY2023 and \$1.1 million in FY2022 within the Healthcare Services program.

Healthcare Recruitment and Incentive **\$665,340**

The Budget includes \$665,340 of general revenue to provide four incentives that address critical healthcare staffing shortages: \$487,340 for Pathways training, \$31,000 for equipment allowances, \$59,000 for mentoring bonuses, and \$88,000 for recruiting bonuses.

Nursing Services - 3.0 FTE Positions **\$238,392**

The Budget includes \$238,392 in general revenue to support an additional 3.0 FTE Certified Nursing Assistant (CNA) positions within Healthcare Services. The Budget anticipates that allowing the Department to fill these additional positions will result in a \$557,868 savings in Correctional Officer overtime as discussed in Custody and Security. The availability of CNAs would allow the Department to expedite patients' return from community hospitals where prolonged and expensive stays can often lead to clinical deterioration.

Opioid Stewardship Funds (restricted receipts) **\$594,077**

The Budget includes \$2.9 million in restricted receipts from the Opioid Stewardship Fund (OSF), an increase of \$594,077 from FY2022 Enacted levels. The OSF is comprised of registration fees paid by manufacturers and distributors of opioids. The Department will use this funding to support substance use disorder treatment and recovery services to help inmates accept responsibility for their crimes and reduce rates of relapse and recidivism. Funds will also be used to support the Medication Assisted Treatment (MAT) program which, beginning in 2016, provides buprenorphine, naltrexone, and methadone to incarcerated individuals with an opioid use disorder.

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
FY2022 Enacted	\$11,727,119
<i>Targets and Other Adjustments</i>	<i>(10,570)</i>
Statewide Cost of Living Adjustment and Bonus	625,137
Substance Abuse Treatment	(568,589)
FY2023 Enacted	\$11,773,097

Statewide Cost of Living Adjustment and Bonus **\$625,137**

Based on recently negotiated contract bargaining agreements between the State and the state employee bargaining units for a proposed 4-year contract, the Budget includes the following cost-of-living adjustments (COLAs): 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. In addition, the Budget includes a \$1,500 retention bonus to eligible union employees that was included as part of the recently completed contract negotiation. The current agreement is projected to increase general revenue expenditures by \$625,137 in FY2023 and \$598,693 in FY2022 within the Institutional Based Rehabilitation/Population Management program.

Substance Abuse Treatment **(\$568,589)**

The Budget includes \$357,647 in general revenue for substance abuse treatment services, including the Medication Assisted Treatment (MAT) program, a decrease of \$568,589 relative to the FY2022 Budget as Enacted. The decrease represents a shift to fund other substance use disorder treatments through the Opioid Stewardship Funds within the Healthcare Services program.

The Budget includes a total of \$3.2 million in general revenue and restricted receipt funding in both Institutional Based Rehabilitation/Population Management and Healthcare Services for all substance abuse treatments. This represents an all funds increase of \$36,118 from the FY2022 Budget as Enacted.

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
FY2022 Enacted	\$24,292,177

<i>Targets and Other Adjustments</i>	23,485
Statewide Cost of Living Adjustment and Bonus	267,879
Centralized Service Charges- Facilities Management	(1,474,643)
FY2023 Enacted	\$23,108,898

Statewide Cost of Living Adjustment and Bonus **\$267,879**

Based on recently negotiated contract bargaining agreements between the State and the state employee bargaining units for a proposed 4-year contract, the Budget includes the following cost-of-living adjustments (COLAs): 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. In addition, the Budget includes a \$1,500 retention bonus to eligible union employees that was included as part of the recently completed contract negotiation. The current agreement is projected to increase general revenue expenditures by \$267,879 in FY2023 and \$226,223 in FY2022 within the Institutional Support program.

Centralized Service Charges- Facilities Management **(\$1.5 million)**

The Budget includes \$8.6 million for centralized service costs related to facilities management, a decrease of \$1.5 million from the FY2022 Enacted Budget. The decrease reflects the actual cost of the centralized services used by the Department.

The FY2019 Budget centralized several statewide services in the Department of Administration. These include accounts for information technology, capital asset management and maintenance, and human resources.

Centralized Service Charges	FY2022 Enacted	FY2023 Enacted	Change from Enacted
Capital Asset Management	\$10,059,296	\$8,584,653	(1,474,643) -14.7%
Total	\$10,059,296	\$8,584,653	(1,474,643) -14.7%

PAROLE BOARD

The Parole Board is a six-member commission, appointed by the Governor that is charged with evaluating and authorizing the early release of inmates who meet certain conditions. The Department determines eligibility criteria, including that inmates must serve at least one-third of their sentence prior to being eligible for parole and must meet defined criteria post-parole and for the duration of their sentence. The Parole Board has one sub-program, the Sex Offender Community Notification (SOCN) Unit. The SOCN Unit is intended to support the sex offender leveling process, notification of the community, and provides support to the Rhode Island Sex Offender Board of Review, the RI Sex Offender Registry, state and local police, as well as the public.

Parole Board	General Revenue
FY2022 Enacted	\$1,402,115

<i>Targets and Other Adjustments</i>	6,213
Statewide Cost of Living Adjustment and Bonus	105,795
Personnel	(75,786)
FY2023 Enacted	\$1,438,337

Statewide Cost of Living Adjustment and Bonus **\$105,795**

Based on recently negotiated contract bargaining agreements between the State and the state employee bargaining units for a proposed 4-year contract, the Budget includes the following cost-of-living adjustments (COLAs): 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. In addition, the Budget includes a \$1,500 retention bonus to eligible union employees that was included as part of the recently completed contract negotiation. The

current agreement is projected to increase general revenue expenditures by \$105,795 in FY2023 and \$102,626 million in FY2022 within the Parole Board.

Personnel

(\$75,786)

The Budget includes a \$75,786 decrease for personnel costs within the Parole Board. These cost are decreased due to the hiring of new positions at lower rates that previously filled, as well as individuals electing individual health insurance plans rather than family plans. The majority of this decrease is related to a \$37,196 reduction in health insurance and benefit costs as well as a savings of \$14,282 in turnover, \$11,075 in longevity pay and \$7,600 for employee's retirement.

CAPITAL PROJECTS

The Budget includes \$8.2 million in RICAP funds in FY2022 and \$5.4 million in FY2023, an increase of \$3.1 million and \$250,000, respectively, above FY2022 Enacted levels.

Asset Protection: In both FY2022 and FY2023, \$5.1 million will be used for asset protection projects. Current asset protection projects include upgrades and renovations for the Investigations Unit; HVAC renovations; domestic hot water distribution; and security upgrades, including security camera installation, to keep the Department's facilities up to code.

Medium Moran Facility Expansion: In FY2022, \$3.1 million will be used for the continued expansion of the Medium Moran Facility. Phase III includes completing the dining room, new control center, and shift commence areas, as well as upgrades to the visiting vestibule. This Phase is anticipated to be completed by December 2022.

Behavioral Management Unit: In FY2023, the Budget includes \$250,000 to conduct a feasibility study for the proposed Behavioral Management Unit. The study will determine the needs, site, design, and cost of the unit which will be used for seriously and persistently mentally ill (SPMI) inmates who are unable to live with the general population.

Judiciary

Expenditures By Program	FY2021 Final	FY2022 Enacted	FY2022 Final	Change from Enacted		FY2023 Enacted	Change from Enacted	
Supreme Court	\$37.4	\$44.0	\$47.0	\$3.0	6.9%	\$46.8	\$2.8	6.3%
Superior Court	22.7	25.5	26.7	1.1	4.5%	27.6	2.1	8.1%
Family Court	24.6	26.6	28.3	1.7	6.4%	29.4	2.8	10.5%
District Court	13.9	15.1	15.7	0.6	3.9%	16.7	1.6	10.8%
Traffic Tribunal	8.9	9.7	10.3	0.6	6.0%	10.7	1.0	10.4%
Worker's Compensation Court	8.2	9.3	9.7	0.4	4.5%	10.0	0.7	7.6%
Judicial Tenure & Discipline	0.1	0.2	0.2	0.0	9.5%	0.2	0.0	8.9%
Total	\$115.9	\$130.4	\$137.9	\$7.5	5.7%	\$141.4	\$11.0	8.4%
Expenditures By Source								
General Revenue	\$99.7	\$107.9	\$114.1	\$6.2	5.7%	\$116.5	\$8.6	8.0%
Federal Funds	3.0	3.9	4.5	0.6	14.0%	5.1	1.2	31.0%
Restricted Receipts	11.1	13.6	14.2	0.5	4.0%	14.8	1.2	8.5%
Operating Transfers from Other Funds	2.1	5.0	5.1	0.2	3.7%	5.0	0.0	0.5%
Total	\$115.9	\$130.4	\$137.9	\$7.5	5.7%	\$141.4	\$11.0	8.4%
Authorized FTE Levels	726.3	726.3	726.3	-	-	739.3	13.0	1.8%

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

Rhode Island has a unified court system composed of six statewide courts. The Supreme Court is the court of review, the Superior Court is the general trial court, and the Family, District, Traffic Tribunal, and Workers' Compensation Courts are trial courts of special jurisdiction. The entire system is state-funded with the exception of probate courts, which are the responsibility of cities and towns, and the municipal courts, which are local courts of limited jurisdiction.

The Chief Justice of the Supreme Court is the executive head of the state court system and has authority over the Judiciary's budget. The Chief Justice appoints the State Court Administrator and an administrative staff to handle budgetary and general administrative functions. Under the direction of the Chief Justice, the Court Administrator manages appropriations for all state courts, except those as provided otherwise by law. Each court has responsibility over its own operations and has a chief judge who appoints an administrator to handle internal court management.

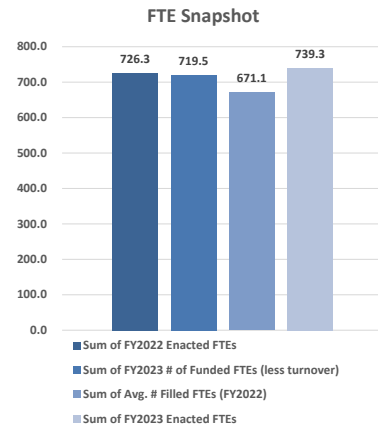
MAJOR ISSUES AND TRENDS

The Budget includes \$116.5 million in general revenue funding, an \$8.6 million (8.0 percent) increase over the FY2022 Budget as Enacted. \$6.6 million of the increase is due to the statewide COLA adjustment and \$952,482 is for the Mental Health Court Pilot Program. The federal funds increase is primarily due to the child support enforcement grant in Family Court. Restricted receipts increase due to overtime costs associated with the Automatic Expungement initiative, and increased costs at the Workers' Compensation Court which is funded through the Workers' Compensation Administrative Fund (restricted receipts).

The Budget provides 739.3 FTE positions in FY2023, an increase of 13.0 FTE positions over the FY2022 Budget as Enacted. The new positions are for the new Mental Health Court (7.0 FTE positions) initiative and the Child Support Enforcement expansion (6.0 FTE positions). The FY2022 Budget is consistent with the Budget as Enacted and the Judiciary's request. In FY2022, the Budget provides \$47,988 in general revenue for a new Senior Monitoring and Evaluation Specialist; however, there is no increase in the FTE cap.

According to the Judiciary, the Budget does include funding to support the three vacancies expected to require confirmation this session.

The Judiciary requested a general increase of \$7.1 million relative to the FY2022 Budget as Enacted, without turnover savings or the statewide COLA adjustment. The Budget provides an increase of \$8.6 million in general revenue, including \$6.6 million in statewide COLA adjustments and 3.0 percent turnover (\$1.9 million). In FY2022, the Judiciary is projected to reach \$1.9 million in general revenue turnover (\$2.3 million all funds). The Judiciary indicated this is a reasonable level of turnover.



SUPREME COURT

The Supreme Court is the only constitutionally-established court in the State, and is empowered with administrative authority over the entire state court system. The Court is the final court of review, and also issues advisory opinions to Legislative and Executive branches of government and regulates the Rhode Island Bar. Administrative functions include budgeting, human resource management, purchasing, information technology management, and fine and fee collection. The Supreme Court also offers programs related to domestic violence prevention, mandatory continuing legal education, alternative dispute resolution, victim rights information, and the interpreter program.

Supreme Court	General Revenue
FY2022 Enacted	\$35,063,782
<i>Target and Other Adjustments</i>	<i>673,428</i>
Statewide Cost of Living Adjustment	1,576,910
Mental Health Court (1.0 FTE position)	107,900
FY2023 Enacted	\$37,422,020

Statewide Cost of Living Adjustment

\$1.6 million

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living (COLA) increases of 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. The current agreement is projected to increase general revenue expenditures by \$1.6 million, including the \$1,500 bonus payment to most employees within the Supreme Court.

Mental Health Court (1.0 FTE position)

\$107,900

The Budget includes \$952,482 in general revenue to shift funding and 7.0 FTE positions, within the Judiciary, to create a Mental Health Court pilot program in collaboration with the Office of the Attorney General and the Office of the Mental Health Advocate to better serve defendants struggling with mental illness. The original initiative proposed by the Governor was supported with federal ARPA SFRF resources; however, the Budget shifts funding to general revenue.

Defendants suffering from mental illness will often recycle repeatedly through the criminal justice system without proper treatment. Of the total, \$107,900 and 1.0 Senior Monitoring and Evaluation Specialist position are within the Supreme Court. Over decades, the community supports for this population have seen funding diminished to the point where few supports remain in place, leaving individuals to spiral downward until they land in the court system. Over the past three years, the Pretrial Services Unit has handled 1,593 referrals for mental health counseling with another 737 with co-occurring disorders. According to the Judiciary, these numbers do not reflect the actual number of court-involved defendants suffering from mental illness. While most of these defendants may not be initially sentenced to serve time at the ACI on a misdemeanor, many of them will be incarcerated as either bail violators or probation violators. This program is intended to address the defendant's mental illness and significantly reduce, if not eliminate, incarceration for all these violators.

The Mental Health Treatment Court will be a pre-plea program, with no admission of guilt, to avoid collateral consequences such as limited housing or a negative impact on employment opportunities. A participation agreement will define the expectations of both parties, including duration of the treatment plan and disposition upon completion. The Court will work closely and collaboratively with the community mental health centers and with the Department of Behavioral Health, Developmental Disabilities, and Hospitals (BHDDH), to provide monitoring of the participant in the community consistent with their risk level. Treatment Courts are collaborative, not adversarial. The team will include a designated judicial officer, a designated prosecutor (AG), and defense counsel from the Office of the Mental Health Advocate. The involvement of the Mental Health Advocate will bring both specialized knowledge of mental illness and experience with this population and the treatment providers. A shift in defense court-appointed counsel to the Office of the Mental Health Advocate is an important step toward the decriminalization of mental illness.

Key components of the proposal include (quoted directly from budget documents):

- **U.S. Treasury Eligibility Category:** Public Health
- **Equity Components:**
 - **Population:** No information provided
 - **Awareness:** No information provided
 - **Access and Distribution:** No information provided
 - **Outcomes:** No information provided
- **Performance Metrics:** Monitor the following:
 - No information provided

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
FY2022 Enacted	\$25,022,380
<i>Target and Other Adjustments</i>	<i>(101,213)</i>
Statewide Cost of Living Adjustment	1,728,138
Jurors' Fees	217,000
Judges' Pensions	(158,246)
FY2023 Enacted	\$26,708,059
Superior Court	Other Fund Changes
Adult-Use Marijuana Expungements (restricted receipts)	\$340,000

Statewide Cost of Living Adjustment **\$1.7 million**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living (COLA) increases of 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. The current agreement is projected to increase general revenue expenditures by \$1.7 million, including the \$1,500 bonus payment to most employees within the Superior Court.

Jurors' Fees **\$217,000**

The \$217,000 increase in juror fees is due primarily to an increase in juror stipends from \$15 per day to \$25 per day, pursuant to 2021-S-0600 substitute A. The bill amends RIGL 9-29-5 and takes effect on July 1, 2022.

Judges' Pensions **(\$158,246)**

The Budget reduces general revenue funding for pay-go pensions by \$158,246 in the Superior Court (\$234,329 system-wide) to reflect the cost reduction due to the passing of judges and spouses receiving those pensions. Pay-go pensions support judges hired before 1990 who are not part of the state employees' retirement system.

Adult-Use Marijuana Expungements (restricted receipts) **\$340,000**

The Budget includes an additional \$340,000 in restricted receipts, from marijuana sales and licensing, primarily for over-time costs to support the automatic expungement of marijuana related convictions. Article 11 of the Governor's Budget includes provisions to automatically expunge marijuana-related convictions for offenses that have been decriminalized since the conviction date. The article outlines a schedule for automatic, no-fee expungements beginning upon passage. Convictions from 2014 onward must be expunged by January 1, 2023. Convictions occurring between 2001-2014 must be expunged by January 1, 2024, and any records prior to 2001 must be expunged by January 1, 2025. The article also stipulates that expunged convictions may not prevent an individual from partaking in the cannabis industry or any government assistance programs.

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
FY2022 Enacted	\$23,507,538
<i>Target and Other Adjustments</i>	89,636
Statewide Cost of Living Adjustment	1,534,492
Child Support Enforcement Enhancement (6.0 FTE positions)	305,000
FY2023 Enacted	\$25,436,666

Statewide Cost of Living Adjustment

\$1.5 million

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living (COLA) increases of 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. The current agreement is projected to increase general revenue expenditures by \$1.5 million, including the \$1,500 bonus payment to most employees within the Family Court.

Child Support Enforcement Expansion (6.0 FTE positions)

\$305,000

The Budget includes \$305,000 in general revenue and \$610,000 in federal funds to expand child support enforcement (CSE) across the State. At current staffing levels, the Family court is unable to service a full calendar in all the counties. Since federal support is available for CSE calendars, the cases have to be separated from other types of cases. By supporting 6.0 new FTE positions, this funding will allow for cases to be heard every day by using one courtroom and team of people dedicated to CSE.

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
FY2022 Enacted	\$14,443,083
<i>Target and Other Adjustments</i>	<i>(235,838)</i>
Statewide Cost of Living Adjustment	1,008,138
Mental Health Court (6.0 FTE positions)	844,582
FY2023 Enacted	\$16,059,965

District Court	Other Fund Changes
Rhode Island Mental Health Treatment Court Grant (federal funds)	\$213,575

Statewide Cost of Living Adjustment **\$1.0 million**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living (COLA) increases of 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. The current agreement is projected to increase general revenue expenditures by \$1.0 million, including the \$1,500 bonus payment to most employees within the District Court.

Mental Health Court (6.0 FTE position) **\$844,582**

The Budget includes \$952,482 in general revenue to shift funding and 7.0 FTE positions, within the Judiciary, to create a Mental Health Court pilot program in collaboration with the Office of the Attorney General and the Office of the Mental Health Advocate to better serve defendants struggling with mental illness. Of the total, \$844,582 and 6.0 FTE positions are within the District Court. The original initiative proposed by the Governor was supported with federal ARPA SFRF resources; however, the Budget shifts funding to general revenue. Additional Information can be found in the “Supreme Court” section of this brief.

Federal Fund Changes **\$213,575**

The Budget provides an increase of \$213,575 in federal fund changes for the following:

- **Rhode Island Mental Health Treatment Court Grant:** Pursuant to a Governor’s Budget Amendment, dated April 22, 2022, the Budget adds funding from a new competitive, federal grant for a Mental Health Treatment Court in the District Court. This grant is for the implementation of the Mental Health Clinic and will be used to create the evaluation processes that will be necessary for the new court to determine eligibility and track progress. The grant is available in FY2022 (\$14,600) and FY2023 (\$213,575).

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
FY2022 Enacted	\$9,716,034
<i>Target and Other Adjustments</i>	175,177
Statewide Cost of Living Adjustment	765,992
VRI Savings - Restoration	71,568
FY2023 Enacted	\$10,728,771

Statewide Cost of Living Adjustment **\$765,992**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living (COLA) increases of 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. The current agreement is projected to increase general revenue expenditures by \$765,992, including the \$1,500 bonus payment to most employees within the Traffic Tribunal.

VRI Savings –Restoration **\$71,568**

The FY2022 Budget as Enacted included \$8.2 million in savings from the voluntary retirement incentive (VRI) program the administration implemented during FY2021. The savings assumes a delay in filling the positions and a lower salary for the new hires. The Budget distributed \$830,821 in projected general revenue VRI program savings throughout the Judiciary based on 18 individuals who took the incentive in FY2021. Of the total savings, \$71,568 was included in the Traffic Tribunal. The FY2023 budget restores that savings.

WORKERS' COMPENSATION COURT

The Workers' Compensation Court has jurisdiction over all disputes between employers and employees relating to workers' compensation. The court's jurisdiction includes contested cases involving the rehabilitation of injured employees and claims involving disputes between an employer and its workers' compensation insurer. Since FY1990, the expenses incurred in the operation of the court are paid through the Workers' Compensation Administrative Fund (restricted receipts).

Workers' Compensation Court	Restricted Receipts
FY2022 Enacted	\$9,310,113
<i>Target and Other Adjustments</i>	115,994
Statewide Cost of Living Adjustment	594,838
FY2023 Enacted	\$10,020,945

Statewide Cost of Living Adjustment **\$594,838**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living (COLA) increases of 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. The current agreement is projected to increase general revenue expenditures by \$594,838, including the \$1,500 bonus payment to most employees within the Workers' Compensation Court.

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
FY2022 Enacted	\$155,863
<i>Target and Other Adjustments</i>	<i>5,069</i>
Statewide Cost of Living Adjustment	8,835
FY2023 Enacted	\$169,767

Statewide Cost of Living Adjustment **\$8,835**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living (COLA) increases of 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. The current agreement is projected to increase general revenue expenditures by \$8,835, including the \$1,500 bonus payment to most employees within the Commission on Judicial Tenure and Discipline.

CAPITAL PROJECTS

The Budget includes \$5.1 million in capital expenditures from Rhode Island Capital Plan (RICAP) funds in FY2022 and \$5.0 million in FY2023.

- **Judicial Complexes HVAC:** The Budget includes \$1.1 million in FY2022 and \$1.0 million in FY2023 to finish the replacement and repair of court-managed HVAC systems at the courthouses system wide. Funds are provide for installation of air handler units (AHU) and variable air volume (VAV) systems, replacement of make-up air units and water heaters, and fan coil replacement.
- **Judicial Complexes Asset Protection:** The Budget includes \$1.5 million in FY2022 and FY2023 for asset protection projects throughout the court system. Projects include security and fire suppression upgrades, courtroom restorations, elevator upgrades, and electrical upgrades.
- **Licht Judicial Complex Restoration:** The Budget includes \$792,193 in FY2022 and \$750,000 in FY2023 for restorations to the Licht Judicial Complex. Funds will be used to renovate courtrooms. This includes repairing or replacing all of the furniture, plastering and painting, upgrading lighting, and refinishing floors.
- **Judicial Complexes Fan Coils:** The Budget provides \$750,000 in FY2022 and FY2023 for both the architectural/engineering work and the installation of the fan coils in the Licht, Fogarty, and Murray facilities. This project is projected to continue through FY2024.
- **Murray Courtroom Restoration:** The Budget provides \$700,000 in FY2022 to renovate and restore the interior of the Murray Judicial Complex in Newport. Projects include painting, carpet replacement, woodwork refinishing, and replacement and/or restoration of fixed courtroom seating and benches. Renovations to woodwork are highly labor intensive due to the historical nature of the building. Courtroom ceilings are covered with ornate woodwork and plaster, requiring restoration work to be done by historic preservation specialists. This project is scheduled to be completed in FY2022.
- **Garrahy Courtroom Restoration:** The Budget provides \$250,000 in FY2022 and \$750,000 in FY2023 for courtroom restoration at the Garrahy Judicial Complex. Projects include replacing carpets, finishing woodwork, and painting.

Military Staff

Expenditures By Program	FY2021 Actual	FY2022 Enacted	FY2022 Final	Change from Enacted		FY2023 Enacted	Change from Enacted	
RI National Guard	\$22.7	\$41.2	\$45.5	\$4.3	10.6%	\$40.6	(\$0.6)	-1.4%
Total	\$22.7	\$41.2	\$45.5	\$4.3	10.6%	\$40.6	(\$0.6)	-1.4%
Expenditures By Source								
General Revenue	\$2.7	\$2.7	\$3.1	\$0.4	13.0%	\$3.4	\$0.7	24.4%
Federal Funds	19.0	36.6	40.4	3.8	10.3%	34.3	(2.3)	-6.3%
Restricted Receipts	0.0	0.1	0.1	-	-	0.1	-	-
Operating Transfers from Other Funds	1.0	1.8	2.0	0.2	12.8%	2.9	1.1	58.3%
Total	\$22.7	\$41.2	\$45.5	\$4.4	10.6%	\$40.6	(\$0.6)	-1.4%
Authorized FTE Levels	92.0	92.0	92.0	-	-	93.0	1.0	1.1%

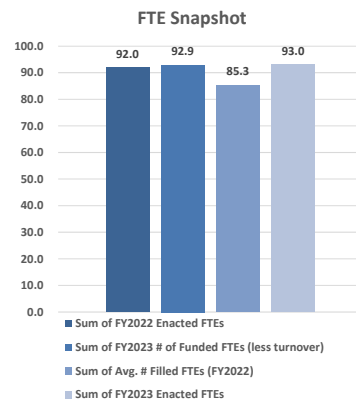
\$ in millions. Totals may vary due to rounding.

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 FY2022 Final Budget includes \$45.5 million, of which \$3.1 million is general revenue. This reflects an all funds increase of \$4.4 million from the FY2022 Budget as Enacted.

The Budget includes \$40.6 million for FY2023, of which \$3.4 million is general revenue. This reflects an all funds decrease of \$634,797 from the FY2022 Budget as Enacted. Federal funds decrease by \$2.3 million, other funds increase by \$1.1 million, and general revenues increase by \$641,797. The net increase in federal funds largely reflects the elimination of federally funded personnel costs in response to the COVID-19 pandemic, while the net increase in other funds mainly reflects increased RICAP funding for the new Sun Valley Armory, facility asset protection work, and Quonset Airport Runway reconstruction projects.



The Budget provides 92.0 FTE positions in FY2022 and 93.0 FTE positions in FY2023. Approximately 92.0 percent of the authorized FTE positions are supported by federal funds. The Budget adds 1.0 Project Manager FTE position that is fully federally-funded, to manage the various military construction projects. The position was previously filled by a federally-funded contractor.

NATIONAL GUARD

The National Guard program is composed of reserve units of the United States Army and Air Force, the Rhode Island National Guard (RING), and the State Historic Militia. The Guard is authorized to have in excess of 3,300 members (2,178 Army National Guard and 1,136 Air National Guard). The Guard has numerous facilities throughout the state, including 14 armories, 3 air bases, 2 training sites, 10 maintenance and support buildings, and housing equipment valued at \$500.0 million. 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
FY2022 Enacted	\$2,723,714
<i>Target and Other Adjustments</i>	<i>(28,202)</i>
Quonset Firefighter IOD	433,316
Operating Adjustments	100,886
Statewide Cost of Living Adjustment and Bonus	96,508
Centralized Services	24,289
Firing Details and Honor Guards	15,000
FY2023 Enacted	\$3,365,511

RI National Guard	Other Fund Changes
New Project Manager FTE Position (federal Funds)	\$126,654

Quonset Firefighter Injured on Duty (IOD) \$433,316

The Budget increases general revenue by \$433,316 for personnel costs related to Quonset Firefighters remaining on Injured on Duty (IOD) status. The increase is to cover three Quonset Firefighters in IOD status and who are projected to remain in the IOD status into FY2023. In addition, the IOD Firefighter account was short funded due to IOD firefighters remaining in IOD status beyond what was projected during the FY2022 revised Budget development. When a federally-funded firefighter is placed on IOD, the salary shifts to 100.0 general revenue funded and the IOD salary is tax exempt. Removing the firefighters from IOD status to return to duty or to retirement on disability eliminates the general revenue expense. There is a corresponding decreases of \$433,316 in federal funds.

Operating Adjustments \$100,886

The Budget includes \$1.3 million in general revenue (\$19.5 million in all funds) in FY2023 for operating expenses, reflecting a net increase of \$100,886 from the FY2022 Budget as Enacted. The largest adjustment is the decrease of \$248,591 in general revenue for central utility fund costs. The Budget corrects Quonset airport contract costs to reflect actual contract values for training and parking military aircraft on site. The \$32,082 general revenue reduction is based on actual costs.

Operating Expenses	FY2022 Enacted	FY2023 Enacted	Change
CUF: Overhead	\$252,881	\$4,290	(\$248,591)
Electricity	276,907	510,907	234,000
Miscellaneous Expenses	(181,050)	-	181,050
Rental of Outside Property	93,606	61,524	(32,082)
All Other Operating Adjustments	723,249	689,758	(33,491)
Total	\$1,165,593	\$1,266,479	\$100,886

Statewide Cost of Living Adjustment \$96,508

Based on recently negotiated contract bargaining agreements between the State and the state employee bargaining units for a proposed 4-year contract, the Budget includes the following cost-of-living adjustments (COLAs): 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. The current agreement is projected to increase general revenue expenditures by \$96,508 (\$818,106 all funds) in FY2023 and \$96,785 (\$790,142 all funds) in FY2022 within the Military Staff.

Centralized Services \$24,289

The Budget decreases general revenue expenditures to reflect billed amounts for information technology and human resource services. The FY2018 Budget as Enacted authorized the Governor to establish

centralized accounts for information technology, capital asset management and maintenance, and human resources. In FY2019 these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. The FY2022 Budget as Enacted appropriated \$37,638 for centralized service expenses, which is increased by \$24,289 to \$61,927 in the FY2023 budget.

Firing Details and Honor Guards

\$15,000

The Budget includes \$152,300 in general revenues for firing details, honor guards, and buglers to conduct funeral honors to military personnel and veterans. This reflects an increase of \$15,000 from the FY2022 Budget as Enacted, due to the increase in military funerals as the eligible veteran population ages.

In 2012, the federal National Guard Bureau notified the Rhode Island National Guard that the federal government would no longer support military honors for funerals of Navy, Marine, and Coast Guard personnel, requiring full state contribution for these honors. Federal support for Army and Air Force burials has also eroded as a result of this action. RIGL 30-25-1 and 30-25-2, require the State to fund military funeral honors for honorably discharged military personnel at their funerals as a tribute to their service to the United States. Payments are stipends to (usually) retired military personnel for services performed. Each military honors event includes three rifles for the squad and one bugler.

New Project Manager FTE Position (federal funds)

\$126,654

The Budget adds \$126,654 in federal funds for a 1.0 Project Manager position for the management and supervision of Rhode Island National Guard capital projects. Currently, the position is a federally-funded contractor. The federal National Guard Bureau has notified the RING that it is changing policy in providing federal personnel to assist as contractors to states. The new position, which is 100.0 percent federally-funded, increases the number of authorized FTE positions in the Military Staff by 1.0 position, and the position is required to ensure stability with the various multi-million dollar federal military construction projects currently underway or in planning stages.

CAPITAL PROJECTS

The Budget includes and \$2.0 million RICAP in capital projects for FY2022 and \$2.9 million in FY2023. The RICAP funded projects include:

Capital Projects - RICAP Funds	FY2022 Enacted	FY2022 Final	Change	FY2023 Enacted	Change
RICAP - AMC Roof Replacement	\$366,500	\$0	(\$366,500)	\$366,500	\$0
RICAP - Asset Protection	930,000	1,127,526	197,526	1,290,000	360,000
RICAP - Joint Force Headquarters Building	-	906,004	906,004	-	-
RICAP - Sun Valley Armory	-	-	-	788,161	788,161
RICAP: Aviation Readiness Center	535,263	-	(535,263)	138,272	(396,991)
RICAP: Quonset Airport Runway Reconstruction	-	-	-	275,000	275,000
Total	\$1,831,763	\$2,033,530	\$201,767	\$2,857,933	\$1,026,170

- **AMC Roof Replacement:** The Budget shifts \$366,500 in RICAP funds from FY2022 to FY2023 and beyond reflecting delays to the Armory of Mounted Commands project.
- **Asset Protection:** The Budget includes \$1.3 million in RICAP funds and \$3.2 million in federal funds for general asset protection projects. The project lists out-year funding of \$11.8 million in federal funds and \$4.3 million in RICAP funds through FY2027 for various asset protection projects.
- **Aviation Readiness Center:** The Aviation Readiness Center is a \$38.4 million project with \$138,272 in RICAP funds and \$2.6 million in federal funds in FY2023. The project lists out-year funding of \$32.8 million in federal funds and \$2.7 million in RICAP funds through FY2026 to construct a 73,788 square foot training and readiness center at the Quonset Air Base for the Rhode Island National Guard 1/126th Aviation Unit.

- **Sun Valley Armory:** The Budget includes \$788,161 in RICAP funds and \$6.5 million in federal funds for a 17,000 square foot addition to the Sun Valley Readiness Center in the Town of East Greenwich. This facility serves as the supporting center for the 861st Engineer Company.

Quonset Air National Guard Facilities

The Rhode Island Air National Guard will receive federal appropriations of \$46.8 million in FY2023, \$39.4 million in FY2024, and out-year funding of \$36.8 million through to FY2027, for several federal capital projects at the Quonset Air National Guard facilities that are not State projects and the federal funding is not appropriated to the State.

In addition, the Rhode Island Air National Guard will receive federal appropriations of \$5.3 million in FY2023, \$31.8 million in FY2024, and \$17.6 million in FY2025, as well as \$2.9 million in RICAP funds over FY2023 – FY2025 for the reconstruction of the Quonset runways to meet military specifications.

Rhode Island Emergency Management Agency

Expenditures By Program	FY2021 Actual	FY2022 Enacted	FY2022 Final	Change from Enacted		FY2023 Enacted	Change from Enacted	
Central Management	\$41.3	\$22.5	\$39.7	\$17.2	76.1%	\$37.4	\$14.8	65.9%
Expenditures By Source								
General Revenue	\$12.6	\$2.7	\$7.9	\$5.2	192.3%	\$4.3	\$1.6	58.7%
Federal Funds	27.0	17.6	29.6	12.0	68.4%	29.5	11.9	67.9%
Restricted Receipts	0.2	0.5	0.5	(0.1)	-12.9%	0.5	(0.1)	-13.3%
Operating Transfers from Other Funds	1.5	1.7	1.7	-	-	3.2	1.4	81.0%
Total	\$41.3	\$22.5	\$39.7	\$17.2	76.1%	\$37.4	\$14.8	65.9%
Authorized FTE Levels	32.0	33.0	33.0	-	-	35.0	2.0	6.1%

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

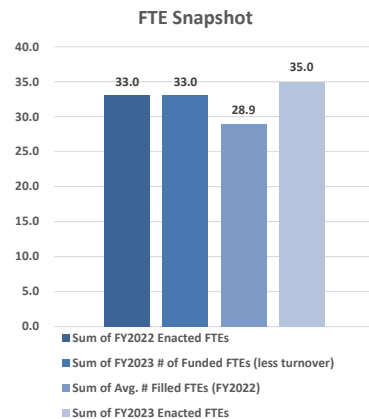
The Rhode Island Emergency Management Agency (RIEMA) is the coordinating agency for multi-jurisdiction and multi-agency response in the state for all emergencies including natural and technological hazards such as fires, floods, tornadoes, hurricanes, winter storms, chemical releases, weapons of mass destruction, and terrorism incidents. RIEMA is the official coordinating agency of the State for the federal Department of Homeland Security and the Federal Emergency Management Agency in times of state, national, multi-jurisdiction, and multi-agency emergencies and disasters. RIEMA operates and maintains the State Emergency Operations Center, as well as the statewide 800 MHz radio system and network. RIEMA became nationally accredited in October 2016, via the Emergency Management Accreditation Program (EMAP).

MAJOR ISSUES AND TRENDS

The FY2022 Final Budget includes \$39.7 million in FY2022, of which \$7.9 million is general revenue. Federal funds comprise \$29.6 million or 74.5 percent of the Agency's budget in FY2022. This is an increase of \$5.2 million in general revenue (\$17.2 million all funds) from the FY2022 Budget as Enacted.

The FY2023 Budget as Enacted includes \$37.4 million, of which \$4.3 million is general revenue. General revenue expenses increase by \$1.6 million, primarily due to the required state match for the State to receive the federal Emergency Management Preparedness Grant and the addition of new personnel. Federal funds are \$29.5 million (78.8 percent) of the Agency's budget in FY2023, an increase of \$11.9 million. Other funds increase by \$1.4 million, reflecting the use of RICAP funds to upgrade the State Emergency Operations Center and to upgrade the Rhode Island Statewide Communications System Network.

The Budget includes 33.0 FTE positions in FY2022 and 35.0 FTE positions in FY2023, reflecting the addition of 2.0 new Emergency Response FTE positions.



Central Management	General Revenue
FY2022 Enacted	\$2,710,290
<i>Target and Other Adjustments</i>	<i>10,498</i>
Emergency Management Performance Grant Match	940,446
Emergency Response Positions	270,000
Personnel Adjustment	156,469
Operating Adjustment	140,624
Statewide Cost of Living Adjustment	55,639
Centralized Service Adjustment	24,188
FY2023 Enacted	\$4,308,154

Central Management	Other Fund Changes
Disaster and Emergency Preparedness Grants (federal funds)	\$8,999,870
COVID Related Expenses (federal funds)	(767,695)
Capital Purchases and Equipment (federal Funds)	186,574

Emergency Management Performance Grant Match ***\$940,446***

The Budget adds \$940,446 in general revenue as the required state match for the State to receive the federal Emergency Management Preparedness Grant. The grant is to equip the RIEMA to store personal protective equipment and other items for continued COVID-19 response or future emergencies.

Emergency Response Positions ***\$270,000***

The Budget adds \$270,000 in general revenue for 2.0 new Emergency Response FTE positions at the Rhode Island Emergency Management Agency. These two positions were part of the Agency's FY2023 Budget request for 6.0 additional FTE positions that were not included in the Governor's recommended budget.

Personnel Adjustment ***\$156,469***

The Budget increases general revenue by \$156,469 reflecting the aligning of the FY2023 base salary and benefit costs in continuation of the previous shift of personnel costs to federal funds as part of the COVID-19 response.

Operating Adjustment ***\$140,624***

The Budget increases general revenue by \$140,624, primarily reflecting an increase of \$62,500 for communication system upgrades and repairs and \$60,223 for Division of Information Technology maintenance contracts.

	FY2022	FY2023	
Operating Adjustments	Enacted	Enacted	Change
Maintenance/Repairs: Communications Systems	\$0	\$62,500	\$62,500
DOIT: Maintenance Contracts	1,218,426	1,278,649	60,223
All Other Operating Adjustments	148,611	166,512	17,901
Total	\$1,367,037	\$1,507,661	\$140,624

Statewide Cost of Living Adjustment ***\$55,639***

Based on recently negotiated contract bargaining agreements between the State and the state employee bargaining units for a proposed 4-year contract, the Budget includes the following cost-of-living adjustments (COLAs): 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. The current agreement is projected to increase general revenue expenditures by \$55,639 (\$215,716 all funds) in FY2023 and \$90,296 (\$192,989 all funds) in FY2022 within the Rhode Island Emergency Management.

Centralized Service Adjustment**\$24,188**

The Budget increases general revenue expenditures by \$24,188 to reflect the decentralization of statewide services provided by and previously centralized in the Department of Administration. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. As of FY2019, these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. The FY2022 Budget as Enacted appropriated \$317,955 for these expenses, which is increased by \$24,188 to \$342,143 in the FY2023 proposed budget. In addition, there is a corresponding decrease of \$451,659 in federal funds.

Disaster and Emergency Preparedness Grants (federal funds)**\$9.0 million**

The Budget includes \$19.6 million in federal funds for various federal grants and reimbursements received for storm and natural disaster events. This appropriation is \$9.0 million more than the FY2022 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 FY2022 and FY2023.

RIEMA Federal Grants	FY2022 Enacted	FY2022 Final	Change	FY2023 Enacted	Change
FEMA 4505 Hazard Mitigation	\$0	\$6,025,000	\$6,025,000	\$6,025,000	\$6,025,000
SHSP 2020- State Homeland Security Grant Program	1,327,401	3,277,164	1,949,763	3,277,164	1,949,763
State Homeland Security Grant Program 2019	250,000	1,587,224	1,337,224	1,587,224	1,337,224
SHSP 2021 State Homeland Security Grant	-	1,327,401	1,327,401	1,327,401	1,327,401
EMPG 2021 Emergency Management Preparedness Grant	-	670,043	670,043	1,070,043	1,070,043
Nemo Blizzard 2012 Disaster Reimbursement	1,130,140	181,097	(949,043)	181,097	(949,043)
All Other Grants	7,931,071	6,538,615	(1,392,456)	6,170,553	(1,760,518)
Total	\$10,638,612	\$19,606,544	\$8,967,932	\$19,638,482	\$8,999,870

COVID Related Expenses (federal funds)**(\$767,695)**

The Budget decreases personnel expenses by \$387,745 and operating expenses by \$379,950 resulting in a net federal fund decrease of \$767,695 to reflect expenses projected by RIEMA in response to the COVID-19 pandemic. On March 13, 2020, the President of the United States declared a nationwide emergency relating to the COVID-19 pandemic. Under such federal declaration, referred to as the Stafford Act, federal disaster activities are assumed by the Federal Emergency Management Agency (FEMA). Such activities and assistance allow the State to qualify for a 75.0 percent reimbursement of certain emergency-related expenses. The expenses incurred include personal protective equipment (PPE), ventilators, and the establishment of emergency field hospitals.

Personnel - Federal COVID Response	FY2022 Enacted	FY2022 Final	Change	FY2023 Enacted	Change
FEMA: COVID-Related Expenses	\$781,900	\$473,156	(\$308,744)	\$394,155	(\$387,745)
Relief Fund: COVID-Related Expenses	15	15	-	15	-
Total	\$781,915	\$473,171	(\$308,744)	\$394,170	(\$387,745)

Operating and Capital Equipment - Federal COVID Response	FY2022 Enacted	FY2022 Final	Change	FY2023 Enacted	Change
FEMA: COVID-Related Expenses	\$0	\$184,160	\$184,160	(\$379,936)	(\$379,936)
FEMA: Supplies WKS: RIEMA	118,876	1	(118,875)	118,876	-
Relief Fund: COVID-Related Expenses	-	19,370	19,370	(14)	(14)
Relief Fund: Supplies WKS: RIEMA	-	86,450	86,450	-	-
Total	\$118,876	\$289,981	\$171,105	(\$261,074)	(\$379,950)

Capital Purchases and Equipment (federal funds)**\$186,574**

The Budget includes \$661,250 in federal funds for capital purchases and equipment reflecting an increase of \$186,574 from the FY2022 Budget as Enacted. The Budget reflects an increase of \$91,574 for computer equipment, \$75,000 for other expenses, and \$20,000 to purchase furniture.

CAPITAL PROJECTS

The Budget includes Rhode Island Capital Plan (RICAP) funding for three capital projects. The projects include:

- \$1.5 million in RICAP funds annually in FY2022 through FY2025 and \$500,000 in federal funds to support the Rhode Island Statewide Communications System Network (RISCON). The project enhances and further develops RISCON, the main communications platform used by all public safety agencies in the State for daily operations.
- The Budget includes a \$2.7 million upgrade to the RISCON system. This includes an appropriation of \$1.1 million in RICAP funds in FY2023, \$1.2 million in FY2024, and out-year funding of \$300,000 spread between FY2025 through FY2027.
- \$524,657 in RICAP funds in FY2023 for upgrades to the State Emergency Operations Center in the City of Cranston

Department of Public Safety

Expenditures By Program	FY2021 Actual	FY2022 Enacted	FY2022 Final	Change from Enacted		FY2023 Enacted	Change from Enacted	
Central Management	\$10.6	\$27.0	\$14.7	(\$12.3)	-45.6%	\$31.0	\$4.0	14.6%
E-911	7.2	7.5	8.7	1.2	16.0%	8.5	1.0	13.4%
Municipal Police Training	0.6	0.7	0.8	0.1	15.4%	0.9	0.2	24.7%
Security Services	25.6	27.3	26.9	(0.4)	-1.5%	29.9	2.5	9.3%
State Police	82.3	91.4	101.3	10.0	10.9%	117.8	26.5	29.0%
Total	\$126.3	\$153.9	\$152.4	(\$1.4)	-0.9%	\$188.0	\$34.1	22.2%

Expenditures By Source

General Revenue	\$43.1	\$120.6	\$110.3	(\$10.3)	-8.6%	\$136.3	\$15.7	13.0%
Federal Funds	73.5	17.5	23.5	6.1	34.8%	21.4	3.9	22.3%
Restricted Receipts	5.7	8.5	9.9	1.3	15.9%	9.6	1.1	12.6%
Other Funds	4.0	7.3	8.8	1.5	20.2%	20.7	13.5	185.0%
Total	\$126.3	\$153.9	\$152.4	(\$1.4)	-0.9%	\$188.0	\$34.1	22.2%

Authorized FTE Levels 593.6 622.6 628.6 6.0 1.0% 632.2 9.6 1.5%

\$ in millions. Totals may vary due to rounding

The Department of Public Safety (DPS) is the principal agency of the executive branch charged with law enforcement functions. It includes five program areas, including Central Management, E-911, the Municipal Police Training Academy, Security Services, and the State Police. The Department was created in the FY2009 Budget and is headed by the Superintendent of the State Police.

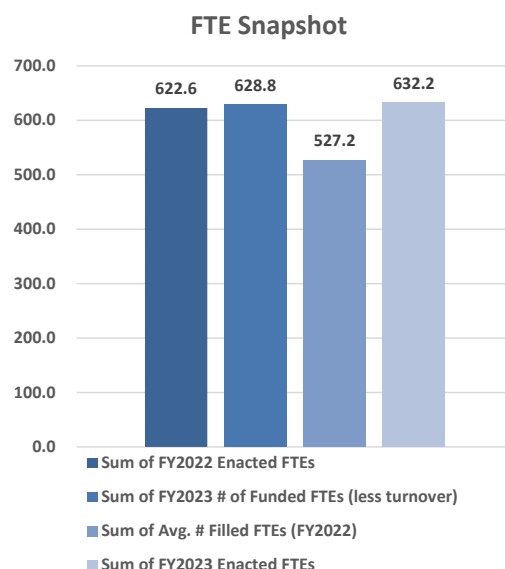
MAJOR ISSUES AND TRENDS

The Budget provides \$188.0 million to fund public safety initiatives and the operations of the Department of Public Safety in FY2023. Approximately 72.5 percent or \$136.3 million is from general revenue, an increase of \$15.7 million (13.0 percent) from the FY2022 Enacted level. The increase reflects a \$15.0 million addition of general revenue in one-time funding for the body-worn camera program that was shifted from FY2022, as no expenditures have yet occurred.

The Budget increases positions in the Department of Public Safety by 9.6 FTEs as compared to the FY2022 enacted level. These include 6.0 E-911 telecommunicator FTE positions to implement the newly statutorily mandated Emergency Medical Dispatch (EMD), 2.6 Administrative Assistant FTE positions to implement the State Police body-worn camera operations, and 1.0 FTE Principal Forensic Scientist position to join the State Police Forensic Services Unit.

Major budget initiatives within the Department include:

- **Body-Worn Cameras:** The FY2023 Budget as Enacted includes \$15.0 million of one-time general revenue to support a new statewide body-worn camera program for law enforcement officers. This money was shifted from FY2022.



- **ARPA SFRF: Support for Child and Adult Survivors of Domestic Violence and Sexual Assault:** The Budget includes a total of \$3.5 million in federal State Fiscal Recovery Funds in FY2023 to fund grants for programs that support the mental health and physical safety of victims of domestic violence and sexual assault.
- **E-911 Emergency Medical Dispatch System:** The Budget includes \$271,094 and \$542,187 in E-911 funds in FY2022 and FY2023, respectively, to support the personnel costs related to 6.0 new Telecommunicator FTE positions. The positions are recommended to implement the new statutorily required emergency medical dispatch service system (EMDS). The system is required to be in place by September 2022.
- **Training Academy:** The Budget provides \$1.3 million from general revenue for costs associated with hiring 50.0 new Troopers upon graduation from 58th State Police Training Academy class in August 2022 and the recruitment for a subsequent Academy to take place in FY2024.

CENTRAL MANAGEMENT

The Central Management program consists of the Business Office, Legal Office, and Public Safety Grants Administration Office (formerly Governor's Justice Commission). The Business Office provides fiscal oversight for the Department, as well as human resources, payroll, and purchasing. The Public Safety Grants Administration Office serves as a conduit agency for a number of federal grants that flow to local and state public safety agencies. Grant administration includes both formula and discretionary grant programs.

Central Management	General Revenue
FY2022 Enacted	\$15,917,162
<i>Target and Other Adjustments</i>	243
Personnel Expenditure Changes	464,885
Centralized Services Charges	55,155
Body-worn Camera Program	Informational
FY2023 Enacted	\$16,437,445
Central Management	Other Funds
ARPA SFRF: Support for Survivors of Domestic Violence (federal funds)	\$3,500,000
Technical Correction (federal funds)	374,055

Personnel Expenditure Changes **\$464,885**

The Budget includes an additional \$464,885 in general revenue personnel expenditures in FY2023 related to statewide contract changes and new staffing related to the body-worn camera program.

Personnel Expenditure Changes	
Body-worn Camera DPS Staff	\$336,166
Body-worn Camera Contracted Staff	70,000
Statewide COLA and Bonus	58,719
Total	\$464,885

The Budget authorizes additional staff resources to support the implementation of the body-worn camera program. These include \$336,166 for the personnel costs associated with 1.0 Legal Assistant, 1.0 Program Manager, and 0.6 Staff Attorney. Staff will handle the maintenance of camera footage and coordinate legal and public data requests responses. The Department's Public Safety Grant Administration Office will contract a staff person to handle the municipal application process.

The Budget also includes \$58,719 in general revenue personnel expenditures within Central Management related to changes to existing personnel within the office. This includes adjustments to salary and benefits based on recently negotiated contract bargaining agreements between the State and the state employee

bargaining units for a proposed 4-year contract. The Budget includes the following cost-of-living adjustments (COLAs): 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. In addition, the Budget includes a \$1,500 retention bonus to those eligible union employees that was included as part of the recently completed contract negotiation. The current agreement is projected to increase general revenue expenditures by \$58,719 in FY2023 (\$109,823 all funds) and \$56,149 in FY2022 (\$110,144 all funds) within Central Management.

Centralized Service Charges

\$55,155

The Budget includes a \$55,155 increase in general revenue centralized services spending as compared to the FY2022 enacted level. This includes a \$52,371 increase related to a reduced Division of Information Technology billing and virtual private network (VPN) services. It also includes a \$2,784 increase related to centralized human resources charges that reflect the program's historic expenses.

	FY2022	FY2023	
Centralized Service Charges	Enacted	Enacted	Change
Information Technology Charges	\$0	\$52,371	\$52,371
HR Service Centers	19,600	22,384	2,784
Total	\$19,600	\$74,755	\$55,155

Body-worn Camera Program

Informational

The Budget includes \$15.0 million general revenue in FY2023 related to the agency's recently established body-worn camera program. 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 by December 2022. The funding was initially appropriated for FY2022 but was unspent and reallocated to FY2023.

ARPA SFRF: Support for Survivors of Domestic Violence and Sexual Assault (federal funds) \$3.5 million

The Governor recommended using \$1.0 million in federal State Fiscal Recovery Funds in FY2023 to fund grants to programs that support the mental health and physical safety of victims of domestic violence and sexual assault. The Budget adds \$2.5 million more in SFRF funds for the program, bringing the total to \$3.5 million in FY2023 and \$7.0 million in total through FY2024.

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. Primary agencies include Day One, the Aubin Center at Rhode Island Hospital, Sojourner House, members of the Rhode Island Coalition Against Domestic Violence, and other community agencies.

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. The Budget includes \$7.6 million in federal VOCA funds in both FY2022 and FY2023.

▪ **State Fiscal Relief Fund Proposal**

In order to address gaps in funding and services that support the mental health and physical safety of victims, the State implemented a new grant program that would complement the VOCA program. The program will receive \$3.5 million in SFRF funds in FY2023 and \$7 million in total through FY2024.

Support for Survivors of Domestic Violence							
Source	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	Total
ARPA SFRF	-	\$3.5	\$3.5	-	-	-	\$7.0
Total	-	\$3.5	\$3.5	-	-	-	\$7.0

\$ in millions

DPS' Public Safety Grant Administration Office would administer the program and eligible uses of the funds would include:

- **Safe Housing:** The physical safety of survivors would be addressed by funding transitional housing and wraparound services. Providers would be able to provide rental and utility assistance, to renovate or upgrade existing housing units, and to provide an array of services to stabilize the individual so that they remain in a safe environment.
- **Mental Health Support:** According to DPS, there is an existing network of agencies that provide clinical treatment to victims. Grant funds would support additional capacity at these agencies to reduce waitlists

Key components of the proposal include (quoted directly from budget documents):

- **U.S. Treasury Eligibility Category:** Services to Disproportionately Impacted Communities/Negative Economic Impacts
- **Equity Components:** US Treasury guidance related to ARPA SFRF places emphasis on projects that advance economic and racial equity.
 - **Population:** "Minority populations are victimized at higher rates than the white population. Based on the National Crime Victimization Survey (NCVS), between 2003 and 2012 at the rate of 4.7 per 1,000, Black/African/African Americans had the highest rates of intimate partner violence compared to Whites (3.9 per 1,000) and Hispanics (2.3 per 1,000). Approximately 4 out of every 10 women of non-Hispanic Black race/ethnicity have experienced rape, physical violence, and /or stalking by an intimate partner."
 - **Awareness:** "Residents will have access to the program through existing service providers. The planned use of funding would increase the capacity of these organizations to serve more people. An RFP will be conducted, and notice provided to agencies that specialize in domestic violence, sexual assault, and victim services."
 - **Access and Distribution:** "Access and distribution will be based on a competitive process to evaluate an agency's feasibility and compliance with administrative requirements. Those requirements may not be as strict from the SLFRF funding as they are from sources such as the Office of Violence Against Women, Office of Victims of Crime, Department of Housing and Urban Development, or Community Development Block Grants."
 - **Outcomes:** "The intended outcomes will help to close significant gaps in the state's response to domestic violence, sexual assault, dating violence, and stalking."
- **Performance Metrics:** US Treasury guidance related to ARPA SFRF requires that states develop and report out on performance metrics for SFRF projects.

"Agencies already track metrics and statistics as part of their federal grant obligations and enter data into the Department of Justice Performance Measurement Tool (PMT). The PSGAO will require agencies receiving funds to report the same statistics directly to the PSGAO. This includes

demographic data, number of victims served, number of new victims, and types of crime. Agencies will also keep track of the number of people and nights served by transitional housing and attempt to quantify the impact on waitlists for both housing and counseling. Agencies are required to have written documentation on how they compile and enter statistics already.”

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	E-911 Funds
FY2022 Enacted	\$7,469,769
<i>Target and Other Adjustments</i>	<i>110,195</i>
Personnel Expenditure Changes (restricted receipts)	888,746
Next Generation 911	Informational
Surcharge Revenues	Informational
FY2023 Enacted	\$8,468,710

Personnel Expenditure Changes (restricted receipts) \$888,746

The Budget includes \$888,746 in additional restricted receipt E-911 Funds to support certain personnel expenditure changes in FY2023.

Personnel Expenditure Changes	
Emergency Medical Dispatch Staff	\$542,187
Staff Reclassification	291,089
Personnel Upgrade	55,470
Total	\$888,746

- **Emergency Medical Dispatch Staff:** The Budget includes \$271,094 and \$542,187 in E-911 funds in FY2022 and FY2023, respectively, to support the personnel costs related to 6.0 new Telecommunicator FTE positions. The positions will help to meet new statutory requirements of the program.

In June 2021, the General Assembly enacted legislation requiring the E-911 system to provide emergency medical dispatch services (EMDS). An EMDS system uses trained telecommunicator staff to gather information over the phone related to medical emergencies, provide assistance and instruction by voice prior to the arrival of on-site emergency medical services (EMS). The statute requires that this include “telecommunicator cardiopulmonary resuscitation, or T-CPR”, in which the telecommunicator guides non-EMS individuals in providing CPR to victim. The law requires that the system be in place by September 1, 2022 and that includes an integrated peer-to-peer review and process improvement component.

According to DPS, its EMDS software vendor recommended against running the program at the current level of staffing due to its complexity. Although the technology has been in place since the spring of 2021, the EMDS system is currently offline until adequate certified staff are in place.

To be an EMDS telecommunicator, an individual must satisfactorily complete a three-month training course that conforms to the National Highway Traffic Safety Administration’s Emergency Medical Dispatch National Standard Curriculum.

According to DPS, E-911 began the recruiting, hiring, and training in January 2021 in order to meet the September deadline. The FY2023 Budget reflects a full-year of personnel costs.

- **Staff Reclassification:** The Budget includes \$291,089 in additional general revenue to provide pay grade increases to the program's 44 telecommunicators and managers. According to the Department, the new EMDS system is more complex, requires additional training, and places increased responsibility on all staff, thus warranting the increased wages.
- **Personnel Upgrade:** Subsequent to the introduction of the Governor's Budget, a new collective bargaining agreement was reached between the DPS and E-911 union members that included the upgrading of 3.0 Telecommunicator FTE positions to supervisor positions to meet the demands of the program's new requirements. The FY2023 Budget includes an additional \$55,470 in E-911 funds to pay for the upgrades, reflecting a total of \$888,746.

Next Generation 911

Informational

Over the past several years, the State's E-911 system has been transitioning from analog-based technology to a digital platform. The two E-911 call center hubs, known as public safety answering points (PSAPs), completed installation and testing of new Next Generation 911 (NG911) digital routers in 2018 and staff have been trained on how to use the technology. NG911 enables these telecommunicators to utilize data-rich information such as geographic information systems and Pictometry data to more accurately identify an individual's location and direct first responders more quickly.

According to the Department, the success and reliability of E-911 has greatly improved with the implementation of NG911 and will enhance emergency services going forward by creating a faster, more resilient system that will facilitate the integration of more advanced methods of emergency communication in the future. For example, NG911 enabled the launch of Text-to-911 in February 2019. This service provides the public with the ability to text 911 in the event a voice call is not possible or safe. NG911 will also support Rapid SOS, a new technology that provides more accurate location information from wireless callers, which will enable Rhode Island to more effectively meet federal cybersecurity standards. NG911 is enabling a five-year project to update its entire GIS data map, using Pictometry imagery that provides a 45 degree angle overhead image in addition to straight overhead images.

According to the DPS, the Division will continue to migrate its systems away from the use of copper phone lines for the inbound and outbound networks in FY2022, and move towards internet protocol (IP) data transmission using INdigital technology, which will make the agency compliant with federal NG911 regulations, improve system reliability by reducing points of failure, and provide built-in resiliency and redundancy in the event the system is compromised. The agency will also be installing Guardian Responder IP phones at each dispatch location to enable the agency to transfer call data to local municipalities.

Surcharge Revenues

Informational

The FY2020 Budget as Enacted reconfigured the telecommunication surcharges that support emergency services and first response programs, including the E-911 program. Previously, there was a \$1.00 emergency services and first response surcharge on wireline, wireless, and prepaid telecommunication services and an additional \$0.26 technology surcharge on just wireless services. 90.0 percent of the revenue from the \$1.00 surcharge was deposited as general revenue with the balance placed into the State's Information Technology Investment Fund. The \$0.26 surcharge was deposited into a restricted receipt account to support State geographic information system (GIS) and other technology improvements.

Article 2 of the FY2020 Budget as Enacted eliminated both of these surcharges and established two new ones. A new \$0.50 E-911 surcharge was established to support the E-911 program. Revenue from the surcharge is deposited into a dedicated restricted receipt account within the Department of Public Safety (DPS) explicitly reserved for the purposes of supporting the E-911 system. A first response surcharge was also established to support first responder services across the State. The surcharge amount varies by

telecommunication type and ranges from \$0.50 to \$0.75. The revenue from this surcharge is deposited as general revenue.

The following table shows the collection history and estimated revenue by surcharge:

E-911 Surcharge and First Response Surcharge Revenues vs. Expenditures

Fiscal Year	E-911 Surcharge	First Response Surcharge	E911 Restricted Receipts	E-911 Expenditures	Deposit to ITIF	Net to General Fund
2010	\$17,898,223	-	-	\$4,635,901	-	\$13,262,322
2011	17,248,460	-	-	4,829,770	-	12,418,690
2012	17,255,771	-	-	4,766,586	-	12,489,185
2013	17,507,117	-	-	5,103,735	-	12,403,382
2014	17,454,670	-	-	5,444,296	-	9,798,629
2015	17,640,703	-	-	5,320,615	-	12,320,088
2016	16,649,747	-	-	5,499,050	1,571,992	9,578,704
2017	16,845,536	-	-	5,699,440	1,632,500	8,993,060
2018	17,072,415	-	-	5,894,522	1,665,150	9,512,743
2019	17,340,783	-	-	5,899,730	1,734,078	9,706,975
2020	4,918,799	6,228,214	5,242,464	6,711,718	1,114,701	8,563,058
2021	4,420	9,405,046	8,329,345	7,155,864	940,505	8,464,541
2022*	-	9,381,873	7,900,000	7,469,769	938,187	8,443,686
2023*	-	9,509,276	7,900,000	-	950,928	8,558,348

*FY2022 and FY2023 restricted receipts revenue estimates are provided by the Budget Office.

MUNICIPAL POLICE TRAINING ACADEMY

The Rhode Island Municipal Police Training Academy was established in 1969 and assigned to train and certify municipal law enforcement officers for all municipalities except for the City of Providence. Municipalities do not pay to send recruits to the Academy, but they do provide in-kind services including officer time to teach courses and meeting and firing range space. Recruits are paid by municipalities for their time spent at the Academy. Since the first training class in 1970, the Academy has graduated 114 classes. The Academy runs two to three classes and 80 to 100 professional development workshops annually. Since 1981, the Academy has been located at the Community College of Rhode Island (CCRI) Flanagan Campus in the Town of Lincoln.

Municipal Police Training	General Revenue
FY2022 Enacted	\$262,575
<i>Target and Other Adjustments</i>	3,647
Statewide Cost of Living Adjustment and Bonus	15,234
FY2023 Enacted	\$281,456

Statewide COLA and Bonus **\$15,234**

Based on recently negotiated contract bargaining agreements between the State and the state employee bargaining units for a proposed 4-year contract, the Budget includes the following cost-of-living adjustments (COLAs): 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. In addition, the Budget includes a \$1,500 retention bonus to those eligible union employees that was included as part of the recently completed contract negotiation. The current agreement is projected to increase general revenue expenditures by \$15,234 in both FY2023 and FY2022 within the Municipal Police Training program.

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
FY2022 Enacted	\$27,319,253
<i>Target and Other Adjustments</i>	<i>376,187</i>
Statewide Cost of Living Adjustment and Bonus	2,163,236
FY2023 Enacted	\$29,858,676

Statewide Cost of Living Adjustment and Bonus **\$2.2 million**

Based on recently negotiated contract bargaining agreements between the State and the state employee bargaining units for a proposed 4-year contract, the Budget includes the following cost-of-living adjustments (COLAs): 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. In addition, the Budget includes a \$1,500 retention bonus to those eligible union employees that was included as part of the recently completed contract negotiation. The current agreement is projected to increase general revenue expenditures by \$2.2 million in FY2023 and \$2.1 million in FY2022 within the Security Services program.

STATE POLICE

The Rhode Island State Police are a uniformed and investigative law enforcement agency with statewide jurisdiction. The agency is organized into three bureaus: the Administrative Bureau, Uniform Bureau, and Detective Bureau. The Administrative Bureau consists of both sworn command staff and civilian personnel and provides overall management and support. The Uniform Bureau is responsible for preventing crime and investigating criminal and noncriminal activities. The Uniform Bureau also establishes highway safety through enforcement of motor vehicle laws with emphasis on hazardous moving violations, i.e. drunk driving and speeding. The Detective Bureau is the primary investigative unit which helps the Attorney General's Office and other agencies in investigating organized and white collar crime and provides support to police agencies throughout the State.

State Police	General Revenue
FY2022 Enacted	\$77,105,322
<i>Target and Other Adjustments</i>	<i>1,633,254</i>
State Trooper Contract	7,925,609
Training Academies	1,320,000
Statewide Cost of Living Adjustment and Bonus	709,643
State Police Vehicles	610,000
Vehicle Cameras	240,000
Forensic Unit	183,537
Pension Trust Fund	Informational
FY2023 Enacted	\$89,727,365

State Police	Other Funds
Adult Use Marijuana Program (restricted receipts)	(\$1,080,064)

State Trooper Contract **\$7.9 million**

The Budget includes an additional \$8.4 million (all funds), including \$7.9 million in general revenue to cover the increased costs of the new State Trooper collective bargaining contract in FY2023. The Governor's Budget did not include additional personnel spending because at the time it was introduced

into the General Assembly, the negotiations were ongoing. Subsequently, an agreement was reached in March 2022, with terms that include a 2.5 percent cost of living adjustment to salaries, a \$3,000 bonus “stipend”, and an augmentation to the over-time policy which will allow State Police Officers to earn over-time wages for working during public emergencies or when State Offices are closed. The marginal impact across funding sources in FY2023 are shown below.

Source	Amount
General Revenue	\$7,925,609
Federal Funds	236,658
Restricted Receipts	46,069
Other Funds	224,630
Total	\$8,432,966

Training Academies

\$1.3 million

The Budget includes a total of \$1.3 million from general revenue in FY2023 to support the costs related to the State Police Training Academies.

The 58th State Police Training Academy was originally scheduled to graduate 25.0 recruits in February 2022, with the new Trooper class being hired the same month. Due to pandemic challenges the Academy was delayed, with graduation now scheduled to take place in August 2022. This delay shifts the hiring of the new Troopers into FY2023, and therefore requires shifting \$1.2 million into FY2023 to annualize the personnel costs the new officers.

The Budget also includes \$120,000 from general revenue to conduct recruitment for the 59th State Police Training Academy. This planned 24-week Academy is planned to begin in FY2024 with new Troopers being hired in April 2024. According to the Department, the recruitment will be conducted during the 2nd and 3rd quarters of FY2023.

Statewide Cost of Living Adjustment and Bonus

\$709,643

Based on recently negotiated contract bargaining agreements between the State and the state employee bargaining units for a proposed 4-year contract, the Budget includes the following cost-of-living adjustments (COLAs): 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. In addition, the Budget includes a \$1,500 retention bonus to those eligible union employees that was included as part of the recently completed contract negotiation. The current agreement is projected to increase general revenue expenditures by \$709,643 (\$1.1 million all funds) in FY2023 and \$1.5 million (\$1.7 million all funds) in FY2022 within the State Police.

Analyst Note: The non-civilian, uniformed personnel of the State Police have their own collective bargaining entity distinct from the civilian employees within the State Police program and the other state employee unions in other state agencies. The State Police union contract was signed in March 2022 subsequent to the other union contracts and the submission of the Governor’s FY2023 Budget proposal. The \$709,643 noted above is just for the civilian staff of the State Police

State Police Vehicles

\$610,000

The Budget includes \$610,000 in general revenue (\$704,751 all funds) in FY2023 for motor vehicle expenditures. The Department currently has 390 vehicles in the State Police vehicle fleet (366 patrol and detective vehicles, 14 service vehicles, and 10 specialty vehicles). There are 155 patrol/detective vehicles, or 39.0 percent, with between 100,000 and 125,000 miles. Another 100 vehicles have over 125,000 miles. The average useful life of these vehicles is 6.5 years. The Budget recommends the purchase of approximately 10 vehicles in FY2023.

Vehicle Cameras**\$240,000**

The Budget includes \$240,000 in general revenue in FY2022 and FY2023, and \$1.2 million in total through FY2027 for the purchase of vehicle cameras. According to DPS, the Rhode Island State Police (RISP) is one of only three states that do not deploy any camera systems. These systems increase the security of both individuals interacting with police officers and the officers themselves. The Department plans to integrate the vehicle camera technology with the recently authorized body-worn camera program.

Forensic Unit**\$183,537**

The Budget authorizes a 1.0 Forensic Scientist FTE position and \$183,537 in related personnel expenses in FY2023. The State Police maintain a forensic services unit (FSU) that assists investigations through the scientific analysis of evidence. Accredited police forensic services are eligible for federal grant funding. The accreditation requires at least one certified forensic scientist be on staff. According to DPS, the Department's only forensic scientist retired unexpectedly in April 2021 and as a result disqualifies the unit from federal funding. The State Police FSU was also the only accredited lab in the state. The loss of an accredited lab undermines the prosecution of criminal cases and credibility of presented evidence.

Pension Trust Fund**Informational**

The FY2016 Budget as Enacted created a pension trust fund for State Police troopers hired prior to 1987 who receive benefits through a pay-as-you-go (pay-go) system. Members' benefits remain unchanged, but the proposal transitions the current system to a more traditional retirement fund whereby contributions are amortized, in this case, over 18 years. The pension trust fund is capitalized by funding from the Google settlement awarded to the State Police. It is estimated that, at a 7.5 percent rate of return, this initial investment will achieve \$157.2 million in general revenue savings over the 77-year life of the plan. The use of the settlement for the pension trust fund required approval by the U.S. Department of Justice (DOJ) Asset Forfeiture Program which was granted in FY2016. The FY2017 Budget as Enacted included \$15.0 million for this purpose. Based on the current actuarial reports, the Budget includes \$16.4 million in settlement funds for pension payments in FY2023, commensurate with the FY2022 Budget as Enacted.

Adult-Use Marijuana (restricted receipts)**(\$1.1 million)**

The Budget includes a \$1.1 million reduction in restricted Adult-Use-Marijuana Funds for DPS relative to the Governor's Budget Recommendation. The Governor initially proposed establishing an Adult Use Marijuana Program in the recommended FY2023 Budget and included \$1.1 million in a new restricted receipt account to pay for program-related activities within the DPS. This included \$500,000 in assistance and grants, \$184,133 in operating supplies and expenses, and \$395,931 in personnel expenses. The General Assembly, through separate legislation, has made significant changes to the program design and revenue source structure. Based on these changes, the Budget eliminates the Governor's proposed funding for DPS.

RI CAPITAL PLAN PROJECTS

The Budget includes a total of \$44.3 million for RI Capital Plan (RICAP) Fund projects from FY2022 through FY2027. The Budget authorizes \$16.4 million in disbursements in FY2023.

DPS Capital Projects	Pre-FY2022	FY2022	FY2023	FY2024-FY2027
Asset Protection	\$1,481,345	\$798,498	\$1,000,000	\$4,645,320
HQ Roof Replacement	1,102,011	998,259	-	-
Portsmouth Barracks	-	350,000	1,650,000	-
Southern Barracks	-	2,100,000	13,000,000	13,000,000
RISCON Microwave System Replacement	-	230,929	230,929	692,787
Training Academy Upgrades	340,757	193,620	1,386,380	3,685,000
Total	\$2,924,113	\$4,671,306	\$17,267,309	\$22,023,107

- **Asset Protection:** The Budget authorizes \$6.4 million RI Capital Plan Funds to finance the maintenance of the various facilities across the Department over five years, including \$798,498 in FY2022 and \$1.0 million in FY2023.
- **HQ Roof Replacement:** The Budget includes \$998,259 from RICAP in FY2022 to finance the final stage of work on the Rhode Island State Police headquarters roof replacement, which was completed in July 2021.
- **Portsmouth Barracks:** The Budget includes \$350,000 in FY2022 and \$1.7 million in FY2023 from RICAP to finance the rehabilitation of the Portsmouth Barracks, a project recommended in the DPS master plan because of the building's obsolescence and unsafe conditions.
- **Southern Barracks:** The Budget includes \$28.1 million in additional RICAP funds for a new State Police barracks located in the southern part of the State. In 2018, the Department of Public Safety initiated a comprehensive planning review and feasibility study related to the Rhode Island State Police (RISP) barracks facilities located in Wickford, Hope Valley, and Portsmouth. The review and study were completed in the fall of 2019, and were coordinated by a master planning committee consisting of members of the RISP, representatives from the Department of Administration, and an architectural and engineering design firm. The committee found that the existing three barracks, which were built in the 1930s, do not meet the modern public safety and policing requirements of the State Police. It was originally determined that it is not feasible to renovate each the existing structures and therefore is necessary to build a new, combined barracks in the southern part of the State. The preferred location, which remains subject to Federal Highway Administration and RI Department of Transportation approval, is a parcel of land located off Route 95 at Exit 7 in West Greenwich.
- **RISCON Microwave System Replacement:** The Budget authorizes \$1.2 million in RICAP spending from FY2022 through FY2027 to finance an upgrade to the Department's microwave loop network, a statewide 6 GHz digital network comprised of five microwave hops connecting key radio transmission sites and facilities throughout the State. This microwave loop network provides critical data links for the Rhode Island Statewide Communications Network (RISCON) 800Mhz radio network. The RISCON radio network, managed by the Rhode Island Emergency Management Agency (RIEMA), is the primary radio communications platform for over ten thousand first responders, the Rhode Island Department of Transportation (RIDOT), the Rhode Island Public Transit Authority (RIPTA), and numerous other State and local agencies that provide essential services throughout the state.
- **Training Academy Upgrades:** The Budget provides \$5.1 million from RICAP funds from FY2023 through FY2027 for improvements at the State Police Training Academy in Foster, with \$1.4 million disbursed in FY2023. The \$5.6 million project began in 2018, with \$340,757 spent prior to FY2022. Improvements include the replacement of the antiquated firearms training simulator; environmental and safety renovations to the firing range, including a new firearms shelter and a sound dampening system; replacement of HVAC system, roof, windows, and electrical systems; repaving of roadways; and preparation of an emergency vehicle operators course feasibility study. Based on updated project schedules, the Budget shifts \$911,380 in RICAP funds from FY2022 to FY2023.

Office of the Public Defender

Expenditures By Program	FY2021 Actual	FY2022 Enacted	FY2022 Final	Change from Enacted		FY2023 Enacted	Change from Enacted	
Public Defender	\$12.3	\$13.5	\$14.3	\$0.8	6.0%	\$14.8	\$1.3	9.4%
Expenditures By Source								
General Revenue	12.2	13.4	14.2	0.8	5.9%	14.7	1.3	9.5%
Federal Funds	0.1	0.1	0.1	0.0	25.6%	0.1	0.0	-13.2%
Total	\$12.3	\$13.5	\$14.3	\$0.8	6.0%	\$14.8	\$1.3	9.4%
Authorized FTE Levels	96.0	99.0	99.0	-	-	100.0	1.0	1.0%

\$ 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.

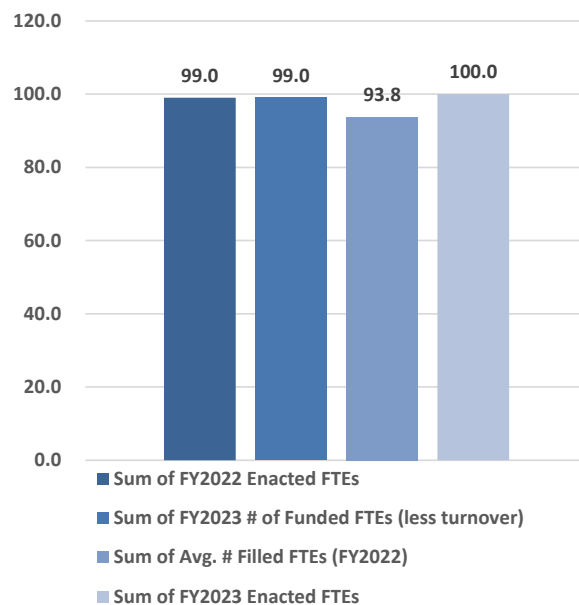
MAJOR ISSUES AND TRENDS

The agency's budget is funded almost entirely by general revenues, (99.6 percent). The FY2022 Budget as Enacted included \$13.5 million in all funds, of which, \$13.4 million were general revenue and \$75,665 were federal funds. The FY2022 Final Budget totals \$14.3 million, comprised of \$14.2 million of general revenues and \$95,052 federal funds. General revenues and federal funds both increased as the budget was finalized, with general revenues growing by \$786,051, or 5.9 percent, and federal funds increasing by \$19,387, or 25.6 percent. The \$19,387 increase in federal funds is attributed to scholarships, loans, and educational grants sponsored by the office.

For FY2023, the Budget totals \$14.8 million, of which \$14.7 million is general revenue and \$65,665 are federal funds. The FY2023 Budget reflects a \$1.3 million increase in general revenue, largely due to a \$740,925 increase in regular wages and a \$268,473 increase in employee retirement. Additionally, the FY2023 Budget notes a \$10,000 reduction to the John R. Justice Program, which is a federally funded scholarship intending to help reduce the student loan debt of practicing public defenders and state attorneys.

The Budget includes 99.0 FTE positions in FY2022, consistent with the enacted level and 100.0 FTE positions in FY2023, an increase of 1.0 position.

FTE Snapshot



Central Management	General Revenue
FY2022 Enacted	\$13,431,599
<i>Target and Other Adjustments</i>	<i>54,039</i>
Statewide Cost of Living Adjustments and Bonus	913,443
Turnover	169,404
Legal Staff Increase	140,322
FY2023 Enacted	\$14,708,807

Statewide Cost of Living Adjustment and Bonus ***\$913,443***

Based on recently negotiated contract bargaining agreements between the State and the state employee bargaining units for a proposed 4-year contract, the Budget includes the following cost-of-living adjustments (COLAs): 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. In addition, the Budget includes a \$1,500 retention bonus to those eligible union employees that was included as part of the recently completed contract negotiation. The current agreement is projected to increase general revenue expenditures by \$913,443 in FY2023 within the Office of the Public Defender

Turnover ***\$169,404***

The Budget increases general revenue expenditures by \$169,404 restoring personnel “turnover” that were included in the FY2022 Budget as Enacted but not in the proposed FY2023 Budget.

Legal Staff Increase ***\$140,322***

The FY2023 Budget appropriates an additional \$140,322 of general revenue for the Central Management program to hire an additional attorney as a full time employee. This increase of staff was approved in the FY2023 Budget and results in a total of 100.0 FTE positions for the Office.

Department of Environmental Management

Expenditures By Program	FY2021 Final	FY2022 Enacted	FY2022 Final	Change from Enacted		FY2023 Enacted	Change from Enacted	
Office of Director	\$10.7	\$11.7	\$34.6	\$22.9	194.7%	\$13.1	\$1.4	12.0%
Bureau of Natural Resources	47.9	64.5	74.9	10.3	16.0%	74.7	10.1	15.7%
Bureau of Environmental Protection	26.1	31.6	33.0	1.4	4.3%	34.2	2.6	8.1%
Total	\$84.7	\$107.9	\$142.5	\$34.6	32.0%	\$122.0	\$14.1	13.0%
Expenditures By Source								
General Revenue	\$42.6	\$46.2	\$70.9	\$24.7	53.6%	\$53.1	\$6.9	15.0%
Federal Funds	26.3	32.4	35.5	3.2	9.7%	34.7	2.4	7.3%
Restricted Receipts	11.7	17.1	18.3	1.2	7.2%	17.4	0.3	1.7%
Other Funds	4.1	12.2	17.7	5.4	44.5%	16.8	4.5	36.9%
Total	\$84.7	\$107.9	\$142.5	\$34.6	32.0%	\$122.0	\$14.1	13.0%
Authorized FTE Levels	394.0	401.0	401.0	-	0.0%	417.0	16.0	4.0%

\$ 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.

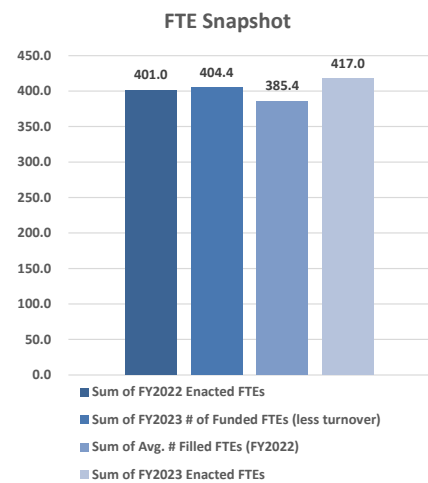
The Department is charged with supervising and controlling the protection, development, planning, and utilization of the natural resources of the state; the promotion of agriculture and animal husbandry; and, providing for the maintenance of waterways and boating facilities.

MAJOR ISSUES AND TRENDS

The FY2023 Budget includes an all funds increase of \$14.1 million, or 13.0 percent from the FY2022 Budget as Enacted. The Budget includes a \$6.9 million (15.0 percent) increase in general revenue expenditures, including \$2.9 million for the statewide COLA adjustment, \$556,753 to restore Voluntary Retirement Savings taken in the FY2022 Budget, \$527,643 to fund 6.0 new FTE permitting positions, \$527,325 to provide salary increases and minimum wage increases to seasonal workers, and \$600,000 in increased grant funding for the Local Agriculture and Seafood Act (LASA) program. The increase in other funds is due primarily to an increased investment for infrastructure repairs at Galilee and upgrades to the permitting and licensing system at DEM.

The FY2022 Revised Budget includes an increase of \$21.9 million in general revenue from FY2022 surplus funds for transfer to the Rhode Island Infrastructure Bank (RIIB) to provide the state match for the Clean Water State Revolving Funds and the Drinking Water State Revolving Fund through FY2025. In addition, the Budget provides \$132,486 in general revenue to fund the disposal of the remaining firefighting foam with perfluoroalkyl and polyfluoroalkyl substances (PFAS), a form of forever chemicals, currently known to be held by fire departments in the State.

The Budget authorizes 417.0 FTE positions in FY2023, an increase of 16.0 FTE positions from the FY2022 Budget as Enacted, and 401.0 FTE positions in FY2022, consistent with the enacted level. DEM requested 33.0 new FTE positions for FY2023. Based on the May 23, 2022, FTE report, DEM has 13.0 vacancies. According to DEM, they are filling positions quickly.



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
FY2022 Enacted	\$7,551,252
<i>Target and Other Adjustments</i>	<i>30,204</i>
World Ocean Race	850,000
Foundry Lease Agreement	239,084
Statewide Cost of Living Adjustment	187,332
Wildlife Clinic of Rhode Island	100,000
FY2023 Enacted	\$8,957,872

Office of Director	Other Fund Changes
Implementation of the Act on Climate (1.0 FTE position) (restricted receipts)	3,690

World Ocean Race **\$850,000**

Pursuant to a Governor's Budget Amendment, dated May 20, 2022, the Budget provides \$850,000 in general revenue to fund expenses related to the 2023 Ocean Race stop at Fort Adams in Newport. As with the 2018 Volvo Ocean Race, increased expenses for safety and security, sanitation, grounds keeping, engineering, and other event costs are anticipated. The Department of Environmental Management will be partnering with Sail Newport to manage this event.

Foundry Lease Agreement **\$239,084**

The Budget includes \$239,084 for a scheduled rent increase in the lease for the DEM's headquarters in the Foundry building in Providence. The total annual lease cost for the office space is \$2.6 million. The current lease began in FY2017 and contains a scheduled rent increase after five years; however, there are not more scheduled rent increases. The scheduled increase was not included in the FY2022 Budget as Enacted but is added in the FY2022 Revised Budget.

Statewide Cost of Living Adjustment **\$187,332**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living (COLA) increases of 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. The current agreement is projected to increase general revenue expenditures by \$187,332 in the Office of the Director, including the \$1,500 bonus payment to most employees within the Department.

Wildlife Clinic of Rhode Island **\$100,000**

The Budget adds \$100,000 for the Wildlife Clinic of Rhode Island to hire a veterinarian. The Wildlife Clinic is a fully-functional clinic dedicated to the veterinary care and treatment of all species of wild animals native to Rhode Island from songbirds to squirrels to salamanders. Previously, veterinarian services were provided on a volunteer basis; however, those services are no longer available.

Implementation of the Act on Climate (1.0 FTE position) (restricted receipts) **\$3,690**

The Budget includes a net increase of Regional Greenhouse Gas Initiative (RGGI) restricted receipts to fund 1.0 new Programming Services Officer position to coordinate the Department's efforts related to the implementation of the Act on Climate passed in 2021. The Budget provides \$91,623 in salary and benefits, assuming an October 2022 hiring date, partially offset by an \$87,933 reduction in grants. The RGGI is a

cooperative effort by Northeastern and Mid-Atlantic states that requires member states to reduce carbon dioxide (CO₂) emissions from large fossil fuel-fired electric power plants to help address climate change. Central to this initiative is the implementation of a multi-state “cap-and-trade” program with a market-based, emissions trading system. The annual RGGI proceeds fluctuate based upon the pricing from the quarterly competitive auctions with regulated energy users within New England and Mid-Atlantic States. The RGGI allocation plan can be found here:

<http://www.energy.ri.gov/documents/rggi/2021%20Plan%20Items/2021-B%20PROPOSED%20RGGI%20Allocation%20Plan%209-2-21.pdf>.

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
FY2022 Enacted	\$25,272,202
<i>Target and Other Adjustments</i>	<i>441,547</i>
Statewide Cost of Living Adjustment	1,649,978
Local Agriculture and Seafood (LASA) Grants	600,000
VRI Savings - Restoration	429,223
Seasonal Employee Wage Increase	269,125
Minimum Wage Increase	258,200
Water Chestnut Eradication	100,000
Stewardship of State Management Areas (2.0 FTE positions)	37,239
FY2023 Enacted	\$29,057,514

Statewide Cost of Living Adjustment **\$1.6 million**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living (COLA) increases of 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. The current agreement is projected to increase general revenue expenditures by \$1.6 million in the Bureau of Natural Resources, including the \$1,500 bonus payment to most employees within the Department.

Local Agriculture and Seafood (LASA) Grants **\$600,000**

An increase of \$600,000 in general revenue (\$700,000 total) is included in the Budget to support the Local Agriculture and Seafood Act (LASA) grant program. This represents a commitment of \$200,000 in annual program funding and a one-time increase of \$500,000 in FY2023 to address the backlog of applications. The LASA grant program was established to support the growth, development, and marketing of local food and seafood within Rhode Island. The program was launched in FY2014 and is co-administered by the Division of Agriculture, within the Rhode Island Department of Environmental Management, and the Rhode Island Food Policy Council. Grants are awarded through a competitive process open to farmers, fishermen/women, non-profits, and producer groups based in Rhode Island.

Local Agriculture and Seafood Act (LASA) Grants				
Grant Year	Number of Applications Requests	Awards	Total Amount Requested	Awarded
2014	92	16	\$1,474,822	\$190,030
2015	73	16	1,025,993	209,998
2016	71	17	1,414,596	229,998
2017	67	22	894,574	230,000
2018	44	21	696,339	213,097
2019	58	12	722,388	95,949
2020	-	-	-	-
2021	52	20	808,529	250,000

Source: Department of Environmental Management

In FY2021, DEM awarded \$250,000 to 20 grantees. The maximum award is \$20,000. In this round, \$800,000 was requested from applicants. A list of the grantees and the use of the funds can be found here: <https://www.ri.gov/press/view/42004>.

VRI Savings – Restoration

\$429,223

The FY2022 Budget as Enacted included \$429,223 in savings from the voluntary retirement incentive (VRI) program the administration implemented during FY2021. The savings assumed a delay in filling the positions and a lower salary for the new hires. The Budget distributes \$610,457 in projected general revenue VRI program savings throughout the Department based on 21 individuals who took the incentive in FY2021. Of the total savings, \$429,223 was included in the Bureau reflecting 11 individuals. The FY2023 budget restores that savings.

Seasonal Employee Wage Increase

\$269,125

The Budget includes \$269,125 to increase wages for seasonal employees in an effort to retain and attract staff, especially lifeguards. The minimum wage increase scheduled for January will go into effect earlier, providing a minimum increase of \$0.75 per hour, with certain lifeguard positions increasing by \$1.50 per hour.

Minimum Wage Increase

\$258,200

Senate bill 2021-S-0001aa raises the minimum wage from \$11.50 to \$15.00 over the next four years. Pursuant to the new law, the minimum wage in Rhode Island will increase from \$11.50 per hour to \$12.25 per hour on January 1, 2022, and will increase to \$13.00 on January 1, 2023. On January 1, 2024, and 2025, the minimum wage will increase to \$14.00 and \$15.00 respectively. As was done with previous minimum wage increases, the Department of Environmental Management will need to increase the hourly wages of those seasonal Parks and Recreational staff that are currently paid less than \$12.25 per hour, as well as the wages of other seasonal staff in order to maintain salaries that reflect different job duties and responsibilities. The increase reflects a portion of total impact since only about 40.0 percent of the season expenses occur between January and the end of the fiscal year.

Water Chestnut Eradication

\$100,000

The Budget includes \$100,000 in general revenue for Central Falls for eradication of water chestnuts in Valley Falls Pond and other areas in the lower Blackstone Valley. This appropriation will fund a five-year process to fully eradicate the invasive species.

Stewardship of the State Management Areas (2.0 FTE positions)

\$37,239

The Budget provides 2.0 new FTE positions to expand staffing for programs that protect wildlife habitats, maintain and support hunting and fishing access sites, and preserve and protect Rhode Island's commercial and recreational fisheries. In 2020, the Department hired Group Solutions Consulting to examine staffing and operations in the Bureau of Natural Resources. The report, which is not yet finalized, identified challenges and opportunities for the Department's mission to protect, restore, and promote our environment. The Budget assumes an October 2022 hire date and includes the following positions:

- **Administrative Officer (1.0 FTE position) (\$23,054 general revenue, \$61,354 all funds):** This position will provide increased customer service for commercial fishing, party and charter boats, recreational fishing, and seafood processors. Approximately 65.0 percent of this position is funded from federal funds and restricted salt water fishing license fees.
- **District Resources Manager (1.0 FTE positions) (\$14,185 general revenue, \$60,688 all funds):** This position will support maintenance and management efforts at 27 Wildlife Management Areas encompassing over 61,000 acres and more than 133 freshwater and marine boat ramps and fishing sites. Approximately 75.0 percent of this position is federally funded.

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
FY2022 Enacted	\$13,360,386
<i>Target and Other Adjustments</i>	<i>14,573</i>
Statewide Cost of Living Adjustment	1,051,727
Permitting and Compliance (6.0 FTE positions)	527,643
VRI Savings - Restoration	127,530
FY2023 Enacted	\$15,081,859

Statewide Cost of Living Adjustment

\$1.1 million

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living (COLA) increases of 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. The current agreement is projected to increase general revenue expenditures by \$1.1 million in the Bureau of Environmental Protection, including the \$1,500 bonus payment to most employees within the Department.

Permitting and Compliance (6.0 FTE positions)

\$527,643

The Budget includes \$527,643 in salaries and benefits for 6.0 new FTE positions dedicated to environmental permitting and compliance. This funding level assumes an October 2022 hiring date. Three of these positions will support general permitting and compliance, two will support wetland permitting, and one will support a newly focused lakes program. The positions will improve customer service by providing support to businesses in the permitting process. The cost of the positions will be partially offset by \$574,212 in annual fee revenue from permit fee increases. These fees are determined through regulation and changes will follow the regulatory process. Since this process involves public input, the final outcome may differ from the initial proposal.

The proposed fee increases are targeted to permit types administered by offices with proposed staffing increases. The impacted fees include the following:

- Annual Compliance Fee:** This is a new fee assessed on annual compliance inspections that DEM currently conducts for no charge. The fee would be commensurate with similar fees assessed in Massachusetts.
- Resubmission Fee:** This fee is designed to align customer fees with the cost of administration and incentivize applicants to submit more complete and accurate applications upfront. The repeated return and subsequent

Estimated Revenue from Proposed Permit and Fee Increases

Permit/Fee	Current Amount	Proposed Amount	Estimated	
			Annual Volume	Projected Revenue
Annual Compliance Fee	new fee	\$500	500	\$250,000
Resubmission Fee	new fee	1,000	50	50,000
Fees Created/Increased for Parity with Neighboring States				
Site Remediation	new fee	500	54	27,000
Leaking Underground Storage Tank	new fee	500	40	20,000
Air Minor Source	\$1,271	2,500	32	39,328
Air General	1,271	2,500	57	70,053
RI Pollutant Discharge Elimination System (RIPDES)	400	600	35	7,000
Fees Increased for 7.0 Percent Inflation				
Freshwater Wetlands Preliminary Determination	1,000	1,070	221	15,470
Water Quality Certification	400	428	24	672
Onsite Wastewater Treatment System (OWTS)	1,000	1,070	611	42,770
OWTS Variance	300	321	48	1,008
OWTS Repairs	500	535	1389	48,615
Underground Injection Control	400	428	82	2,296
Total Annual Increased General Revenue				\$574,212

resubmission of applications for deficiencies slows down the process for all applicants and is often preventable.

- **Site Remediation:** This fee will provide funds for a technical review of the notification of release to navigate next steps in the process and must be received by the Department in order to obtain a Program Letter.
- **Leaking Underground Storage Tank:** This fee will be utilized to review site investigations, and approvals of any remedial work associated with the release and must be received by the Department before No Further Action is approved.
- **Air Minor Source:** This is a permit application fee for the installation of air pollution control equipment, oil fired boilers, or NG furnaces with heat inputs less than or equal to 30 million BTUs/hour, small spray painting operations, and other miscellaneous applications.
- **Air General:** This is a permit application fee for the installation of an emergency generator that operates only during emergencies or for maintenance or testing purposes. If a generator meets the criteria for an Emergency Generator General Permit there is currently no fee.
- **RI Pollutant Discharge Elimination System (RIPDES):** This is a one-time fee that applies to any general permit requiring a “pollution control plan” review when first submitting an application for permit coverage.
- **Freshwater Wetlands Preliminary Determination:** The fee is associated with permit applications for proposed project and activities regulated by RIDEM under the state Freshwater Wetlands Act. Existing fees vary based on the scope of proposed project or activity. Processing applications involves field inspections and biological and engineering reviews as needed.
- **Water Quality Certification:** This is an application fee for Water Quality Certifications required for certain activities under state Water Quality Regulations. The rules implement provisions of the federal Clean Water Act to protect water quality and prevent violations of water quality standards. Projects required to obtain certification include water withdrawals and diversions, new large groundwater withdrawals (e.g. Public Drinking Water Supply Wells), Hydropower facilities operation and construction, and filling in coastal waters.
- **Onsite Wastewater Treatment System (OWTS) New Building:** This is a permit application fee to install an on-site wastewater treatment system in association with new building construction. Processing the application involves review of soil evaluations, technical engineering review, and field inspections
- **OWTS Variance:** This is a permit application fee to install an on-site wastewater treatment system associated with new building construction in situations that require a variance from one or more OWTS design requirements. Common variance requests involve setback distances. Processing the application involves review of soil evaluations, technical engineering review, and field inspections.
- **OWTS Repairs:** This is a permit application fee to repair or replace an existing cesspool or on-site wastewater treatment system. Processing the application involves review of soil evaluations, technical engineering review, and field inspections.
- **Underground Injection Control:** This is an application fee for regulated subsurface discharges of wastewater and stormwater. RIDEM implements this federally mandated program in RI. The Program registers new UICs, closes abandoned UICs, and monitors remediation.

Analyst Note: The Budget originally includes \$2.8 million in federal ARPA SFRF for permit and licensing investments in DEM. This project was shifted to IT funds within the Department of Administration. DEM worked with DoIT to design and develop an approach for permit system modernization and improvements to the e-permitting and workflow management system for the water quality programs in DEM. These programs are critically important to

projects related to land development or redevelopment in Rhode Island and have the highest volume of permit applications. Efficient and timely response to these permit applications, particularly those related to septic systems and wetlands, facilitates economic recovery in the state.

VRI Savings – Restoration

\$127,530

The Governor’s recommended budget included \$8.2 million from the voluntary retirement incentive (VRI) program the administration implemented during FY2021. The savings assumes a delay in filling the positions and a lower salary for the new hires. The FY2021 Budget included \$2.2 million for employee payouts statewide. The Budget distributes \$610,457 in projected general revenue VRI program savings throughout the Department based on 21 individuals who took the incentive in FY2021. Of the total savings, \$127,530 is included in the Bureau reflecting seven individuals.

CAPITAL PROJECTS

The Budget includes a total of \$15.9 million in capital expenditures from Rhode Island Capital Plan (RICAP) funds in FY2022 and \$15.0 million in FY2023, an increase of \$5.5 million in FY2022 and \$4.6 million in FY2023, compared to the enacted budget. Major RICAP funded projects include:

- **State Parks and Management Areas:** The Budget includes \$3.2 million in FY2022 and \$3.4 million in FY2023 for infrastructure and facility improvements at State parks and management areas. The projects include renovations to Colt Stone Barn, construction of a maintenance building at Fort Adams State Park, traffic management plan at State beaches, expansion of camping infrastructure, and updating sanitary provisions at recreational facilities.
- **Galilee Piers:** For repairs to the Galilee Piers, the Budget provides \$9.0 million in FY2022 and \$9.3 million in FY2023. The Port of Galilee is home to 170 commercial fishing vessels and provides affordable berthing spaces close to wholesale and retail seafood processing businesses. Since 2009, the Department has rebuilt numerous piers, as well as the southwest and northwest bulkhead. Current work is focused on the North Bulkhead and Docks AA-QQ. The North Bulkhead is more than 50 years old and includes 16 piers along its 1,500 foot length. The piers include berthing for vessels and businesses such as RI Engine, which provides regional vessel services, and Sea Freeze, a fish processing house with worldwide shipping.
- **State-Owned Dams:** To repair or replace “high-hazard”, State-owned dams the Budget includes \$955,315 in FY2022 and \$824,238 in FY2023, representing an increase of \$865,315 and \$734,238 respectively. Beginning in FY2020, most of the funding was shifting to the new general obligation Green Economy Bonds proceeds; however, those funds are exhausted in FY2022. Four dams are currently in some stage of investigation, design, permitting, and construction. Wyoming Pond Dam is projected to be completed in FY2022. Repairs at Stillwater Dam are scheduled for completion in winter of FY2022. Substantial work is expected to be completed at Silver Spring Lake Dam this year. Stillwater Reservoir is scheduled for completion in FY2022.
- **Blackstone Valley Bike Path:** The Blackstone Valley Bike Path project provides funds to the Friends of the Blackstone River for improvements to areas around the Blackstone River Valley focused on enhancing river access and safety, and complimenting the State’s efforts to improve this river corridor. The Friends of the Blackstone River is a non-profit organization, recognized by the Rhode Island Rivers Council and dedicated to making the Blackstone River fishable and swimmable. The Budget provides \$989,717 in FY2022 and \$244,191 in FY2023, an increase of \$489,717 in FY2022 and a decrease of \$255,809 in FY2023 relative to the FY2022 Budget as Enacted. While supply chain issues and labor challenges have delayed this project, progress has resumed on this project.

Coastal Resources Management Council

Expenditures By Program	FY2021 Final	FY2022 Enacted	FY2022 Final	Change from Enacted		FY2023 Enacted	Change from Enacted	
Coastal Resources Management Council	\$4.4	\$5.5	\$6.2	\$0.7	12.7%	\$7.6	\$2.1	38.4%

Expenditures By Source

General Revenue	\$2.5	\$2.8	\$3.0	\$0.2	6.4%	\$3.3	\$0.5	18.4%
Federal Funds	1.7	1.9	2.3	0.4	24.1%	2.0	0.1	7.0%
Restricted Receipts	0.2	0.3	0.3	-	-	0.3	-	-
Other Funds	0.0	0.6	0.6	0.1	12.6%	2.0	1.4	263.6%
Total	\$4.4	\$5.5	\$6.2	\$0.7	12.7%	\$7.6	\$2.1	38.4%

Authorized FTE Levels	30.0	30.0	30.0	-	-	32.0	2.0	6.7%
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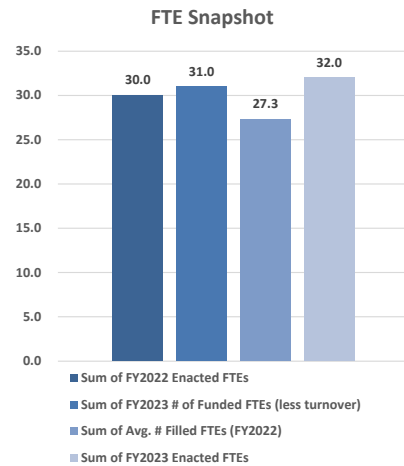
\$ in millions. Totals may vary due to rounding.

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 FY2023 Budget includes an all funds increase of \$2.1 million (38.4 percent) from the FY2022 Budget as Enacted, including a general revenue increase of \$517,742, a federal funds increase of \$129,676, and an other funds increase of \$1.4 million. The increase in general revenue and federal funds is primarily due to the statewide cost of living (COLA) adjustment and bonus payment to employees. Additional general revenue investments include a new 1.0 FTE Hearing Officer (\$165,000), 1.0 FTE Coastal Policy Analyst (\$128,586), and increased maintenance costs to keep the outdated permitting system functioning until a new system is developed. The increase in other funds in FY2023 is primarily due to the investment of \$1.9 million in dredging maintenance in the South Coast Restoration project.

The Budget authorizes 32.0 FTE positions in FY2023, an increase of 1.0 FTE Coastal Policy Analyst position and 1.0 FTE Hearing Officer position. FY2022 authorizes 30.0 FTE positions, consistent with the FY2022 Budget as Enacted.



Central Management	General Revenue
FY2022 Enacted	\$2,809,533
<i>Target and Other Adjustments</i>	<i>(24,273)</i>
Statewide Cost of Living Adjustment	198,429
Hearing Officer (1.0 FTE position)	165,000
Coastal Policy Analyst (1.0 FTE position)	128,586
Maintenance for Current Database	50,000
FY2023 Enacted	\$3,327,275

Statewide Cost of Living Adjustment**\$198,429**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living (COLA) increases of 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. The current agreement is projected to increase general revenue expenditures by \$198,429 and federal fund expenditures by \$94,519, including the \$1,500 bonus payment to most employees within the Department. The federal fund expenditures are through the National Oceanic Atmospheric Administration (NOAA) Coastal Zone Management Act which provides roughly 40.0 percent of CRMC's operating funds.

Hearing Officer (1.0 FTE position)**\$165,000**

The Budget includes \$165,000 and 1.0 FTE position to allow CRMC to hire a full-time hearing officer instead of relying on pro bono attorneys, as had occurred in the past but is no longer viable.

Coastal Policy Analyst (1.0 FTE position)**\$128,586**

The Budget provides \$128,586 in salary and benefits for a new 1.0 FTE Coastal Policy Analyst to provide additional support for CRMC's analysis of wind farm projects. Pursuant to federal law, CRMC has only 180 days to evaluate projects before they are presumed consistent, even if draft environmental impact statements are not included in the application. CRMC only had one windfarm application in 2020; however, currently four have been submitted and more are expected next year. The additional analyst will provide a total of three analysts at the Council. The additional analyst will also provide some support for the Public Access and Rights of Way Designation programs, to which current staff has been unable to provide significant time.

Maintenance for Current Database**\$50,000**

The Budget includes \$50,000 to extend the use of the current permitting database while CRMC waits for the new permitting and licensing database to be implemented at the Department of Environmental Management (DEM). The new database is proposed to be funded by IT funds through the Department of Administration. CRMC intends to coordinate with DEM for the inclusion of module within the larger \$5.8 million upgrade.

CAPITAL PROJECTS

The Budget provides Rhode Island Capital Plan (RICAP) funding totaling \$619,424 in FY2022 and \$2.0 million in FY2023 for capital projects, including the following:

- **South Coast Restoration Project:** In the late 1990s, the CRMC partnered with the Army Corp of Engineers (ACOE) to undertake a comprehensive program to maintain the viability and use of the breachways for three salt ponds in South County: Ninigret, Quonochontaug, and Winnapaug. Each had state-built (1950s) breachways that were now negatively impacting the natural environmental processes of each pond due to increased sediment buildup brought through the breachways. The Project Cost Agreement (PCA) with the Corps for the work on the ponds require state funding for maintenance dredging.

Today, the marshes associated with these ponds are drowning due to the speed at which sea levels are rising; the natural elevation of the marshes cannot naturally keep up with the pace of the rising seas. In partnership with Department of the Interior-United State Fish and Wildlife Service (USFWS) as the primary funding agency, the CRMC managed a project that would remove the sediments (i.e.; maintenance dredged) being brought into the ponds and deposit them via hydraulic

spraying over the salt marsh to slowly raise the level of the salt marsh vegetation, thereby saving the marsh from drowning in place and being lost to the ecosystem. The goal was to help the marsh adapt more quickly to sea level rise, reduce erosion, and mitigate flooding of the area during future storm surges. This project was successfully completed for Quonochontaug Pond.

When Hurricane Sandy hit Rhode Island in 2012, the ACOE received sufficient funding to partially restore Winnapaug Pond; however, not enough funding to remove the sediment deposited by the storm into the previously restored Ninigret pond. The ACOE is no longer funding the Ninigret project and the focus has shifted to Winnapaug, currently being dredged.

The South Coast Restoration Project is now focused on breachway maintenance dredging of each breachway every three to five years. This focus fulfills the PCA requirements on state-sponsored maintenance of the breachways and keeping the viability of restored submerged aquatic vegetation intact. More dredging may be necessary if a storm forces sediment into the basins and breachways. As of July 2021, Ninigret breachway is in need of maintenance dredging to maintain adequate water depths, healthy marsh systems, and wider breaches. Unfortunately, federal funds are not currently available for this purpose. The FY2023 Budget provides \$1.9 million in RICAP funds to dredge the breachway.

- **Little Narragansett Bay:** The Budget includes \$50,000 in FY2023 to investigate the feasibility of dredging the Cut within Narragansett (an area east of Sandy Point and west of Napatree) to allow quicker access to and from the ocean. According to CRMC, shifting sands within Little Narragansett Bay (Westerly) and a strong current at the only egress make navigation safety an issue.
- **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 in FY2023 as a place holder for a state match to elevate residences in a project led by the Army Corp of Engineers (ACOE).

Analyst Note: CRMC does not currently know what the match would be or how it would be funded. Since the project is led by the ACOE it may be necessary for the State to provide the match up front and have the property owners reimburse the cost, perhaps through a program at the Rhode Island Infrastructure Bank.

Department of Transportation

Expenditures By Program	FY2021 Actual	FY2022 Enacted	FY2022 Final	Change from Enacted		FY2023 Enacted	Change from Enacted	
Central Management	\$15.8	\$25.0	\$26.3	\$1.4	5.4%	\$25.7	\$0.7	2.8%
Infrastructure- Engineering	440.4	597.0	605.8	8.8	1.5%	615.0	18.0	3.0%
Infrastructure- Maintenance	129.1	140.5	173.1	32.6	23.2%	152.3	11.7	8.4%
Management and Budget	3.4	5.4	5.4	0.1	1.0%	3.8	(1.6)	-30.1%
Total	\$588.7	\$767.9	\$810.8	\$42.9	5.6%	\$796.7	\$28.8	3.8%

Expenditures By Source								
General Revenue	\$0	\$0	\$0	\$0	-	\$0	\$0	-
Federal Funds	326.9	451.0	470.1	19.0	4.2%	456.6	5.5	1.2%
Restricted Receipts	1.3	2.6	4.7	2.1	81.2%	5.9	3.4	129.8%
Other Funds	260.5	314.2	336.0	21.7	6.9%	334.2	20.0	6.4%
Total	\$588.7	\$767.9	\$810.8	\$42.9	5.6%	\$796.7	\$28.8	3.8%

Authorized FTE Levels	755.0	755.0	755.0	-	-	755.0	-	-
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\$ in millions. Totals may vary due to rounding

The Rhode Island Department of Transportation (RIDOT) is responsible for over 3,300 “lane miles” (1,100 miles) of highway and 1,173 bridges in the State. The Department inspects all State and municipal bridges greater than 20 feet (751 bridges). RIDOT provides services ranging from snow removal to pothole repair, and from installation and maintenance of traffic signalization to design of highway and bridge construction. The Department also develops projects in the areas of rail, water, bicycle, and pedestrian transportation; coordinates with RIPTA on transit projects; and, engages in air quality planning and coordination.

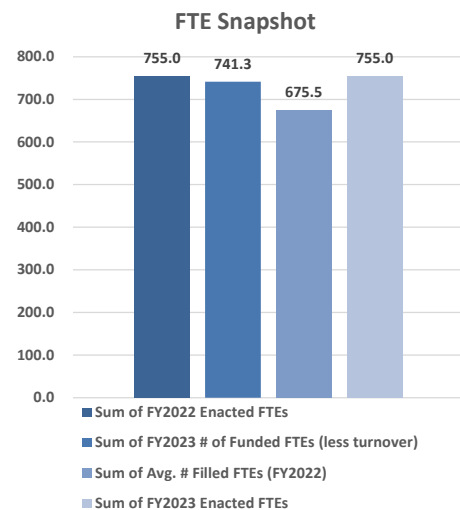
Established in FY1994, the Intermodal Surface Transportation Fund (ISTF) accounts for the collection of the gasoline tax, federal grants, and bond proceeds that are used for the maintenance, upgrading, and construction of the State’s highway system. It also is funded from proceeds of the Grant Anticipation Revenue Vehicle (GARVEE) and the RI Motor Fuel Tax (RIMFT) revenue bonds, and related expenditures. The Transportation Investment and Debt Reduction Act of 2011 created the Rhode Island Highway Maintenance Account within the ISTF.

Funds are used to finance all RIDOT personnel and operating, and ongoing repair and renovation expenditures for RIDOT facilities throughout the state, as well as highway debt service, and motor fuel tax proceeds allocated to the Rhode Island Public Transit Authority (RIPTA), the Rhode Island Turnpike and Bridge Authority, and the Department of Human Services.

MAJOR ISSUES AND TRENDS

The FY2022 Final Budget provides \$810.8 million in all funds to support the Department of Transportation, representing a \$42.9 million or 5.6 percent increase from the FY2022 Budget as Enacted.

The FY2023 Budget as Enacted includes a total of \$796.7 million for RIDOT, an increase of \$28.8 million, or 3.8 percent from the FY2022 Budget as Enacted. This includes a \$20.0 million increase in other funds, \$15.5 million of which is related to additional



Highway Maintenance Account funding, which allows the State to receive federal aid through a state match initiative.

The Budget includes an FTE authorization of 755.0 for both the FY2023 Budget and the FY2022 Final Budget, consistent with the FY2022 Budget as Enacted levels. As of September 2022, the Department has 695.0 of 755.0 FTE positions filled, down from 705.0 positions in mid-January.

Motor Fuel Tax

A portion of the Department's funding is provided by the motor fuel tax (gas tax). The FY2023 Budget includes a gas tax of 34.5 cents per gallon with a per-penny yield of \$4.6 million.

The gas tax revenue is determined by applying the gas tax (cents per gallon) to the motor fuel tax yield (per penny yield). Both of these factors can change independently of one another.

In FY2014, RIDOT received 21.75 cents of this tax, with the Rhode Island Public Transit Authority (RIPTA) and the Department of Human Services (DHS) receiving 10.75 cents. RIPTA uses gas tax revenues to fund multiple expenses including maintenance, operations, and their underground storage tank fee, while DHS uses gas tax revenues to partially fund their transit programs. Beginning in FY2015, 3.5 cents of the gasoline tax is transferred to the Rhode Island Turnpike and Bridge Authority (RITBA) to be used for maintenance operations, capital expenditures, and debt service on any of its projects in lieu of a toll on the Sakonnet River Bridge. This reduced RIDOT's share of the gasoline tax to 18.25 cents per gallon.

Beginning in FY2016, the tax is adjusted every other year based on the percentage increase in the Consumer Price Index for all Urban Consumers (CPI-U), rounded to the nearest 1.0 cent increment. The Department of Revenue's Office of Revenue Analysis (ORA) is responsible for both estimating the gas tax yield as well as determining the impact of the CPI-U.

In FY2020, ORA assumed inflation would change significantly enough to warrant a 1.0 cent increase, raising the gas tax rate from 33.5 cents to 34.5 cents per gallon. Pursuant to RIGL 31-36-20, the additional penny of the gas tax is directed to the Department of Transportation (RIDOT).

The ORA does not assume an increase in the gas tax rate in FY2023. The ORA expects the motor fuel tax to generate a per penny yield of \$4.6 million in FY2023, an increase of \$140,379 from the FY2022 Enacted level.

The following table and graph show the distribution of motor fuel tax proceeds in cents per gallon.

	DOT	RITBA	RIPTA	DHS	Total
FY2015	\$0.1825	\$0.0350	\$0.0975	\$0.0100	\$0.3250
FY2016	0.1925	0.0350	0.0975	0.0100	0.3350
FY2017	0.1925	0.0350	0.0975	0.0100	0.3350
FY2018	0.1925	0.0350	0.0975	0.0100	0.3350
FY2019	0.1925	0.0350	0.0975	0.0100	0.3350
FY2020	0.2025	0.0350	0.0975	0.0100	0.3450
FY2021	0.2025	0.0350	0.0975	0.0100	0.3450
FY2022	0.2025	0.0350	0.0975	0.0100	0.3450
FY2023	0.2025	0.0350	0.0975	0.0100	0.3450
FY2024	0.2125	0.0350	0.0975	0.0100	0.3550

Note: DOT includes 0.020 for GARVEE Debt Service

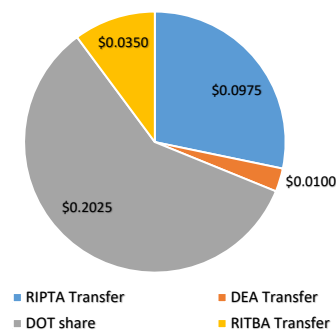
Note: RIPTA includes 0.005 for Underground Storage Tank Fee

Source: Budget Office

Year	Motor Fuel Tax Yield (per penny)
2009	\$4,327,710
2010	4,289,568
2011	4,210,324
2012	4,205,959
2013	4,137,712
2014	4,236,402
2015	4,397,823
2016	4,367,305
2017	4,417,413
2018	4,493,241
2019	4,887,828
2020	4,135,558
2021	4,074,036
2022*	4,452,834
2023*	4,593,213
2024*	4,624,823

* Dept. of Revenue Estimate

FY2023 Motor Fuel Tax, Cents per Gallon



The change in the per penny yield leads to an increase of \$11.1 million in FY2023, of which \$6.5 million will be distributed to RIDOT. The following table shows the projected use of motor fuel tax revenue in FY2023:

	FY2021	FY2022	FY2023	FY2024
Motor Fuel Tax Revenue	Actuals	Projected	Projected	Projected
Department of Transportation*	\$82.5	\$90.2	\$93.0	\$98.3
Rhode Island Turnpike and Bridge Authority	14.3	15.6	16.1	16.2
Rhode Island Public Transit Authority**	39.6	43.3	44.7	45.0
Department of Human Services	4.1	4.5	4.6	4.6
Total	\$140.5	\$153.5	\$158.4	\$164.1
Projected Yield per penny	\$4.1	\$4.5	\$4.6	\$4.6

\$ in millions. Totals may vary due to rounding

Estimate based on May 2022 projections developed by ORA

*Note: DOT share includes \$0.02 for GARVEE Debt Service

**Note: RIPTA includes \$0.005 for Underground Storage Tank Fee

For FY2024, ORA estimates a 1.0 cent increase to the gas tax rate from 34.5 to 35.5 cents per gallon due to significant inflationary changes. Pursuant to RIGL 31-36-20, the additional penny of the gas tax is directed to the Department of Transportation (RIDOT). The ORA expects the motor fuel tax to generate a per penny yield of \$4.6 million in FY2024.

RhodeWorks

The General Assembly enacted “The Rhode Island Bridge Replacement, Reconstruction and Maintenance Fund Act of 2016,” in February 2016. The legislation, also known as “RhodeWorks”, does the following:

- Allows the Rhode Island Department of Transportation (RIDOT) to establish and collect tolls on commercial trucks, vehicle class 8 and larger, traveling on Rhode Island bridges, raising approximately \$45.0 million annually.
- Allows for the refinancing and restructuring of previously existing GARVEE bonds to realize approximately \$120.0 million in additional resources during the first three years post-refinancing.
- Allows the Rhode Island Commerce Corporation to issue new GARVEE bonds, not to exceed \$300.0 million, for bridge replacement, reconstruction, maintenance, and operations. These bonds have an expected term of fifteen years, with interest-only payments in the first nine years, and will be repaid from future toll revenues and reimbursements.
- Article 6 of the FY2020 Budget as Enacted provided for the issuance of \$200.0 million in GARVEE bonds issued through the Rhode Island Commerce Corporation to fund the bridge replacement, reconstruction, and maintenance of the RhodeWorks program. Total debt service is not expected to exceed \$275.0 million over 15 years. Debt service is financed through future Federal Highway Administration appropriations.
- In March 2021, voters approved a bond referendum for \$71.1 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 includes \$40.0 million of this funding in FY2022 and the remaining \$31.7 million in FY2023.

Truck Toll Gantries: The truck-only tolling plan received formal federal approval in September 2016 at which time the RIDOT executed a series of Memoranda of Understanding with the Federal Highway Administration regarding which bridge locations toll revenue could be used to maintain. In December 2016, RIDOT issued the RFP for the Design-Build-Operate-Maintain (DBOM) contract for the tolling program, including gantry design and construction; all operational elements, testing and acceptance; and long-term maintenance of the tolling equipment and facilities. In 2017, the Department awarded a contract to Kapsch TrafficCom to design, build, operate, and maintain the gantries for 10 years.

The Department originally anticipated building 14 gantries however, the number of gantries has since been decreased to 13. Currently 12 gantries are operational; the remaining gantry, on Smith Street in Providence, is anticipated to be completed in FY2023.

Once all 13 truck tolls are fully operational, the Department anticipates generating approximately \$44.7 million in tolls revenues. Revenues generated from truck tolls must first be used to reimburse the cost of the toll gantry construction and annual maintenance before being used to support additional bridge construction costs. The Department anticipates generating the full \$44.7 million in revenues in FY2023 once all gantries are operational.

In FY2021 the Department generated \$34.0 million in gross revenues. In FY2022, the Department generated \$39.8 million in gross revenues, a \$5.8 million or 17.0 percent increase to FY2021. As of September 2022, the Department has generated \$6.8 million from the tolling initiative in FY2023.

Truck Tolls

	Location	Municipality	Toll Amount	Live Date	Annual Maintenance	Gross Annual Revenue
1	Wood River Valley Bridge	Hopkinton	\$3.25	6/11/2018	\$433,900	\$3,408,483
2	Baker Pines Bridge	Exeter	\$3.50	6/11/2018	\$454,800	\$3,782,709
3	Centerville/Tollgate	Warwick	\$6.25	1/24/2020	\$490,000	\$8,418,994
4**	Oxford Street	Providence	\$4.50	3/29/2020	\$432,950	\$2,498,526
5	Smith Street	Providence	TBD	TBD- FY2022	\$420,750	\$2,063,117
6	Roosevelt Avenue	Pawtucket	\$2.50	3/21/2020	\$466,800	\$1,755,458
7	Plainfield Pike	Cranston	\$6.50	4/11/2020	\$485,950	\$2,404,097
8	Greenville Ave/ Route 6	Johnston	\$8.50	6/30/2020	\$647,550	\$5,117,672
9	Scott/Leigh Road	Cumberland	\$7.50	12/16/2019	\$428,850	\$3,144,983
10	Washington Bridge	Providence	\$9.50	9/10/2021	\$498,050	\$7,682,546
11	George Washington Highway	Lincoln	\$3.50	10/1/2019	\$437,000	\$850,448
12	Farnum Pike	Smithfield	\$6.75	7/28/2020	\$435,850	\$2,759,771
13*	Woonasquatucket	Providence	\$5.00	8/13/2019	\$420,750	\$875,910
					\$6,053,200	\$44,762,714

* Toll for Location 13 was increased from \$2.25 to \$5.00 on 7/13/2019

** Toll for Location 4 was increased from \$2.25 to \$4.50 on 3/5/2020

Analyst Note: On September 21, 2022, U.S. District Court Judge William E. Smith ordered Rhode Island officials to stop collecting truck tolls within 48 hours, resulting in a pause to the tolling program. Judge Smith ruled the policy in its current form is unconstitutional. The ruling is subject to a potential appeal.

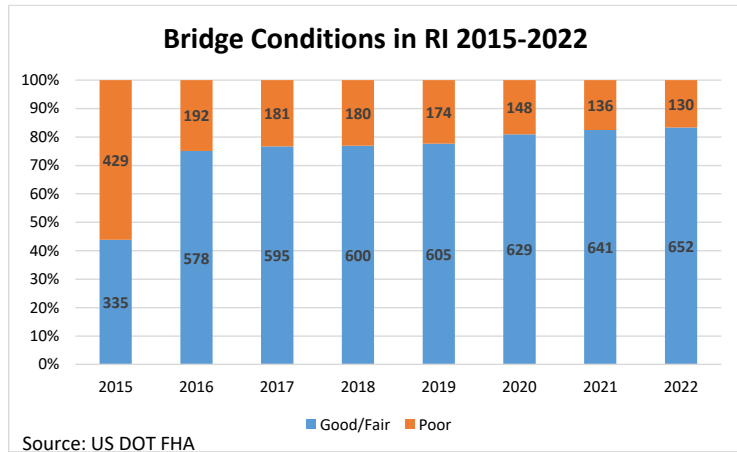
State Transportation Improvement Program-Major Projects

The Department includes major projects that the State intends to implement in their yearly State Transportation Improvement Program (STIP). The STIP includes projects for 10 years; however, only the first four years are fiscally constrained, meaning the costs of the projects may not exceed the anticipated funding that is expected to be available in the four-year time period. The current STIP runs FFY2022-FFY2031 and was last updated in February, 2022.

Major Capital Projects Program: The largest program included in the STIP for FY2022 and FY2023 is the Major Capital Projects Program. This program includes projects of regional significance including the I-95 Northbound Viaduct, the Route 6/10 Connector, and the Route 146 reconstruction project. The Major

Capital Projects Program is anticipated to cost \$1.3 billion from FY2022 through FY2031. The STIP includes \$256.0 million in FY2023.

Bridge Capital Program: The second largest project included in the STIP for FY2022 and FY2023 is the Bridge Capital Program. In 2015, Rhode Island was ranked last in the nation for overall bridge condition with about 24.0 percent of bridges ranked as structurally deficient. The Bridge Capital Program is focused on reducing the percentage of structurally deficient bridges to 10.0 percent by 2025. As of June 2022, 130 of the State's 782 bridges were in poor condition. The State would need to repair 48 bridges over the next three years to reach the goal of 90.0 percent structurally sound bridges throughout the State. The Bridge Capital Program will identify and develop a structured sequence of preservation, repair, rehabilitation, and replacement actions that will achieve and sustain a state of good repair for the State's bridges at a minimum cost. The Bridge Capital Project is anticipated to cost \$1.7 billion from FY2022 through FY2031. The STIP includes \$145.0 million in FY2023.



The Bridge Capital Program will identify and develop a structured sequence of preservation, repair, rehabilitation, and replacement actions that will achieve and sustain a state of good repair for the State's bridges at a minimum cost. The Bridge Capital Project is anticipated to cost \$1.7 billion from FY2022 through FY2031. The STIP includes \$145.0 million in FY2023.

Debt Service: The third largest expense in the STIP is debt service. The current STIP includes two Grant Anticipation Revenue Vehicle (GARVEE) bond issuances, the refinancing of the existing GARVEE debt to extend the term by three years from FY2021 to FY2024, and the issuance of a \$300.0 million GARVEE bond. Both issuances create more federal resources for near-term bridge construction and maintenance costs. 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 and enable the State to construct a project earlier than if using traditional pay-as-you go grant resources. Debt service is anticipated to cost \$1.1 billion from FY2022 through FY2031. The STIP includes \$116.2 million in FY2023.

Pavement Capital Program: The Pavement Capital Program includes funds for design and construction projects to maintain the State's roadways. Pavement sufficiency targets were approved and phased-in in May 2018. The Department uses an asset management approach described as applying the "right treatment, to the right pavement, at the right time" to prevent roadway failure. Rhode Island currently has 6,528 miles of roadway, the Department maintains approximately 1,100 miles of those roadways. The Pavement Capital Program will allow for additional miles to be paved and will improve the State's Pavement Structural Health Index, which is held at 80.0 percent per mile. The total project is anticipated to cost \$727.2 million from FY2022 through FY2031. The STIP includes \$128.8 million in FY2023.

Rhode Island Highway Maintenance Account (HMA)

The Transportation Investment and Debt Reduction Act of 2011 created the Rhode Island Highway Maintenance Account within the Intermodal Surface Transportation Fund (ISTF). The FY2015 Budget as Enacted provided additional funding for transportation projects through increased deposits into the HMA including a surcharge of \$25.00 on all dismissals based upon a good driving record, in addition to the \$5.00 administration fee; an increase in the vehicle inspection fee from \$39.00 to \$55.00; transfer of existing revenue from inspection stickers (\$16.00 per inspection), motor vehicle title (\$50.00 per title), and car rental surcharges (8.0 percent of gross receipts per rental vehicle for the first thirty days) from the general fund to the HMA; and, the phased-in transfer of all vehicle license and registration fees into the HMA beginning in FY2016.

Article 8 of the FY2020 Budget as Enacted altered the percentage of fees going into the HMA such that 5.0 percent of the total fees collected each year are retained by the Division of Motor Vehicles (DMV) and the remaining 95.0 percent are deposited into the Account. The funds retained by the DMV are intended to help partially offset personnel costs associated with collecting the fees associated with the HMA. The remaining 95.0 percent of fees deposited into the HMA are shared between DOT and RIPTA, with RIPTA receiving 5.0 percent of the funds deposited and DOT receiving the remaining amount. Article 8 also extended RIPTA's \$5.0 million annual appropriation to support the Free-Fare program indefinitely.

The FY2022 Enacted Budget transferred \$1.6 million in HMA funding to RIPTA. This was due to a one-time shift of \$3.7 million that would normally be supported by HMA funds to federal funds from the Consolidated Appropriations Act. This funding shifts back to the HMA in FY2022 Final Budget and FY2023 Enacted Budget. The following chart details the projected revenues to be collected by the HMA.

Rhode Island Highway Maintenance Account

	FY2022 Enacted	FY2022 Final	FY2023 Enacted
New Fees and Surcharges			
Good Driving Surcharge	\$0.5	\$0.4	\$0.4
Inspection Sticker Increase	5.8	4.6	6.2
License and Registration Surcharge	19.1	19.5	19.6
Total New Fees	\$25.5	\$24.5	\$26.2
Existing General Revenue being Transferred to the Highway Maintenance Account			
Inspection Sticker Increase	\$6.6	\$6.6	\$6.6
Motor Vehicle Title Fee	10.1	9.1	10.3
Rental Car Surcharge	4.2	3.0	3.2
License and Registration Transfer	48.6	55.9	56.2
Duplicate and Update License Fee	-	-	-
Total Revenue Transferred from General Fund	\$69.5	\$74.6	\$76.4
Total Revenue to Highway Maintenance Account	\$95.0	\$99.2	\$102.6
5% Share to General Revenues	4.8	5.0	5.1
Remaining Highway Maintenance Account Funds	\$90.3	\$94.2	\$97.5
5% Share to RIPTA	4.5	4.7	4.9
\$5.0 million Transfer to RIPTA	1.4	5.0	5.0
DOT Share of Highway Maintenance Account Funds	\$84.4	\$84.5	\$87.6

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

Source: Office of Revenue Analysis and Budget Office

Statewide Cost of Living Adjustment and Bonus

Based on recently negotiated contract bargaining agreements between the State and the state employee bargaining units for a proposed 4-year contract, the Budget includes the following cost-of-living adjustments (COLAs): 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. In addition, the Budget includes a \$1,500 retention bonus to eligible union employees that was included as part of the recently completed contract negotiation. The current agreement is projected to increase expenditures by \$7.1 million in FY2023 and \$6.9 million in FY2022 within the Department of Transportation. FY2023 increases include \$3.4 million in federal funds and \$3.7 million in other funds.

CENTRAL MANAGEMENT

The Central Management Program includes Legal Counsel, Human Resources, the Real Estate Section, External Affairs, the Safety Section, the Office on Highway Safety, the Office of Civil Rights, and the

Director's Office. The Legal Counsel office works closely with the Office of the Attorney General in legal proceedings involving RIDOT and also provides support within RIDOT for program development, property management and acquisition, contracts, litigation, arbitration, and contracted outside legal services. Human Resources administers labor relations, human resource development and training, all equal opportunity programs, and payroll and fringe benefit programs. The Real Estate section deals with acquisition, appraisal, negotiation, and relocation for property purchases (including easements and larger parcels) and property sales. The External Affairs office handles all media inquiries, speaking engagements, legislative correspondence and special events for the Departments, as well as managing the Department's website. The Safety Section is responsible for promoting public safety. The Office on Highway Safety develops and coordinates programs with local, state and federal agencies to reduce highway deaths and injuries, and to promote public awareness of the correlation between highway safety and alcohol and substance abuse through the development and distribution of educational information. The Civil Rights office supports contractors, consultants, and sub-recipients to ensure full compliance with federal and state civil rights laws and equal employment requirements. The Director's Office provides leadership and policy development for the Department to ensure the State's public transportation services are safe, effective and environmentally prudent.

	FY2021 Actual	FY2022 Enacted	FY2022 Final	Change from Enacted		FY2023 Enacted	Change from Enacted	
Central Management								
Federal Funds	\$8.3	\$16.1	\$16.7	\$0.6	3.9%	\$16.6	\$0.5	3.2%
Other Funds	7.4	8.9	9.6	0.7	8.2%	9.1	0.2	2.3%
Total	\$15.8	\$25.0	\$26.3	\$1.4	5.4%	\$25.7	\$0.7	2.8%

\$ in millions. Totals may vary due to rounding

Central Management	Other Fund Changes
NHTSA Initiatives (federal funds)	\$510,136
Office Furniture (other funds)	400,000

The Budget includes 55.0 FTE positions in both FY2022 and FY2023.

NHTSA Initiatives (federal funds) ***\$510,136***

The Budget includes \$16.6 million in federal funds, an increase of \$510,136 from the FY2022 Budget as Enacted for a number of initiatives related the National Highway Transportation Safety Administration (NHTSA). The increase includes an additional \$275,518 for MAP-21 funds which provides funding highway safety grant programs, \$269,356 for Minimum Penalties for Repeat Offenders, and \$74,638 for a Fatality Analysis Reporting System. These increases are partially offset by a decrease of \$55,000 for grants to prohibit racial profiling and a decrease of \$54,376 in the State and Community Highway Safety Program.

Office Furniture (other funds) ***\$400,000***

The Budget includes \$400,000 in gas tax funds to support a one-time purchase of 144 new cubicles, 141 cubicles for 2 Capital Hill and 3 cubicles for the 260 Lincoln Avenue Maintenance Facility.

INFRASTRUCTURE - ENGINEERING

The Infrastructure Engineering program works to develop the State's roads and bridges into an advanced ground transportation system. The program consists of multiple divisions and sections encompassing design, planning, and construction of the Project Management Division. The Project Management division oversees all phases of a project from start to finish, including design, construction, and materials testing. The Construction Management section is responsible for the administration and inspection of highway, bridge, traffic signal and destination signing and freight/commuter rail construction activities throughout the State. The Materials Unit conducts sampling and quality assurance testing. The Research and Technology section evaluates new technologies, provides research for national, regional, and local programs, and provides training in new technology. The Office of Stormwater Management is responsible for the scope, plan, design, and maintenance of storm water systems. The Occupational Safety, Health, and

Work Zone Safety section administers the Department's safety and health programs. The Planning Division develops and monitors the Department's Ten-Year Plan to ensure successful implementation. Finally, the Office of Transit, New Starts, and Operations section develops and implements planning projects by working to develop an integrated transportation system that provides convenient transitions between different modes of transportation.

	FY2021	FY2022	FY2022	Change from		FY2023	Change from	
Infrastructure Engineering	Actual	Enacted	Final	Enacted		Enacted	Enacted	
Federal Funds	\$317.1	\$416.9	\$420.5	\$3.6	0.9%	\$418.5	\$1.6	0.4%
Restricted Receipts	1.3	2.6	4.7	2.1	81%	5.9	3.4	129.8%
Other Funds	122.0	177.5	180.6	3.1	1.8%	190.5	13.1	7.4%
Total	\$440.4	\$597.0	\$605.8	\$8.8	1.5%	\$615.0	\$18.0	3.0%

\$ in millions. Totals may vary due to rounding

The Budget includes 382.0 FTE positions in both FY2022 and FY2023.

Infrastructure Engineering	Other Fund Changes
RIPTA Land and Buildings Project (RICAP)	\$11,559,628
Providence Station State of Good Repair Grant (federal funds)	8,850,000
Highway Improvement Program (RICAP)	(7,806,346)
Gas Tax Transfers (other funds)	4,761,431
CARES Act Funding (federal funds)	(3,338,165)
Public Railroad Corporation Insurance (federal funds)	3,300,000
ARPA SFRF: RIPTA R Line Free Fare Pilot (federal funds)	2,500,000
Indirect Cost Recovery (federal funds)	(1,501,304)
Toll Revenue (other funds)	(1,475,264)
ARPA SFRF: RITBA Safety Barriers Study (federal funds)	1,000,000
Indirect Cost Recovery (other funds)	922,265

RIPTA Land and Buildings Project (RICAP)

\$11.6 million

The FY2023 Budget includes a \$12.9 million transfer to RIPTA for the Land and Buildings Project, reflecting an increase of \$11.6 million from the FY2022 Budget as Enacted. The Land and Buildings Project aims to improve security at RIPTA's Elmwood facilities, provide upgrades to various transit hubs and park & ride facilities while also making multi-year improvements to bus stops, sidewalks and transit hubs. These upgrades would include increased security measures, crack repair, and repaving work. The project also includes \$700,000 for a 20.0 percent state match for congressionally directed spending for the electrification of the Newport Garage.

Additionally, the program grants the opportunity for the state to generate funds to be used for transportation projects authorized under the Federal Infrastructure Investment and Jobs Act, due to the Act's state-match program.

Providence Station State of Good Repair Grant (federal funds)

\$8.9 million

The Budget includes \$8.9 million in FY2023 from a Federal Railroad Administration (FRA) grant to support the Providence Train Station. The grant is intended to repair, replace, or rehabilitate publicly-owned or controlled railroad assets and improve intercity passenger rail performance.

Highway Improvement Program (RICAP)

(\$7.8 million)

The Highway Improvement Program represents those highway and intermodal projects that utilize federal funds administered by the Federal Highway Administration. The program utilizes state funds for matching purposes in the form of proceeds from general obligation bonds. The Highway Improvement Program is directed towards implementing the Department's capital program as identified in the Transportation Improvement Program, which includes 382 projects. Of those, 364 are included in the Highway Improvement Program.

The Department requested a total of \$344.0 million from all sources, including \$229.7 million from federal funds matched by \$80.7 million from motor vehicle fees, surcharges and Rhode Island Capital Plan funds, and \$33.6 million from toll revenue for highway improvement projects included in the Department's ten-year plan for FY2023.

The Budget includes \$55.6 million in RICAP funds for the Highway Improvement Program in FY2023, a \$7.8 million savings from the \$63.5 million appropriated in the FY2022 Budget as Enacted.

Gas Tax Transfers (other funds)

\$4.8 million

The FY2023 Budget includes an additional \$4.8 million in gas tax funding within the Infrastructure Engineering program in comparison to the FY2022 Budget as Enacted. The FY2023 Budget includes a \$44.7 million transfer of gas tax funds to RIPTA, which is \$3.0 million more than the \$41.7 million transferred in the FY2022 Enacted Budget. This transfer includes \$2.2 million for the Environmental Protection Fee associated with the State's underground storage tank. The Rhode Island Turnpike and Bridge Authority (RITBA) will receive \$16.1 million in the FY2023 Budget as Enacted, exceeding the \$15.6 million transferred to the Authority in the FY2022 Enacted Budget by \$1.1 million. An additional \$9.2 million was included for debt service related to Garvee Bonds in the FY2023 Budget as Enacted, an increase of \$646,486 from the FY2022 Budget as Enacted.

The FY2023 Budget as Enacted increases these transfers due to a \$140,379 increase in the per-penny yield above FY2022 Enacted levels and savings realized through reduced administrative costs.

RIPTA also receives additional transfers from the Highway Maintenance Account that are described in the Infrastructure Maintenance section of this analysis.

CARES Act Funding (federal funds)

(\$3.3 million)

The Budget includes \$1.5 million in federal Coronavirus Aid, Relief, and Economic Security Act (CARES Act) funding, a decrease of \$3.3 million from the FY2022 Budget as Enacted. The remaining CARES Act funding will be used to support design and engineering costs, and building maintenance and repairs throughout the Department.

Public Railroad Corporation Insurance (federal funds)

\$3.3 million

The Budget increases federal funds by \$3.3 million to reflect ongoing insurance costs for the Rhode Island Public Railroad Corporation through the Congestion Mitigation and Air Quality Improvement Program (CMAQ). The increase is pursuant to the Governor's Budget Amendment dated March 3, 2022.

ARPA SFRF- RIPTA R Line Free-Fare Pilot (federal funds)

\$2.5 million

The Budget includes \$2.5 million from federal American Rescue Plan Act (ARPA) State Fiscal Recovery Funds (SFRF) to fund a 12-month free-fare pilot program on the R line bus route. The pilot program began on September 1, 2022 and runs until September 1, 2023. The Rhode Island Public Transit Authority (RIPTA) will track ridership data and submit a report to General Assembly Leadership and the Governor by March 1, 2024.

Indirect Cost Recovery (federal funds)

(\$1.5 million)

The Budget includes a savings of \$1.5 million in federal funds to reflect a transfer of Federal Highway Authority (FHWA) indirect cost recovery costs from Central Management to Management and Budget. The Department is able to recoup funds from the FHWA for certain allowable expenses. The recouped costs completely offset gas tax expenditures resulting in no net impact to the overall budget.

Initiative	FY2022 Enacted		FY2023 Enacted		Change
	Federal	Gas Tax Credits	Federal	Gas Tax Credits	
FHWA Cost Recovery	\$18,845,110	-	\$17,343,806	-	(\$1,501,304)
Gas Tax Credit: Infrastructure Engineering	-	(\$8,791,244)	-	(\$7,868,979)	\$922,265
Gas Tax Credit: Central Management	-	(6,471,410)	-	(5,662,474)	\$808,936
Gas Tax Credit: Management and Budget	-	(3,582,456)	-	(3,812,353)	(\$229,897)
Total	\$18,845,110	(\$18,845,110)	\$17,343,806	(\$17,343,806)	\$0

\$ in millions

Toll Revenue (other funds)**(\$1.5 million)**

The Budget includes \$33.6 million in FY2023 related to project expenditures supported by truck tolls, a reduction of \$1.5 million relative to the FY2022 Budget as Enacted. As of August 2022, 12 of the proposed 13 gantries are operational and collecting tolls. The remaining gantry, on Smith Street in Providence, is anticipated to be completed in FY2023. When all tolls are operational, the gantries are expected to generate \$44.7 million in toll revenue while costing about \$6.1 million to maintain.

The gantries charge a toll on tractor trailer trucks, vehicle class 8 or larger. The tolls are limited to once per-toll-facility, per-day in each direction. Toll rates are also limited to \$20 for a one-way border-to-border trip from Connecticut to Massachusetts. Individual tolled vehicles do not exceed \$40 in tolls per day. Revenue generated from the truck tolls is used for bridge maintenance and improvements throughout the State.

In FY2021, the gantries processed 9.4 million transactions and collected \$34.0 million in gross revenues. In FY2022, the gantries processed 10.3 million transactions and collected \$39.8 million in gross revenues. The legislation limits the assessment of tolls for trucks with an RFID (E-ZPass) to once per day in each direction. Transactions processed may appear higher, some transactions have no charge as they are from the second time that truck passes under a toll gantry.

Truck Toll Revenue	FY2020		FY2021		FY2022	
	Transactions	Billable Revenue	Transactions	Billable Revenue	Transactions	Billable Revenue
July	194,876	\$641,850	754,750	\$2,648,296	808,386	\$2,914,122
August	205,615	687,318	774,502	2,836,544	825,543	2,956,180
September	197,835	664,427	797,217	2,915,588	870,029	3,322,303
October	245,446	813,282	813,818	2,983,026	886,662	3,474,216
November	217,470	720,434	743,469	2,715,373	868,570	3,385,883
December	239,146	860,058	764,602	2,778,536	874,285	3,388,848
January	289,382	1,173,192	738,540	2,679,091	781,061	3,061,998
February	346,575	1,545,353	669,353	2,422,977	768,536	3,004,353
March	411,392	1,744,627	837,396	3,037,468	924,233	3,605,047
April	514,737	1,938,102	824,670	2,974,889	890,929	3,450,713
May	578,725	2,174,142	810,903	2,913,057	909,241	3,565,899
June	609,602	2,240,303	859,843	3,096,159	932,570	3,646,191
Total	4,050,801	\$15,203,088	9,389,063	\$34,001,005	10,340,045	\$39,775,753

Source: RIDOT

Analyst Note: On September 21, 2022, U.S. District Court Judge William E. Smith ordered Rhode Island officials to stop collecting truck tolls within 48 hours, resulting in a pause to the tolling program. Judge Smith ruled the policy in its current form is unconstitutional. The ruling is subject to a potential appeal.

ARPA SFRF- RITBA Safety Barriers Study (federal funds)**\$1.0 million**

The Budget includes \$1.0 million from federal American Rescue Plan Act (ARPA) State Fiscal Recovery Funds (SFRF) for the Rhode Island Turnpike and Bridge Authority (RITBA) to conduct a suicide prevention study for bridges under its purview. RITBA must undertake a request for proposals (RFP) process to select a vendor for the study.

INFRASTRUCTURE - MAINTENANCE

The Infrastructure Maintenance program is comprised of multiple divisions that are responsible for keeping all state roads and bridges well-maintained and functional. The Automotive section is responsible for the up keep and repair of the program's fleet of heavy trucks and equipment. The Engineering and Support office is a multi-faceted section responsible for resolution of drainage problems, inspection of work permits, coordination of requests for pavement projects, maintenance of guardrails, fences, and highway related

equipment along the state highway, highway illumination, and state-wide beautification projects. The Field Operations section, which is comprised of staff who operate from multiple field offices across the State, is responsible for sweeping, litter collection, and snow plowing, as well as bridge, pothole, and guardrail repairs. In recent years, the Department has worked to bring tasks performed by the Infrastructure Maintenance program in-house rather than contracting services from outside vendors.

	FY2021 Actual	FY2022 Enacted	FY2022 Final	Change from Enacted		FY2023 Enacted	Change from Enacted	
Infrastructure- Maintenance								
Federal Funds	\$1.4	\$18.0	\$32.8	\$14.8	82.0%	\$21.5	\$3.4	18.9%
Other Funds	127.7	122.5	140.3	17.8	14.5%	130.8	8.3	6.8%
Total	\$129.1	\$140.5	\$173.1	\$32.6	23.2%	\$152.3	\$11.7	8.4%

\$ in millions. Totals may vary due to rounding

The Budget includes 285.0 FTE positions in the Infrastructure Engineering program in both FY2022 and FY2023.

Infrastructure- Maintenance	Other Fund Changes
Highway Maintenance Account (other funds)	\$15,490,226
Gas Tax (other funds)	(6,072,878)
CAA Funding (federal funds)	3,456,198
RICAP Project Changes (RICAP)	(1,049,462)

Highway Maintenance Account (other funds) \$15.5 million

The Budget includes \$102.6 million in Highway Maintenance Account (HMA) expenditures, an increase of \$15.5 million from the FY2022 Budget as Enacted. The Budget increases expenditures in the HMA in FY2023 to allow for additional federal matching funds.

Highway Maintenance Account funds within the Infrastructure Maintenance program are generated from motor vehicle fees collected by the DMV, including fees on good driver dismissals, license and registration transfers, vehicle titles, inspection stickers, and rental car surcharges. The transfer of these fees from the general fund to the HMA were phased in beginning in FY2016 and completed in FY2019, with 100.0 percent of the fees going to the HMA.

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. The FY2023 Budget transfers \$5.1 million to the general fund for the DMV, an increase of \$393,036 from the FY2022 Budget as Enacted.

RIPTA Free-Fare: The Budget includes \$9.9 million to be transferred from the Highway Maintenance Account (HMA) to RIPTA, an increase of \$4.0 million from the FY2022 Budget as Enacted. RIPTA receives 5.0 percent of the funds deposited into the HMA. In FY2018, the Budget included the transfer of additional funds to support RIPTA's debt service and the operating costs of the Free-Fare program, which provides transportation to the senior and disabled population. In FY2018 and FY2019, RIPTA received \$5.0 million from the HMA for these costs. Article 8 of the FY2020 Budget as Enacted extended this transfer indefinitely.

The FY2022 Budget shifted \$3.7 million in funds that would normally be funded from the HMA to federal funds from the Consolidated Appropriations Act. This was a one-time shift to use federal funds and allow the HMA funding to be used as additional state matching funds. This funding is shifted back to the HMA in FY2023.

The table below details the expenditures associated with the HMA.

Rhode Island Highway Maintenance Account Expenditures

Initiative	FY 2021 Actuals	FY2022 Enacted	FY2022 Final	FY2023 Enacted	Change
Highway Drainage	\$5,714,936	\$6,000,000	\$6,325,571	\$6,000,000	\$0
Mixed Projects	-	-	-	500,000	500,000
RIPTA Transfer	6,491,101	5,877,105	6,312,296	9,875,766	3,998,661
Road And Bridge	94,195,927	67,348,906	70,508,075	68,408,226	1,059,320
State Match	7,220,457	7,931,474	16,339,442	17,863,719	9,932,245
Total	\$113,622,421	\$87,157,485	\$99,485,384	\$102,647,711	\$15,490,226

Gas Tax (other funds)

(\$6.1 million)

The Budget includes \$23.7 million in gas tax fund expenditures for the Infrastructure- Maintenance program, a savings of \$6.1 million from the FY2022 Budget as Enacted amount of \$29.8 million. The majority of this reduction is related to expenditures that were previously funded by the gas tax but are now being supported by other fund sources, this includes an additional \$9.0 million now being supported by HMA funds and \$3.5 million being supported by federal Consolidated Appropriations Act funding. The decrease is partially offset by an additional \$3.4 million for vehicle purchases and maintenance. The Department intends to purchase vehicles to replace the Maintenance and Operations Divisions fleet including heavy trucks, sweepers, loaders, backhoes, and tractors.

CAA Funding (federal funds)

\$3.5 million

The Budget includes \$21.5 million from the federal Consolidated Appropriations Act in FY2023, an increase of \$3.5 million above FY2022 Enacted levels. The additional federal funds will be used to offset Highway Maintenance Account (HMA) and gas tax funding, allowing those funds to be used for state matching to other federal funds.

RICAP Project Changes (RICAP)

(\$1.0 million)

The Budget includes \$4.5 million in Rhode Island Capital Plan (RICAP) funds, a decrease of \$1.0 million from the FY2022 Budget as Enacted. This includes decreases of \$600,000 for salt storage facilities, \$400,000 for improvements to maintenance facilities, and \$100,000 for train station maintenance and repairs. These decreases are partially offset by a \$50,000 increase in funding for improvements to the Welcome Center.

From FY2023 through FY2027, the Department intendeds to build four new salt storage facilities across the State to consolidate the salt stock pile and improve operational efficiencies. Funding for maintenance facility improvements will be used to fund roof repairs, the repaving of parking lots, and energy efficient improvements.

RICAP Funded Project	FY2021 Actual	FY2022 Enacted	FY2022 Final	Change from Enacted		FY2023 Enacted	Change from Enacted	
Capital Equipment Replacement	\$0	\$1,499,462	\$1,499,462	\$0	-	\$1,500,000	\$538	0.0%
Maintenance Facility Improvements	17,210	900,000	1,079,400	179,400	19.9%	500,000	(400,000)	-44.4%
Portsmouth Facility	-	-	-	-	-	-	-	-
Salt Storage Facilities	(87,224)	2,500,000	2,000,000	(500,000)	-20.0%	1,900,000	(600,000)	-24.0%
Train Station Maintenance and Repairs	97,753	450,000	680,179	230,179	51.2%	350,000	(100,000)	-22.2%
Welcome Center	43,834	150,000	150,000	-	-	200,000	50,000	33.3%
Total	\$71,573	\$5,499,462	\$5,409,041	(\$90,421)	-1.6%	\$4,450,000	(\$1,049,462)	-19.1%

MANAGEMENT AND BUDGET

Management and Budget houses the Department's Financial Management Division responsible for the oversight and management of the Department's operations and capital budget expenditures. Management and Budget also oversees the Education Advancement section, the Office of Contracts and Specifications, and the Information Technology section. The Education Advancement section is responsible for internal education and advancement initiatives and facilitates administrative and programming coordination. The Office of Contracts and Specifications establishes business arrangements between the Department and the supplies of good and services in the private sector. The Information Technology section maintains and operates all computer software and hardware as well as purchasing and upgrading all information technology platforms for the Department.

Management and Budget	FY2021 Actual	FY2022 Enacted	FY2022 Final	Change from Enacted		FY2023 Enacted	Change from Enacted
Other Funds	\$3.4	\$5.4	\$5.4	\$0.1	1.0%	\$3.8	(\$1.6) -30.1%
<i>\$ in millions. Totals may vary due to rounding</i>							

The Budget includes 33.0 FTE positions in both FY202 and FY2023.

Management and Budget	Other Fund Changes
Centralized Services Charges (other funds)	(\$1,870,165)
Information Technology and Cell Phone Consolidation (other funds)	503,000

Centralized Service Charges (other funds) (\$1.9 million)

The Budget includes \$21,801 in gas tax expenditures for Information Technology projected costs in FY2023. This is a decrease of \$1.9 million from the FY2022 Budget as Enacted amount of \$1.9 million. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In FY2019 these expenditures were reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. The Budget increases these costs for FY2023.

	FY2022 Enacted	FY2023 Enacted	Change from Enacted	
Centralized Service Charges				
Information Technology	\$1,891,966	\$21,801	(\$1,870,165)	-98.8%
Total	\$1,891,966	\$21,801	(\$1,870,165)	-98.8%

Information Technology and Cell Phone Consolidation (other funds) \$503,000

The Budget includes an additional \$503,000 of other funds within the Management and Budget program for consolidation purposes. In FY2022, the Department decided to consolidate information technology and cell phone expenditures from the Infrastructure-Engineering program and shift them to the Management and Budget program to simplify accounting processes. The FY2021 Budget, the Infrastructure-Engineering program's cell phone expenditures totaled \$432,855 and in the FY2022 Enacted Budget, the program's cell phone expenditures totaled \$380,600. Following the consolidation, the FY2023 Enacted Budget includes \$0 for the cell phone expenditures within the Infrastructure-Engineering program while the Management and Budget program includes \$503,000 for cell phone and technology related expenses.

Program	FY2021 Actual	FY2022 Enacted	FY2022 Final	FY2023 Enacted	FY2023 v FY2022 Enacted	FY2023 v FY2021 Enacted
Infrastructure-Engineering	\$432,855	\$380,600	\$0	\$0	(\$380,600)	(\$432,855)
Management and Budget	69,414	\$0	503,000	503,000	503,000	433,586
Total	\$502,269	\$380,600	\$503,000	\$503,000	\$122,400	\$731

Rhode Island Public Transit Authority

Revenues by Source	FY2021 Actuals	FY2022 Enacted	FY2022 Final	Change from Enacted		FY2023 Board*	Change from Enacted	
Motor Fuel Tax	\$39.7	\$40.0	\$41.6	\$1.6	4.0%	\$42.7	\$2.7	6.7%
Passenger Revenue	15.6	23.1	18.1	(4.9)	-21.3%	18.5	(4.6)	-19.8%
Other Revenue	15.6	13.8	4.8	(9.0)	-65.4%	4.4	(9.4)	-68.3%
Federal Funds	61.6	44.0	54.0	10.0	22.7%	60.2	16.2	36.7%
Department of Human Services	0.8	0.7	0.9	0	17.5%	1.0	0.2	29.3%
State Highway Fund Revenues	6.3	4.8	4.5	(0.3)	-5.9%	4.6	(0.2)	-4.9%
Special Projects- Local	0.3	-	2.9	2.9	-	-	-	-
Special Projects- Federal	-	-	-	-	-	-	-	-
Contributed Capital**	19.9	-	-	-	-	-	-	-
Total	\$159.7	\$126.5	\$126.8	\$0.3	0.3%	\$131.3	\$4.8	3.8%

Expenditures By Category

Salaries, Wages and Benefits	\$93.4	\$91.8	\$91.5	(\$0.3)	-0.3%	\$95.9	\$4.1	4.5%
Contract Services	10.1	10.5	6.1	(4.4)	-41.6%	7.7	(2.8)	-26.3%
Operating Costs	16.9	20.1	22.0	2.0	9.9%	23.5	3.4	17.1%
Utilities	1.5	1.4	1.5	0.1	6.9%	1.6	0.1	8.9%
Insurance and Settlements	-	-	-	-	-	-	-	-
Capital Match	-	1.4	1.4	0.1	5.0%	1.5	0.1	6.5%
Revolving Loan Fund	-	-	-	-	-	-	-	-
Debt Service	0.4	1.4	1.4	(0.0)	-0.6%	1.2	(0.2)	-13.2%
Self-Insurance Reserve	-	-	-	-	-	-	-	-
Special Projects- Local	0.2	-	2.9	2.9	-	-	-	-
Special Projects- Federal	-	-	-	-	-	-	-	-
Depreciation***	18.0	-	-	-	-	-	-	-
Total	\$140.6	\$126.5	\$126.8	\$0.3	0.3%	\$131.3	\$4.8	3.8%

Surplus/(Deficit) **\$19.04** **\$0.00** **(\$0.00)** **-** **-** **\$0.00** **-** **-**

Authorized FTE Levels 862.0 865.0 865.0 - 0.0% 865.0 - 0.0%

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

* Note: The Board-Approved Budget was released prior to the FY2023 Budget as Enacted.

** Note: Contributed Capital (state and federal funds received for capital expenditures) are not budgeted, but are reflected in FY 2021 results.

*** Note: Depreciation expense is not budgeted, only operating funds to be used for capital expenditures.

The Rhode Island Public Transit Authority (RIPTA) was established in 1964 and is currently governed by an eight (8) member Board of Directors. As defined under RIGL 39-18-3, RIPTA is responsible for:

- Providing public transit services to meet the mobility needs of the people of the State
- Increasing access to employment opportunities
- Connecting different modes of public transportation, including rail, air and water services
- Promoting community design that features public transit services
- Facilitating energy conservation and efficient energy use through public transit services
- Mitigating traffic congestion and enhancing air quality

RIPTA operates and maintains two facilities in Providence and one in Newport.

MAJOR ISSUES AND TRENDS

The FY2023 Board-Approved Budget includes \$131.3 million in revenues for FY2023, an increase of \$4.8 million from the FY2022 Board-Approved Budget, and \$126.8 million in expenditures for FY2022, an increase of \$341,197 from the FY2022 Board-Approved Budget, leading to a balanced budget with no surplus or deficit.

RIPTA includes an additional \$1.7 million in funding for diesel costs. RIPTA is locked into a diesel price of \$1.60 from FY2022, rates for FY2023 are under review. Diesel costs can be difficult to predict as they are impacted by market volatility.

RIPTA has received \$89.8 million in federal Coronavirus Aid, Relief, and Economic Security (CARES) Act funding: \$10.9 million in FY2020, \$34.8 million in FY2021, \$19.2 million in FY2022, and \$24.9 million in FY2023. Due to the COVID-19 pandemic, RIPTA has experienced a decrease in the demand for service coupled with an increase in drivers needed for additional routes to practice safe social distancing as well as increased sanitation needs to keep vehicles clean. RIPTA has also experienced a decrease in state gas tax revenues related to the pandemic as gas tax receipts are lower than projected. RIPTA will use the CARES Act funding to cover operating losses and offset revenue declines, rent or lease additional vehicles to be able to comply with social distancing guidelines, and invest in sustainable improvements for the future.

Analyst Note: At the September 26, 2022, RIPTA Finance Sub-Committee Meeting, the Authority discussed their reliance on federal CARES and ARPA funding. As of that meeting, the Authority does not have a plan to replace necessary revenue following the end of federal COVID relief funds.

Background

Article 4 of the FY2018 Enacted Budget provided RIPTA with \$5.0 million in Rhode Island Highway Maintenance Funds in both FY2018 and FY2019 to fund the free-fare program for low-income senior and disabled persons. The legislation required the creation of a Coordinating Council to develop recommendations for the sustainable funding of the program while maximizing the use of federal funds available to support the transportation needs of this population. The Council was due to present its funding recommendations to the Governor and General Assembly by November 1, 2018; however, RIPTA did not present their findings until December 31, 2018. Within the submitted report the main recommendation for sustainable funding was to divert an additional penny of the gas tax to RIPTA for this program. Article 8 of the FY2020 Budget as Enacted extended the \$5.0 million in HMA funding to RIPTA indefinitely to fund the Free-Fare Program.

The FY2015 Budget as Enacted included a provision that RIPTA would receive 5.0 percent of available proceeds from revenue deposited into the Rhode Island Highway Maintenance Account (HMA) beginning in FY2016. RIPTA's share of this account is \$6.3 million in FY2022 and \$9.8 million in FY2023. HMA funding in FY2022 is lower due to a one-time shift of \$3.7 million in funding that would normally be supported by HMA funds to federal funds from the Consolidated Appropriations Act. This funding is shifted back to the HMA in FY2023. RIPTA uses HMA funding to support the senior and disabled bus pass program, debt service, and other operating expenses.

Motor Vehicle Fuel Tax

A portion of RIPTA's funding is provided by the motor fuel tax (gas tax). The FY2023 Budget includes a gas tax of 34.5 cents per gallon with a penny yield of \$4.6 million.

Beginning in FY2016, the tax is adjusted every other year based on the percentage increase in the Consumer Price Index for all Urban Consumers (CPI-U), rounded to the nearest 1.0 cent increment. The Department of Revenue's Office of Revenue Analysis (ORA) is responsible for both estimating the gas tax yield as well as determining the impact of the CPI-U.

In FY2020, ORA assumed inflation would change significantly enough to warrant a 1.0 cent increase, raising the gas tax rate from 33.5 cents to 34.5 cents per gallon. Pursuant to RIGL 31-36-20, the additional penny of the gas tax is directed to the Department of Transportation (RIDOT).

The ORA does not assume an increase in the gas tax rate in FY2023. The ORA expects the motor fuel tax to generate a per penny yield of \$4.6 million in FY2023, an increase of \$140,379 from the FY2022 Enacted level.

The change in the per penny yield leads to an increase of \$11.1 million in FY2023. The following table shows the use of motor fuel tax revenue in FY2023:

Motor Fuel Tax Allocations: Cents per Gallon

	DOT	RITBA	RIPTA	DHS	Total
FY2015	\$0.1825	\$0.0350	\$0.0975	\$0.0100	\$0.3250
FY2016	0.1925	0.0350	0.0975	0.0100	0.3350
FY2017	0.1925	0.0350	0.0975	0.0100	0.3350
FY2018	0.1925	0.0350	0.0975	0.0100	0.3350
FY2019	0.1925	0.0350	0.0975	0.0100	0.3350
FY2020	0.2025	0.0350	0.0975	0.0100	0.3450
FY2021	0.2025	0.0350	0.0975	0.0100	0.3450
FY2022	0.2025	0.0350	0.0975	0.0100	0.3450
FY2023	0.2025	0.0350	0.0975	0.0100	0.3450
FY2024	0.2125	0.0350	0.0975	0.0100	0.3550

Note: DOT includes 0.020 for GARVEE Debt Service

Note: RIPTA includes 0.005 for Underground Storage Tank Fee

Source: Budget Office

	FY2021 Actuals	FY2022 Projected	FY2023 Projected	FY2024 Projected
Motor Fuel Tax Revenue				
Department of Transportation*	\$82.5	\$90.2	\$93.0	\$98.3
Rhode Island Turnpike and Bridge Authority	14.3	15.6	16.1	16.2
Rhode Island Public Transit Authority**	39.6	43.3	44.7	45.0
Department of Human Services	4.1	4.5	4.6	4.6
Total	\$140.5	\$153.5	\$158.4	\$164.1
Projected Yield per penny	\$4.1	\$4.5	\$4.6	\$4.6

\$ in millions. Totals may vary due to rounding

Estimate developed by Senate Fiscal Office

*Note: DOT share includes \$0.02 for GARVEE Debt Service

**Note: RIPTA includes \$0.005 for Underground Storage Tank Fee

For FY2024, ORA estimates a 1.0 cent increase to the gas tax rate from 34.5 to 35.5 cents per gallon due to significant inflationary changes. Pursuant to RIGL 31-36-20, the additional penny of the gas tax is directed to the Department of Transportation (RIDOT). The ORA expects the motor fuel tax to generate a per penny yield of \$4.6 million in FY2024.

Volkswagen Funds

In January 2018, the State was awarded \$14.4 million from the national Volkswagen (VW) settlement. VW illegally installed software in their vehicles that was able to sense when the car was undergoing emissions testing and activate equipment to reduce emissions: about 3,000 cars in Rhode Island were affected. The settlement established an Environmental Mitigation Trust (EMT), which will be administered by the Department of Environmental Management (DEM) and used within in a 10-year period. Of the total settlement, about \$11.8 million will be used to replace diesel RIPTA buses with zero emission vehicles (ZEV); \$1.5 million for charging infrastructure; and, \$2.1 million for administrative expenses at DEM, RIPTA, and OER. In the fall of 2018, RIPTA began a pilot program to lease three ZEV buses. In the spring of 2019, RIPTA began road tests with the ZEV buses. 14 ZEV buses arrived in August of 2022, and have been deployed on the R-Line in Providence, the remaining 3 buses are scheduled to be procured in FY2023.

RIPTA has a current bid out for an action plan for electrification of their fleet including long-range buses and facilities. RIPTA anticipates the plan will be completed in early 2023.

RIPTA VW Funds

FY2019	\$2,766,338
FY2020	2,919,000
FY2021	3,079,485
FY2022	2,943,025
FY2023	136,460
Total	\$11,844,308

Fare Changes

No fare changes are proposed for FY2023. In 2015, RIPTA conducted a comprehensive study of the fare products offered to customers, as well as the rates charged. The goals of the fare study were to simplify fare products; improve reliability of fare media; introduce needed products; make boarding a bus fast, convenient, and reliable; implement new fare technologies; and, maximize revenue and ridership. RIPTA's Board adopted a new fare structure in December 2016 that eliminated the 15-ride pass and RIPTIKs (packages of 10 one-way tickets including free transfers that did not expire), created a 10-ride pass, increased the price of a 7-day pass and bus transfers, and recommended charging seniors and people with disabilities \$0.50 per trips. While other changes were implemented, the charge to seniors and people with disabilities caused concern among advocacy groups and was never executed. Since FY2017, the General Assembly has included additional funds to continue the free fare program.

In September 2020, RIPTA launched the WAVE program, a smart fare collection system. The WAVE program operates on an earn-as-you-go model. The system tracks individual's trips allowing them to pay for individual rides or days while never exceeding the price of a day pass or month pass. Once a user spends the equivalent to a day or month pass they are not charged for any additional rides that day or month.

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 no longer 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 has stopped accepting the paper monthly passes as of June 2022.

RIPTA Fares	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
1- Day Pass	\$6.00	\$6.00	\$6.00	\$6.00	\$6.00	\$6.00	\$6.00	\$6.00
7- Day Pass	23.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00
10- Ride Pass	-	25.00	20.00	20.00	20.00	20.00	20.00	20.00
15- Ride Pass (discontinued in FY2016)	26.00	-	-	-	-	-	-	-
RIPTIKs (discontinued in FY2016)	20.00	-	-	-	-	-	-	-
Monthly Pass	62.00	70.00	70.00	70.00	70.00	70.00	70.00	70.00
Ride/Paratransit	-	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Transfers	0.50	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Cash Fare for buses & trolleys	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Reduced Fare for Seniors and Disabled*	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00

* Cost to renew pass, must be done every 2 years

Free Fare Program

RIPTA provides free bus rides to qualifying low-income seniors and people with disabilities through the Free-Fare Program. RIPTA estimates that nearly 15,000 individuals have free-fare bus passes, 10,607 individuals with disabilities and 4,285 seniors. These pass holders take approximately 6.4 million trips annually. Passes issued through the program are good for two years and include a \$10 processing fee to renew. To qualify as a low-income senior, applicants must be over age 65 and provide proof of income through either an SSI award letter, a Medicaid eligibility notice letter, or a Supplemental Income Verification Notice. The applicant's total household income may not be more than 200.0 percent of the Federal Poverty Level, or \$36,620 for a family of two, as of 2022. To qualify as a disabled person, the applicant must provide either a Medicare card with a disability code, a Supplemental Security Income award letter, or a Certification of Disability completed by the Providence Center.

RIPTA also offers half-fare boarding to seniors and people with disabilities, regardless of income, during off-peak hours. Participants must enroll in the program and will be issued a valid identification card. Participants are required to pay full fare during peak service hours (7am-9am and 3pm-6pm weekdays).

Free Fare Program Changes: The Reduced Fare program was originally scheduled to begin in July 2016. Previously, eligible low-income seniors and disabled had their rides fully subsidized under RIPTA's Free Fare program; however, the program contributed significantly to RIPTA's operating deficits. The Reduced Fare model was expected to help alleviate the deficit. Due to outcry from local advocacy groups, transitioning from the Free Fare program to the Reduced Fare model was effectively delayed for seven months when the General Assembly appropriated \$900,000 to RIPTA for the program in the FY2017 Budget as Enacted. Article 4 of the FY2018 Budget as Enacted 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.

R-Line Free-Fare Pilot Program: In the 2022 session, the General Assembly enacted a pilot program to offer free fares on the R-Line, RIPTA's most frequent and highest-ridership route which connects Providence and Pawtucket. The program began on September 1, 2022 and will have a 1 year duration.

The program is funded with \$2.5 million of ARPA SFRF funds in FY2023. This funding will be used to replace lost fare revenue, purchase Automatic Passenger Counters, perform a required Federal Transit Administration Title VI Analysis, and prepare an evaluation report to the General Assembly.

This pilot program presents a unique opportunity to study the benefits and potential drawbacks of fare free transit service in Rhode Island. RIPTA will analyze a variety of factors, including: ridership impacts on the R-Line, other RIPTA routes, and paratransit service; service reliability; financial impacts to RIPTA and transit riders; and environmental impacts.

Transportation Coordinating Council: Pursuant to Article 4 of the FY2018 Enacted Budget, RIPTA established a coordinating council to develop recommendations for the sustainable funding of the Free Fare Bus Pass Program while maximizing the use of federal funds available to support the transportation needs of the State's elderly and disabled populations. The Council was due to report their recommendations to the Governor, Speaker of the House and Senate President by November 1, 2018; however, RIPTA did not present their findings until December 31, 2018.

The Council consisted of members from multiple State agencies including RIPTA; the Department of Human Services; the Executive Office of Human Services; the Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals; the Office of Veteran's Affairs; and, the Division of Elderly Affairs. The Council broke into two "working groups", the Communications working group and the Bus Pass Program Funding working group. Although the legislation was passed in June 2017 the Council did not begin meeting until January 2018. The entire Council met a total of six times from January through December of 2018.

RIPTA estimated that the total funding gap within the Free-Fare Program will be about \$4.4 million in FY2020. Within the submitted report the main recommendation for sustainable funding was to divert an additional penny of the gas tax, or an equal amount of funding from another source, to RIPTA.

The No-Fare Bus Pass Coalition, an advocacy group that was also a member of the Council, made the following recommendations:

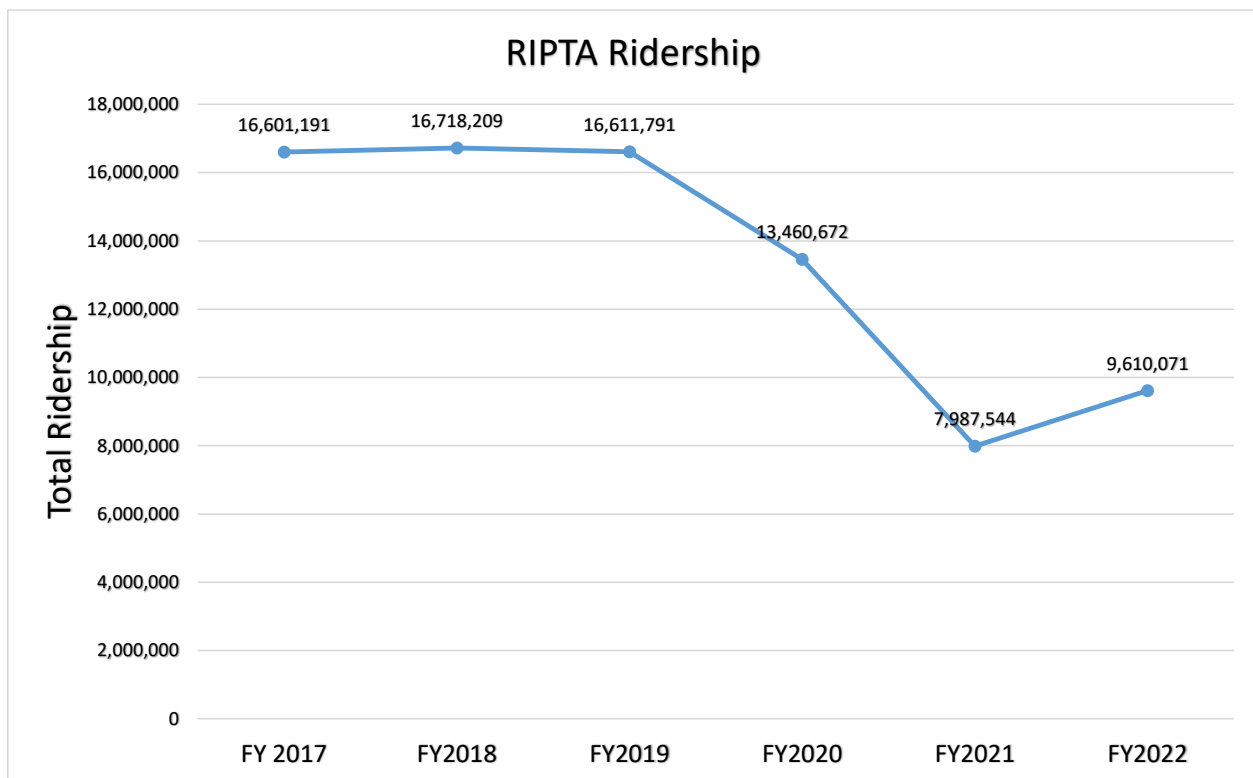
- A dedicated stream of state lottery or gambling revenues, such as a scratch ticket to promote public transit or earmarking a percentage of anticipated gaming revenues for RIPTA.
- Establishing a tax on ride-sharing companies, such as Uber and Lyft, with funds collected allocated to RIPTA.
- Establishing a tax on parking lots, or increasing the cost of parking, and allocating additional funds collected to RIPTA.

Although the Council was aware of these recommendations, there was no follow-up with relative Departments such as the Lottery or the Department of Revenue. The Free-Fare Program will continue to be funded through the \$5.0 million appropriation to RIPTA from the HMA.

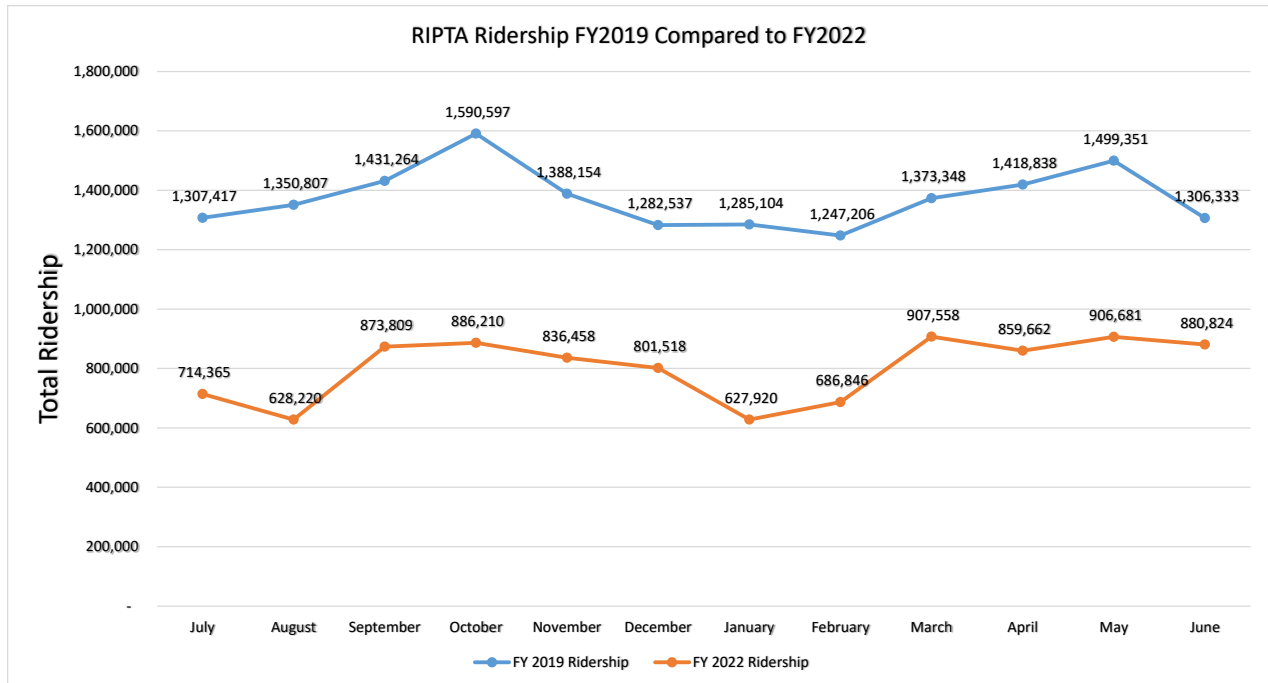
Ridership

RIPTA offers four types of transit service: fixed route, flex service, the RIdle Program, and van pool services. Fixed route service consists primarily of regular bus service on established routes. Flex service provides van transportation within a limited geographic area. The RIdle program provides transportation to eligible senior citizens and individuals with disabilities. Van pool services, which started in FY2018, allows a group of commuters to lease a shared vehicle through Enterprise and use the vehicle daily while commuting to work. The van pool program is mainly used by Electric Boat in Quonset Park; however, RIPTA hopes to expand this program into other areas of the State in the next few years.

In FY2021, RIPTA's total ridership was 8.0 million passengers, a decrease of 40.7 percent from FY2020. RIPTA attributes this sharp decrease to the COVID-19 pandemic and the lack of transportation services needed. In FY2022, RIPTA's total ridership was 9.6 million passengers, an increase of 20.3 percent from FY2021. The following graph shows total ridership for RIPTA for FY2017 through FY2022.



The following graph compares ridership data from FY2019, the fiscal year prior to the pandemic, and FY2022. While ridership has yet to return to pre-pandemic levels, the passengers who previously rode RIPTA are beginning to return and the figures are trending in a positive direction.



Analyst Note: The data presented from FY2022 is preliminary and unaudited. The audited data is scheduled to be delivered in October 2022.

SELECTED CAPITAL PROJECTS

RIPTA's Budget includes capital expenditures of \$78.3 million in FY2022 and \$41.2 million in FY2023. The majority of funding is provided by the Federal Transit Administration (FTA), the remaining funding is provided by other sources including Rhode Island Capital Plan (RICAP) funds. Major projects include the following:

Bus Purchases: The Budget includes \$22.7 million in FY2022 for the purchase of 26 fixed-route buses including 12 diesel and 14 electric buses. The FY2023 Budget includes \$26.5 million to purchase 24 diesel and 3 electric buses. RIPTA maintains a fixed-route fleet of about 245 vehicles. Federal Transit Administration (FTA) guidelines recommend that fixed route vehicles are replaced at the end of their 12-year useful life. RIPTA often uses buses past their 12-year recommended lifespan due to funding constraints.

Paratransit Vehicles: RIPTA maintains a fleet of about 94 vehicles for the paratransit program, also known as RId. Federal Transit Administration (FTA) guidelines recommend that Paratransit vehicles be retired at the end of their 5-year useful life. In spite of uncertainties within the paratransit program, the age of the Paratransit fleet requires the continued replacement of vehicles.

Paratransit vehicles are funded via a fee charged for all trips provided through the paratransit program. The proceeds from this fee are put into the Paratransit Revolving Loan fund, an internal RIPTA mechanism which funds the match for paratransit vehicles. Proceeds from this fee have fallen as the trip volume under the program have been reduced. RIPTA continues to review this funding mechanism to determine the long-term impact on paratransit fleet replacement.

The Budget includes \$3.2 million in FY2022 and \$3.4 million in FY2023 for Paratransit bus purchases. The FTA pays 80.0 percent of each vehicle replacement cost and RIPTA pays a 20.0 percent local match from its revolving loan fund.

East Side Tunnel: The Budget includes \$4.0 million in both FY2022 and FY2023 for the East Side Tunnel project. The East Side Tunnel also known as the College Hill Tunnel, is in need of passenger amenity improvements, structural repairs, and safety improvements. A preliminary needs analysis has been completed and an engineer was procured for engineering and construction oversight. However, due to funding delays the contract has yet to be awarded.

The College Hill tunnel is designated as “fixed guideway”. This designation increases the amount of funding that the State receives from the Federal Transit Administration. If repairs are not made to the tunnel, the Authority may have to discontinue its use. This would not only have a severe impact on the Authority’s Section 5307 funds, but would also increase RIPTA’s operating costs, as routes would have to be reconfigured. Improving the safety of the tunnel is a major priority of the Authority.

In addition to structural concerns, the tunnel is narrow and poorly lit, which may present safety concerns. The existing bus stops at either end of the tunnel are inconveniently located and are in poor condition resulting in an unsatisfactory passenger experience. Better lighting, security cameras, and relocated bus stops will all be implemented to improve passenger safety.



SPECIAL REPORTS

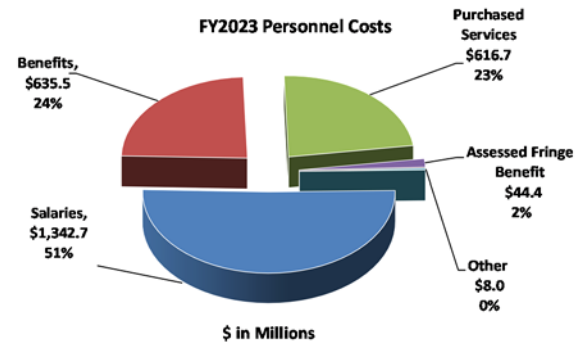
Personnel

The FY2023 Budget as Enacted includes a total of \$2,647.3 million for personnel expenditures, an increase of \$40.3 million compared to the FY2022 Budget as Enacted, and \$38.7 million less than the FY2022 Final Budget recommendation. Salaries and benefits total \$1,978.2 million and comprise 74.7 percent of FY2023 personnel expenditures (54.6 percent of the salaries and benefits costs are supported by general revenue).

The FY2022 Final Budget includes \$2,686.0 million for personnel expenditures, an increase of \$78.9 million compared to the FY2022 Budget as Enacted. Salaries and benefits total \$1,886.0 million and comprise 70.2 percent of FY2022 final personnel expenditures (54.3 percent of the salaries and benefits costs are supported by general revenue). Purchased services increase by \$51.3 million (an increase of \$8.0 million in general revenue).

PERSONNEL EXPENDITURE TRENDS

Expenditures for salaries in FY2023 total \$1,342.7 million, comprising 50.7 percent of total personnel costs, an increase of \$95.5 million (7.7 percent) from the FY2022 Budget as Enacted, primarily reflecting the statewide COLA and bonus adjustments. Total benefit costs, excluding assessed fringe benefits and other costs, amount to \$635.5 million and comprise 24.0 percent of total personnel costs. Benefits increase by \$30.9 million, to 5.1 percent, from the FY2022 Budget as Enacted, primarily due to increased retirement and FICA social security costs. Purchased services costs are \$616.7 million, 23.3 percent, of the total personnel costs. Purchased services decrease by \$87.0 million, or 12.4 percent, from the FY2022 Budget as Enacted.



Expenses by Description	FY2020 Actual	% of Total	FY2021 Actual	% of Total	FY2022 Enacted	% of Total	FY2022 Final	% of Total	FY2023 Enacted	% of Total
Salaries	\$1,170.3	55.7%	\$1,161.1	48.5%	\$1,247.2	47.8%	\$1,279.4	47.6%	\$1,342.7	50.7%
Benefits	544.7	25.9%	542.9	22.7%	604.6	23.2%	606.6	22.6%	635.5	24.0%
Purchased Services	341.0	16.2%	641.6	26.8%	703.7	27.0%	755.0	28.1%	616.7	23.3%
Assessed Fringe Benefits	37.7	1.8%	42.7	1.8%	39.7	1.5%	41.7	1.6%	44.4	1.7%
Other	7.7	0.4%	6.0	0.3%	11.9	0.5%	3.3	0.1%	8.0	0.3%
Total	\$2,101.4	100.0%	\$2,394.3	100.0%	\$2,607.0	100.0%	\$2,686.0	100.0%	\$2,647.3	100.0%

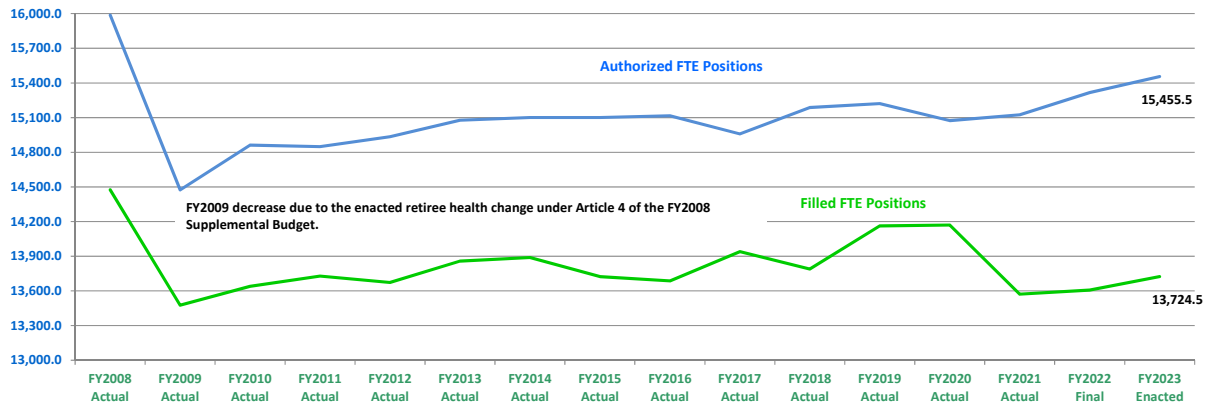
\$ in millions. Totals may vary due to rounding.

Expenses by Function	FY2020 Actual	FY2021 Actual	FY2022 Enacted	FY2022 Final	FY2023 Enacted	% of Pers. Budget	FY2023 General Revenue	FY2023 General Revenue %
General Government	\$255.0	\$321.0	\$318.5	\$343.6	\$327.6	12.4%	\$178.4	14.7%
Human Services	546.2	760.0	806.7	878.2	793.0	30.0%	332.7	27.4%
Education	644.7	664.9	779.2	727.8	771.7	29.2%	199.1	16.4%
Natural Resources	61.7	61.6	66.9	73.8	75.6	2.9%	43.0	3.5%
Public Safety	464.6	457.3	474.1	502.0	515.9	19.5%	458.9	37.9%
Transportation	129.2	129.6	161.8	160.6	163.5	6.2%	-	-
Total	\$2,101.4	\$2,394.3	\$2,607.0	\$2,686.0	\$2,647.3	100.0%	\$1,212.2	100.0%

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

FTE POSITIONS

The FY2023 Budget authorized 15,455.5 FTE positions. At the start of the fiscal year, 13,612.8 FTE positions (88.1 percent of the enacted authorized amount) were filled, leaving 1,842.7 FTE positions vacant, a rate of 11.9 percent. Since the start of the fiscal year, as of September 24, 2022, the State has a net increase of 111.7 filled FTE positions. Over the past decade, the vacancy rate has averaged 8.8 percent, or 1,339.0 FTE positions.



The following table illustrates the number of FTE positions by government function.

Government Function	FY2022 Enacted	FY2022 Final	Change to Enacted	FY2023 Enacted	% of Total	Change to Enacted
General Government	2,454.4	2,453.4	(1.0)	2,494.4	16.1%	40.0
Human Services	3,682.6	3,682.3	(0.3)	3,734.3	24.2%	51.7
Education	4,222.4	4,222.4	-	4,223.4	27.3%	1.0
Public Safety	3,244.0	3,250.0	6.0	3,275.6	21.2%	31.6
Natural Resources	431.0	431.0	-	449.0	2.9%	18.0
Transportation	755.0	755.0	-	755.0	4.9%	-
Subtotal	14,789.4	14,794.1	4.7	14,931.7	96.6%	142.3
Sponsored Research	523.8	523.8	-	523.8	3.4%	-
Total FTE Positions	15,313.2	15,317.9	4.7	15,455.5	100.0%	142.3

FY2022: The FY2022 Final Budget authorizes 15,317.9 FTE positions, a net increase of 4.7 FTE positions from the FY2022 Budget as Enacted.

Following are changes in the Governor's proposal:

- **An increase in 6.0 FTE positions in the Department of Public Safety:** The FY2022 Supplemental Budget increases positions in the Department of Public Safety by 6.0 FTEs as compared to the FY2022 enacted level. These include 6.0 911-Telecommunicator FTE positions to implement the newly statutorily mandated Emergency Medical Dispatch (EMD).
- **A decrease of 1.0 FTE position in the Department of Labor and Training:** The Budget removes the 1.0 Industrial Safety Specialist.
- **A decrease of 0.2 FTE positions in the Department of Health:** The Budget eliminates a 0.2 FTE position reflecting an accounting change in the personnel system.
- **A decrease of 0.1 FTE positions in the Department of Human Services:** The Budget eliminates a 0.1 FTE position reflecting an accounting change in the personnel system.

FY2023: The FY2023 Budget authorizes 15,455.5 FTE positions, a net increase of 142.3 FTE positions from the FY2022 Budget as Enacted and an increase of 137.6 FTE positions from the FY2022 Final Budget. Following are changes in the Governor's proposal:

- **An increase of 19.9 FTE positions in the Department of Human Services:** The Budget increases 19.9 FTE positions for redetermination activities related to the end of the public health emergency (PHE).
- **An increase of 19.0 FTE positions in the Department of Business Regulation:** The Budget increases 19.0 FTE positions, including 18.0 new FTEs for the state controlled adult-use marijuana program and 1.0 new FTE for the State Building Code Commission to support the expansion of online permitting.
- **An increase of 16.0 FTE positions in the Department of Environmental Management:** The increase in FTE positions includes 1.0 new Programming Services Officer position to coordinate the Department's efforts related to the implementation of the Act on Climate passed in 2021; 2.0 new FTE positions to expand staffing for programs that protect wildlife habitats, maintain and support hunting and fishing access sites, and preserve and protect Rhode Island's commercial and recreational fisheries; 6.0 new FTE positions dedicated to environmental permitting and compliance; and 7.0 undefined positions.
- **An increase of 14.0 FTE positions in Executive Office of Health and Human Services (EOHHS):** The Budget converts 8.0 FTE positions from contracted staff to decrease the reliance on temporary staff and contractors, and adds 1.0 FTE to manage the implementation of a new Medicaid Management Information System (MMIS); 1.0 FTE position to support the Pay for Success program; 2.0 FTE positions supported with Opioid Settlement Agreement funds, including a Chief Health Program Evaluator and an Administrator of Financial Management, and 1.0 FTE to reflect the transfer of the Opioid Stewardship Fund from DOH to EOHHS.
- **An increase of 13.0 FTE positions within Judiciary:** The Budget provides 739.3 FTE positions in FY2023, an increase of 13.0 FTE positions over the FY2022 Budget as Enacted. The new positions are for the new Mental Health Court (7.0 FTE positions) initiative and the Child Support Enforcement expansion (6.0 FTE positions).
- **An increase of 12.0 FTE positions in the Department of Administration:** The Budget adds 12.0 FTE positions to the Department, including 7.0 FTE positions to the Pandemic Recovery Office to support the administration of the federal stimulus funds from the American Rescue Plan Act of 2021; adds 3.0 FTE positions within the Office of Energy Resources to support the Executive Climate Change Coordinating Council; and includes 2.0 new positions for administration of the Capital Projects Fund. All 10.0 new FTE positions will be funded by restricted receipts.
- **An increase of 10.0 FTE positions in BHDDH:** The Budget adds 11.0 FTE positions in BHDDH in FY2023. Changes include 5.0 new management positions for the proposed Rhode Island State Psychiatric Hospital; 2.0 FTEs for the proposed outpatient clinic at the Eleanor Slater Hospital (offset by a reduction of 2.0 current hospital staff); 2.0 FTEs to oversee prevention and recovery efforts related to the proposed adult-use marijuana market; and 4.0 FTEs for the management of capital projects within the Department. The Budget removes 1.0 FTE originally assigned to the Adult-Use Cannabis program.
- **An increase in 9.6 FTE positions in the Department of Public Safety:** The Budget increases positions in the Department of Public Safety by 9.6 FTEs as compared to the FY2022 enacted level. These include 6.0 911-Telecommunicator FTE positions to implement the newly statutorily mandated Emergency Medical Dispatch (EMD), 2.6 Administrative Assistant FTE positions to implement the State Police

body-worn camera operations, and 1.0 FTE Principal Forensic Scientist position to join the State Police Forensic Services Unit.

- **An increase of 5.0 FTE positions in the Department of Revenue:** The Budget increases positions in the Department of Revenue by 5.0 FTEs as compared to the FY2022 enacted level. These include 4.0 Revenue Agent FTE positions to support the Adult Use Marijuana proposal and 1.0 Tax Steward FTE position.
- **An increase of 4.0 FTE positions in the Executive Office of Commerce:** The Budget increases positions in the Executive Office of Commerce by 4.0 FTEs as compared to the FY2022 enacted level. These include 1.0 Chief Program Specialist FTE position, 1.0 Data Analyst FTE position that will perform data and research analysis, 1.0 Principal Planner, and 1.0 Information and Public Relations Specialist FTE position will be for communication and stakeholder engagement.
- **An increase of 4.8 FTE positions in the Department of Health:** The Budget adds a net 4.8 FTE positions, including 2.0 new FTEs to comply with the statutory requirement to monitor the hospital conversion pandemic response, 2.0 new FTEs for the Cottage Food Manufacturers program, and 1.0 new FTE for an environmental scientist to aid in licensure of aquatic venues. The additions are offset by the transfer of 1.0 FTE position supported by the Opioid Stewardship Fund from the Department to the Executive Office of Health and Human Services and the elimination of a 0.2 FTE reflecting a change in the personnel system.
- **An increase of 3.0 FTE positions for the Department of Corrections:** The Budget includes an additional 3.0 FTE Certified Nursing Assistant (CNA) positions within the Healthcare Services. The Budget anticipates that allowing the Department to fill these additional positions will result in a \$556,868 savings in Correctional Officer overtime as discussed in Custody and Security. The availability of CNAs would allow the Department to expedite patients' return from community hospitals where prolonged and expensive stays can often lead to clinical deterioration.
- **An increase of 2.0 FTE positions within the Office of the Mental Health Advocate:** The Budget adds 2.0 FTE positions to the Office of the Mental Health Advocate for the ARPA-funded Mental Health Court Pilot Program. The positions include 1.0 Social Caseworker FTE, and 1.0 Staff Attorney FTE.
- **An increase of 2.0 FTE positions in the Department of the Attorney General:** The Budget includes an additional 1.0 Staff Attorney and 1.0 Paralegal Clerk within the Criminal Division. These new positions relate to the new Mental Health Court Pilot Program and were initially intended to be funded with ARPA SFRF but will instead be funded by general revenue.
- **An increase of 2.0 FTE positions in the Rhode Island Emergency Management:** The Budget adds 2.0 new Emergency Response FTE positions at the Rhode Island Emergency Management Agency.
- **An increase of 2.0 FTE positions in the Coastal Resources Management Council:** The Budget authorizes 32.0 FTE positions in FY2023, an increase of 1.0 FTE Coastal Policy Analyst position and 1.0 FTE Hearing Officer position.
- **A decrease of 1.0 FTE position in the Department of Labor and Training:** The Budget removes the 1.0 Industrial Safety Specialist.
- **An increase of 1.0 FTE position within the Commission for Human Rights:** The Budget adds a 1.0 Chief Compliance Officer FTE position. The Commission requested the new position to coordinate and hold education and training sessions regarding state and federal anti-discrimination laws. The compliance officer will also be involved in mediations and investigations of discrimination charges.

- **An increase of 1.0 FTE position within the Governor’s Commission on Disability Rights:** The Budget adds 1.0 Assistant ADA Coordinator-Accessibility FTE position. The position will assist with accessibility issues and to ensure timely project completion.
- **An increase of 1.0 FTE positions for Public Higher Education:** The increase is due to the addition of 1.0 FTE Executive Assistant position for the Northern RI Education Center.
- **An increase of 1.0 FTE positions in the Military Staff:** The Budget adds 1.0 Project Manager position for the management and supervision of Rhode Island National Guard capital projects. Currently, the position is a federally-funded contractor. The federal National Guard Bureau notified the RING that it is changing policy in providing federal personnel to assist as contractors to states. The new position, which is 100.0 percent federally-funded, is required to ensure stability with the various multi-million dollar federal military construction projects currently underway or in planning stages.
- **An increase of 1.0 FTE position in the Office of the Public Defender:** The Budget includes an additional 1.0 Staff Attorney within the Central Management program to help alleviate extended caseloads amongst the staff. Attorneys within the Office have extended caseloads which borderline on unethical, the additional attorney within the Office will help alleviate staff and reduce caseloads to a more manageable level.

ADVANCE PAYMENT OF PENSION DEFERRALS

The FY2022 Final Budget includes a one-time transfer of \$61.8 million in general revenue from the FY2021 surplus to the State Retirement Fund to repay the 1991 and 1992 deferral of the State’s employer pension contributions for state employees and teachers. The deferral was made during the State Budget crisis triggered by the collapse of the Rhode Island Share and Depositors' Indemnity Corporation (RISDIC).

According to the State’s actuary, the actuarial determined value of the deferral is \$61.8 million and the actuarial required contribution (ARC) costs are \$6.0 million in FY2023, \$6.2 million in FY2024, \$6.4 million in FY2025, and is projected to increase 3.0 percent per year to FY2035.

By retiring the debt in FY2022, the Unfunded Actuarial Accrued Liability (UAAL) will be reduced by that amount and the ARC will be eliminated. In addition, the investment earnings on the advanced payment will reduce future contributions by \$36.0 million.

STATE EMPLOYEE CONTRACT AGREEMENT

The current state employee collective bargaining agreements (CBAs) between the State and the state employee bargaining units included a 4-year contract that concluded June 30, 2020. Based on recently negotiated contract bargaining agreements between the State and the state employee bargaining units for a proposed 4-year contract, the Budget includes the following cost-of-living adjustments (COLAs): 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. The contract with the State Police was ratified on March 12, 2022.

The current agreement is projected to increase general revenue expenditures by \$199.8 million (\$323.9 million all funds) over the contract period. This includes a \$1,500 bonus payment to most union employees that is appropriated within each agency in FY2023 and in the FY2022 Revised Budget. These figures do not include the State Police or members of the Rhode Island Brotherhood of Correctional Officer unions.

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%

*Not compounded on 1.5%

** Retroactive payment to January 1, 2018

*** Retroactive payments paid April 1 and April 29, 2022

State Employees - COLA Adjustments	General Revenue	All Funds	GR Bonus	AF Bonus	General Revenue	All Funds
Year 1 Retroactive Pay Raise: 2.5%	\$18.7	\$27.5	\$0.0	\$0.0	\$18.7	\$27.5
Year 2 Pay Raise: 2.5%	15.2	30.6	4.5	8.9	38.4	67.0
Year 3 Pay Raise: 2.5%	14.8	25.8	4.6	9.0	53.3	92.9
Year 4 Pay Raise: 2.5%	16.4	28.3	-	-	65.1	112.2
Total					\$175.5	\$299.6

State Colleges - COLA Adjustments	General Revenue	All Funds	GR Bonus	AF Bonus	General Revenue	All Funds
Year 1 Retroactive Pay Raise: 2.5%	\$2.0	\$2.0	\$0.0	\$0.0	\$2.0	\$2.0
Year 2 Pay Raise: 2.5%	2.2	2.2	1.7	1.7	5.9	5.9
Year 3 Pay Raise: 2.5%	2.1	2.1	1.7	1.7	8.0	8.0
Year 4 Pay Raise: 2.5%	2.1	2.1	-	-	8.4	8.4
Total					\$24.3	\$24.3

\$ in millions

\$199.8 \$323.9

TURNOVER

The FY2023 Budget as Enacted lists turnover as a natural account under the personnel category. This practice started with Governor's recommendation for the FY2020 Budget. As illustrated in the table, the FY2022 Budget as Enacted contained \$67.7 million in turnover savings, of which \$50.5 million or 74.6 percent consisted of general revenue funds. The FY2022 Final Budget reduces the total turnover to \$65.6 million (reflecting unachieved personnel savings), thus requiring \$2.2 million to be included in the Final Budget. At present, it is unknown whether the amount recommended in the revised budget is accurate. For FY2023, the Budget includes turnover savings of \$38.5 million, of which \$29.2 million, or 75.7 percent reflects general revenue.

Turnover by Funding Source

Funding Source	FY2022 Enacted	FY2022 Final	Change	FY2023 Enacted	Change
General Revenue	(\$50,511,039)	(\$52,030,117)	(\$1,519,078)	(\$29,161,466)	\$21,349,573
Federal Funds	(7,373,045)	(9,832,881)	(2,459,836)	(6,387,938)	985,107
Restricted Receipts	(1,087,579)	(1,183,366)	(95,787)	(477,620)	609,959
Other Funds	(8,765,172)	(2,522,904)	6,242,268	(2,489,447)	6,275,725
Total	(\$67,736,835)	(\$65,569,268)	\$2,167,567	(\$38,516,471)	\$29,220,364

In FY2023, turnover is stated in 22 agency budgets. The following table illustrates the top agencies with all fund turnover savings exceeding one million dollars.

Turnover by Agency

Turnover by Agency	FY2022 Enacted	FY2022 Final	Change	FY2023 Enacted	Change
Department of Corrections	(\$3,864,897)	(\$7,978,345)	(\$4,113,448)	(\$8,177,805)	(\$4,312,908)
BHDDH	(31,230,573)	(25,387,716)	5,842,857	(5,367,735)	25,862,838
Department of Human Services	(4,047,860)	(4,580,740)	(532,880)	(4,668,559)	(620,699)
Department of Revenue	(2,076,028)	(3,879,876)	(1,803,848)	(3,217,453)	(1,141,425)
DCYF	(2,596,878)	(3,466,629)	(869,751)	(2,337,527)	259,351
Community College of Rhode Island	(690,695)	(2,151,175)	(1,460,480)	(2,138,020)	(1,447,325)
Judiciary	(2,714,733)	(2,250,747)	463,986	(1,938,198)	776,535
Department of Health	(1,433,122)	(1,762,199)	(329,077)	(1,827,223)	(394,101)
Department of Transportation	(921,588)	(1,916,360)	(994,772)	(1,750,183)	(828,595)
EOHHS	280,000	(665,376)	(945,376)	(1,481,647)	(1,761,647)
Elementary and Secondary Education	(1,103,110)	(1,789,894)	(686,784)	(1,419,841)	(316,731)
Department of Public Safety	(869,511)	(4,060,385)	(3,190,874)	(1,139,739)	(270,228)
All Other Agencies	(16,467,840)	(5,679,826)	10,788,014	(3,052,541)	13,415,299
Total	(\$67,736,835)	(\$65,569,268)	\$2,167,567	(\$38,516,471)	\$29,220,364

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 ten categories of purchased services: eight of the ten categories: Other Contracts, Information Technology, Management and Consultant Services, Training and Educational Services, Medical Services, Design and Engineering, and Clerical and Temporary Services comprise 96.8 percent of the total FY2023 purchased service expenditures in the FY2023 Budget as Enacted.

Purchased Services	FY2020 Actual	FY2021 Actual	FY2022 Enacted	FY2022 Final	FY2023 Enacted	Change
Training and Educational Services	\$47.4	\$79.4	\$131.4	\$82.9	\$115.8	(\$15.6)
Management & Consultant Services	100.1	154.7	117.5	157.2	175.8	58.3
Information Technology	49.5	72.4	113.6	113.8	113.3	(0.3)
Design and Engineering Services	59.8	58.3	63.5	69.0	66.1	2.6
Other Contracts	19.3	53.3	90.8	63.7	40.5	(50.3)
University and College Services	21.9	21.0	24.0	24.1	23.0	(1.0)
Medical Services	22.8	151.7	115.0	211.2	35.7	(79.3)
Clerical and Temporary Services	6.0	29.6	29.6	12.2	26.8	(2.8)
Legal Services	5.7	8.6	9.9	11.3	10.1	0.2
Buildings and Ground Maintenance	8.3	12.6	8.4	9.5	9.6	1.2
Total	\$340.9	\$641.6	\$703.7	\$754.9	\$616.7	(\$87.0)

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

The FY2023 Budget includes \$616.6 million for purchased service expenses, of which \$346.4 million is federal funds (56.2 percent) and \$105.1 million (17.0 percent) is general revenue. The FY2023 Budget reflects a decrease of \$87.0 million from the FY2022 Budget as Enacted and a decrease of \$138.3 million from the FY2022 Final Budget. Sixteen state departments account for \$588.2 million (95.4 percent) of the appropriation for purchased services, of which two departments have significant changes; Department of Health with a decrease of \$122.0 million and Executive Office of Health and Human Services with an increase of \$65.0 million.

Purchased Services

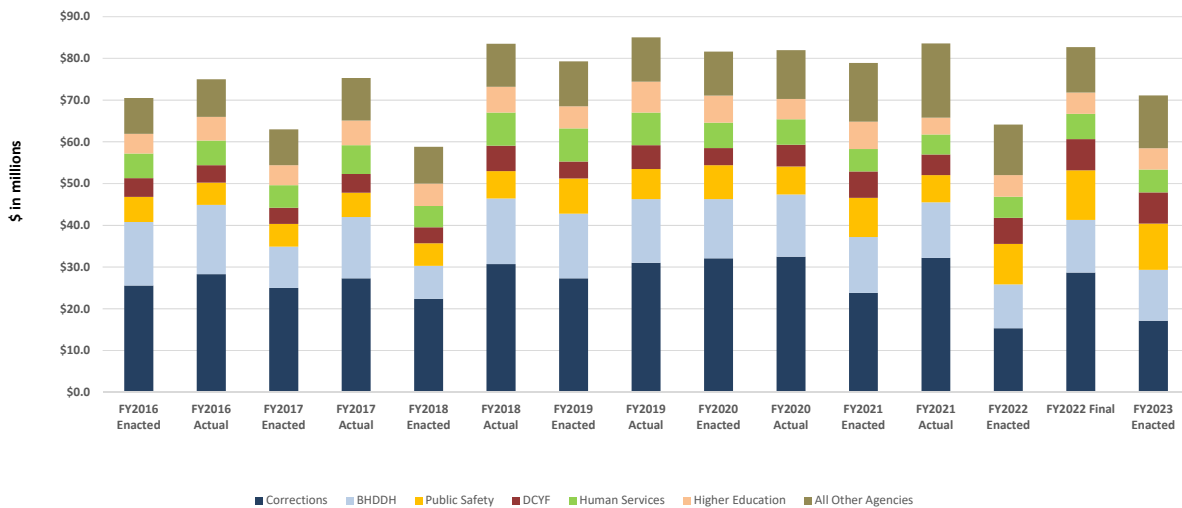
Purchased Services by Agency	FY2022 Enacted	FY2022 Final	Change	FY2023 Enacted	Change
EOHHS	\$108.1	\$126.3	\$18.2	\$173.1	\$65.0
Elementary and Secondary Education	125.2	75.1	(50.2)	99.4	(25.8)
Department of Health	206.2	261.6	55.4	84.2	(122.0)
Department of Transportation	68.1	67.5	(0.6)	64.8	(3.3)
Department of Human Services	37.2	37.8	0.6	40.2	3.0
University of Rhode Island	24.1	25.4	1.3	25.6	1.5
Department of Administration	22.9	24.4	1.5	19.5	(3.4)
Department of Corrections	16.0	15.8	(0.2)	15.2	(0.8)
BHDDH	11.4	12.7	1.3	11.7	0.3
Department of Revenue	10.2	12.0	1.8	10.3	0.1
Department of Environmental Management	8.3	11.7	3.4	10.2	1.9
Department of Labor and Training	18.1	30.1	12.0	9.2	(8.9)
Executive Office of Commerce	9.1	9.1	-	7.3	(1.8)
Department of Children, Youth, and Families	6.3	7.1	0.8	6.7	0.4
Office of the General Treasurer	6.1	6.2	0.1	6.0	(0.1)
Department of Business Regulation	2.7	3.0	0.3	4.9	2.2
All Other Agencies	23.7	29.4	5.7	28.4	4.7
Total	\$703.7	\$754.9	\$51.2	\$616.6	(\$87.1)

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

OVERTIME

Overtime costs in FY2023 are projected to total \$71.2 million, \$7.0 million more than the FY2022 Budget as Enacted and \$11.6 million less than proposed in the FY2022 Final Budget. General revenue supports 62.9 percent of overtime expenses in FY2023 and comprises 69.1 percent of the expenses in the FY2022 Final Budget. 34.7 percent of the total FY2022 Final Budget projected overtime expenditures for the State occur with the Department of Corrections, which is projected to decrease to 24.0 percent in FY2023. As shown in the following chart, actual overtime expenses often exceed budgeted amounts.

Overtime Costs



Overtime costs often result from staffing shortages, due either to high turnover rates or insufficient FTE authorizations in the enacted budget. Where there are state or federally mandated minimum staffing levels (such as at Eleanor Slater Hospital in BHDDH), or caseload-driven personnel requirements (such as inmate population levels at the Department of Corrections) agencies must use overtime or contract personnel to provide adequate coverage.

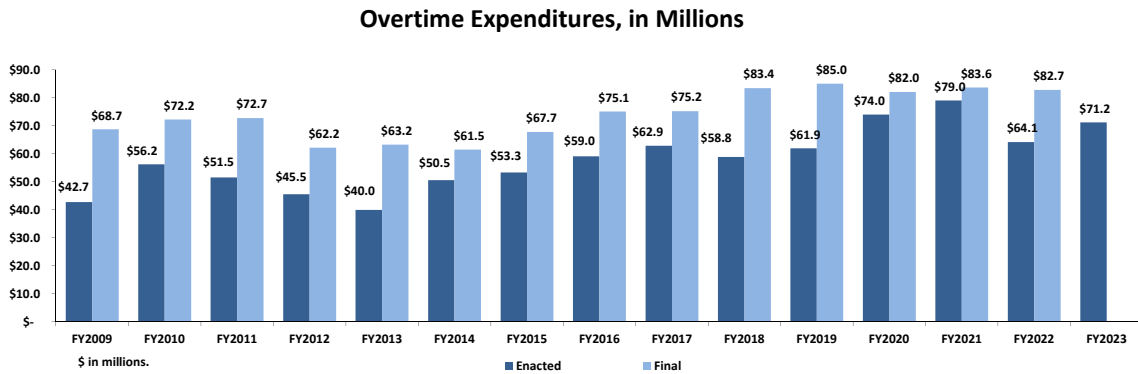
- Department of Corrections:** The FY2023 Budget as Enacted includes \$15.5 million in all funds for overtime costs resulting in a net all fund increase of \$1.6 million as compared to the FY2022 Budget as Enacted. This increase is comprised of \$1,308 in federal funds and \$1.6 million in general revenue in expenditures for the Department.

The increase in overtime is partially due to staff shortages and recruitment issues throughout the Department. Waning recruitment numbers in recent years has created short staffing, which in turn has led to forced overtime amongst staff. Additionally, about 300 correctional officers who were hired during an expansion 30 years ago are scheduled to retire in the coming years and the Department has experienced trouble locating replacements.

Additionally, the absenteeism initiative the Department implemented in 2019 that resulted in reduced overtime costs amongst staff has been placed on hold by the Rhode Island State Labor Relations Board due to a charge by the Rhode Island Brotherhood of Correctional Officers. The Department is currently appealing the ruling.

- Department of Public Safety:** The FY2023 Budget as Enacted includes \$11.1 million in all funds for overtime costs resulting in a net all fund increase of 1.4 million as compared to the FY2022 Budget as Enacted. This increase is comprised of \$840,690 in general revenue, \$302,114 in federal funds, \$68,986 in restricted receipts, and \$184,390 in other funds. The State Police program increased by \$1.3 million in overtime expenditures, reflecting a total of \$9.3 million for FY2023. The increased overtime is partially due to short staffing and recruitment issues throughout the Department.

The following chart illustrates the variances between the enacted and actual expenditures for overtime costs. The average variance is \$16.1 million over the FY2009 to FY2022 term of the chart.



Revenue Changes

The Budget includes \$4,901.5 million in revenues in FY2023, \$318.3 million above the November 2021 revenue estimate, including the annually-enacted hospital license fee. The Budget includes \$179.1 million for the fee. New revenue initiatives include the complete exemption of military pension income for tax purposes, an increase in the retirement income modification, a child tax rebate, new sales tax exemptions, the waiver of the fee for license plate reissuance, and revenue initiatives related to the state's new adult-use cannabis program. The revenue changes are summarized in the following table and elaborated on below:

Revenue Initiative	FY2023 Impact
May 2022 REC	\$193.5
EOHHS Related Initiatives	180.3
Income and Business Tax Initiatives	(54.5)
Departmental Fee Changes	(2.6)
Adult-Use Marijuana Program Related Revenue	1.4
Lottery Prize Adjustment	0.5
Sales Tax Exemptions	(0.3)
Total	\$318.3

\$ in millions

May Revenue Estimating Conference

\$193.5 million

The May 2022 Revenue Estimating Conference (REC) increased its personal income tax revenue estimate from November by \$123.0 million. Business and sales taxes were revised upwards by \$25.6 million and \$44.0 million, respectively, from November. These adjustments, along with other offsets and increases in other revenue sources (lottery, excise taxes, etc.), net an overall increase of \$193.5 million.

EOHHS Related Initiatives

\$180.3 million

The Budget assumes \$180.3 million in EOHHS initiatives that impact various tax and fee revenue.

EOHHS Related Revenue Initiatives	FY2023 Impact
Hospital License Fee	\$179,115,036
Medicaid Initiatives	977,472
Nursing Homes Alternative Rate Adjustment	171,307
Total	\$180,263,815

- Hospital License Fee:** The hospital license fee is a provider tax which the State levies on hospitals. This fee is federally capped at 6.0 percent and requires annual legislative action in order to continue. It is calculated as a percent of gross patient services revenues, which include revenues from patient care activity but exclude revenues from non-patient activity such as research, academic activity, or investment earnings. Hospitals pay the fee in a single payment each July. Article 6 sets the hospital license fee at 5.656 percent in FY2022 and lowers the fee to 5.42 percent in FY2023. Both rates are discounted by 37.0 percent for hospitals located in Washington County (South County and Westerly Hospitals), pending approval of a uniformity waiver. Bradley and Butler Hospitals and the Rehabilitation Hospital of Rhode Island are exempt from the fee because their primary services and patient beds are psychiatric in nature. The hospital license fee will generate \$179.1 million in FY2023.

Fiscal Year	Fee	Revenue
FY2016	5.862%	\$169.0
FY2017	5.652%	168.8
FY2018	5.856%	182.0
FY2019	6.000%	180.8
FY2020	6.000%	193.8
FY2021	5.000%	162.5
FY2022	5.656%	171.9
FY2023	5.420%	179.1

\$ in millions

In past fiscal years, the hospital license fee has been used as a mechanism to generate State funds, a portion of which are then matched with federal Medicaid funds and returned to hospitals to offset uncompensated care costs through the Disproportionate Share Hospital (DSH) program. Because the State's largest hospitals are non-profit and do not pay corporate income or property taxes, the hospital license fee is a considerable source of revenue for the State.

- **Medicaid Initiatives:** The Budget includes several spending increases in the Medicaid program that yield an additional \$977,472 in revenue from entities that are subject to the State's 2.0 percent provider tax on gross revenues. This includes \$381,893 related to the extension of postpartum coverage, \$309,977 related to the Cover All Kids Initiative, and \$285,602 related to Meals on Wheels program changes.
- **Nursing Home Alternative Rate Adjustment:** Article 12 of the Budget increases the reimbursement rate for nursing homes from 1.9 percent to 3.0 percent (beginning October 1, 2022). Nursing homes are subject to 5.5 percent assessment on their gross revenue. With the increased rate, nursing homes revenues will increase. The marginal increase is estimated to generate \$171,307 in addition general revenue from the assessment.

Income and Business Tax Initiatives

(\$54.5 million)

The Budget assumes a revenue loss of \$54.5 million in FY2023 related to several tax relief initiatives.

	FY2023
Income & Business Tax Initiatives	Impact
Child Tax Rebate	(\$43,800,000)
Circuit Breaker Property Tax Relief	(3,694,591)
Military Pension Income Exemption	(2,996,826)
Penalty Interest Rate Reduction	(2,485,363)
Retirement Income Modification	(1,565,283)
Total	(\$54,542,063)

- **Child Tax Rebate:** Article 6 authorizes a \$250 per child personal income tax rebate program. Qualifying taxpayers are limited to single-filer households and with federal adjusted income (AGI) for Tax Year 2021(TY2021) of \$100,000, or less, and joint-filer households with an AGI for TY2021 of \$200,000, or less. The number of rebates per household is capped at three, or a total of \$750. Qualifying taxpayers must reside in Rhode Island and a child is considered an individual who has not reached 19 years of age as of December 31, 2021. The rebate amount shall be determined by the Division of Taxation (Taxation) based on the qualifying taxpayer's return filed for TY2021. Taxation will administer the program and rebates will be made directly to taxpayers via check. Taxpayers must file returns by August 31, 2022, to be eligible. It is expected that rebates will be made available in October, 2022. The revenue loss associated with the rebate program is estimated to be \$43.8 million in FY2023

Child Tax Rebate Program	
Rebate per Child	\$250
Max Rebate	\$750
Eligible Income - Single Filer:	up to \$100,000
Eligible Income - Joint Filer:	up to \$200,000
Applicable Tax Years	TY2021 only
If filed by 8/31/21/Rebate Received	Oct-22
Must be RI Resident	-

- **Circuit Breaker Property Tax Relief:** The State's Property Tax Relief Credit (PTRC) program, also known as the Property Tax "Circuit Breaker", provides relief to elderly and disabled persons who own or rent their homes, through a modification to their personal income tax. Taxpayers with incomes up to 175.0 percent of the federal poverty level (FPL) are allowed a \$300 (maximum) credit. A claimant is

entitled to a credit against his or her tax liability equal to the amount by which the property taxes accrued, or rent constituting property taxes accrued, upon the claimant's homestead for the taxable year exceeds a certain percentage of the claimant's total household income for that taxable year. The allowable percentage is currently based upon income level and household size, computed in accordance with the following table:

Income Range	2 or More	
	1 Person	Persons
Less than \$6,000	3.0%	3.0%
\$6,000 - \$9,000	4.0%	4.0%
\$9,001 - \$12,000	5.0%	5.0%
\$12,001 - \$15,000	6.0%	5.0%
\$15,001 - \$30,000	6.0%	6.0%

Article 6 increases the maximum amount of the credit to \$600 beginning July 2022, and would adjust it every subsequent July by the Consumer Price Index for Urban Consumers (CPI-U). The article also expands the upper income range by \$5,000 as shown in the following table:

Income Range	2 or More	
	1 Person	Persons
Less than \$6,000	3.0%	3.0%
\$6,000 - \$9,000	4.0%	4.0%
\$9,001 - \$12,000	5.0%	5.0%
\$12,001 - \$15,000	6.0%	5.0%
\$15,001 - \$35,000	6.0%	6.0%

These changes result in a loss of \$3.7 million in personal income tax revenue in FY2023.

- **Military Pension Income Exemption:** Article 6 of the Budget creates a new tax modification that exempts military service pension income for purposes of State personal income taxation. The article clarifies that at no time can the modification, alone or in combination with other retirement income modifications, exceed the amount of the military service pension received in the tax year for which the modification is claimed.

The article incorporates the definition of military service as set forth in 20 CFR Section 212.2 for the purpose of clarifying and limiting the types of retirement pensions affected by this article. Military service means active duty time spent in the US armed services, reserves, and National Guard. National Guard and reserve retirement based on non-active duty time are not included.

The Budget assumes a total revenue loss of \$3.3 million in FY2023. The revenue loss grows to \$6.5 million in FY2024 because FY2023 only accounts for one-half of the loss due to accounting accrual policies.

- **Penalty Interest Rate Reduction:** Article 6 reduces the minimum rate of interest assessed on delinquent non-trust fund taxes from 18.0 percent to 12.0 percent, beginning on and after January 1, 2023. The article explicitly maintains the 18.0 percent minimum interest rate for trust fund taxes established by 44-19-35 (sales, hotel, and meal and beverage taxes) and 44-30-76 (personal income taxes deducted and withheld by an employer on behalf of an employee). Trust fund taxes are considered those that are collected on behalf of the State by an entity, but are owed by a taxpayer other than the entity (e.g. the state sales tax is collected and remitted by a business but is paid by the purchasing customer). Non-trust fund taxes are owned and remitted directly by the taxpayer to Taxation. The rate reduction is estimated to yield a 2.5 million revenue loss in FY2023, growing to \$6.3 million in FY2024

From	To	Trust Fund	Non-Trust
		Taxes	Fund Taxes
		Rate (%)	Rate (%)
1/1/1994	9/30/2006	12.0	12.0
10/1/2006	12/31/2021	18.0	18.0
1/1/2022	Ongoing	12.0	18.0

Analyst Note: FY2023 fiscal impact estimate represents the impact of a rate change half way through the fiscal year and the accrual based accounting. In subsequent fiscal years, the annualized values of the estimate are more than double the FY2023 value and grow. According to Taxation, this pattern is attributable to how it conducts collections. The third fiscal year following the tax year is when personal income and corporation taxes are staged to Collections and debts are picked up in a variety of compliance and collections programs.

- **Retirement Income Modification:** The State provides a personal income tax modification on retirement income derived from the pensions and annuities of individuals who have reached full social security retirement age and whose adjusted gross income (AGI) is \$80,000 or less, and for joint filers whose AGI is \$100,000 a year or less. The State personal income tax is not applied to the first \$15,000 of annual income derived from private pension plans; federal, state, and local government retirement plans; and military plans. The following types of retirement income count for purposes of this new Rhode Island tax break: taxable distributions from pensions, annuities, 401(k) plans, 403(b) plans, governmental 457(b) plans, military retirement pay, and other income that the taxpayer properly includes in the “taxable amount” box of the “pensions and annuities” line of the taxpayer’s federal return.” Article 6 of the Budget increases the amount of a taxpayer’s retirement income that is exempted from state personal income tax from the first \$15,000 to \$20,000. It also aligns the timing of when the income eligibility levels are adjusted for inflation with the existing Social Security income modification. The Budget assumes a \$1.6 million revenue loss in FY2023, growing to \$4.2 million in FY2024.

Departmental Fee Changes

(\$2.6 million)

The Budget assumes a \$2.6 million net reduction in revenue related to various changes to fees collected by State agencies

	FY2023
Departmental Fee Changes	Impact
License Plate Reissuance Fee Waiver	(\$2,914,175)
DEM Fees	574,212
Court Cost Waiver	(305,652)
DBR Assessment Fees	67,000
Cottage Food License Fee	12,610
Total	(\$2,566,005)

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

Article 7 of the FY2020 Budget as Enacted changed the fee for the plates from \$6.00 per reissued set to \$8.00. Article 6 of the FY2022 Budget as Enacted extended the reissuance deadline from June 1, 2020, to July 1, 2022.

The reissuance is currently required to take place July 2022; however, the DMV has indicated that supply chain issues may delay implementation until after November 2022. The fee for reissued plates is \$8.00. Article 6 of the Budget waives the fee for this reissuance cycle. The Budget assumes a revenue loss of \$2.9 million in departmental receipts as a result of fee waiver.

- **DEM Fees:** The Budget includes \$574,212 in additional revenue related to proposed increases to fees related to several Department of Environmental Management (DEM) programs. These fees are determined through regulation and changes will follow the regulatory process. Since this process involves public input, the final outcome may differ from the initial proposal.

The proposed fee increases are targeted to permit types administered by offices with proposed staffing increases. The impacted fees are summarized in the following table and elaborated on below.

Estimated Revenue from Proposed Permit and Fee Increases				
Permit/Fee	Current Amount	Proposed Amount	Estimated	
			Annual Volume	Projected Revenue
Annual Compliance Fee	new fee	\$500	500	\$250,000
Resubmission Fee	new fee	1,000	50	50,000
Fees Created/Increased for Parity with Neighboring States				
Site Remediation	new fee	500	54	27,000
Leaking Underground Storage Tank	new fee	500	40	20,000
Air Minor Source	\$1,271	2,500	32	39,328
Air General	1,271	2,500	57	70,053
RI Pollutant Discharge Elimination	400	600	35	7,000
Fees Increased for 7.0 Percent Inflation				
Freshwater Wetlands Preliminary Determ	1,000	1,070	221	15,470
Water Quality Certification	400	428	24	672
Onsite Wastewater Treatment System	1,000	1,070	611	42,770
OWTS Variance	300	321	48	1,008
OWTS Repairs	500	535	1389	48,615
Underground Injection Control	400	428	82	2,296
Total Annual Increased General Revenue				\$574,212

- **Annual Compliance Fee:** This is a new fee assessed on annual compliance inspections that DEM currently conducts for no charge. The fee would be commensurate with similar fees assessed in Massachusetts.
- **Resubmission Fee:** This fee is designed to align customer fees with the cost of administration and incentivize applicants to submit more complete and accurate applications upfront. The repeated return and subsequent resubmission of applications for deficiencies slows down the process for all applicants and is often preventable.
- **Site Remediation:** This fee will provide funds for a technical review of the notification of release to navigate next steps in the process and must be received by the Department in order to obtain a Program Letter.
- **Leaking Underground Storage Tank:** This fee will be utilized to review site investigations, and approvals of any remedial work associated with the release and must be received by the Department before No Further Action is approved.
- **Air Minor Source:** This is a permit application fee for the installation of air pollution control equipment, oil fired boilers, or NG furnaces with heat inputs less than or equal to 30 million BTUs/hour, small spray painting operations, and other miscellaneous applications.
- **Air General:** This is a permit application fee for the installation of an emergency generator that operates only during emergencies or for maintenance or testing purposes. If a generator meets the criteria for an Emergency Generator General Permit there is currently no fee.
- **RI Pollutant Discharge Elimination System (RIPDES):** This is a one-time fee that applies to any general permit requiring a “pollution control plan” review when first submitting an application for permit coverage.
- **Freshwater Wetlands Preliminary Determination:** The fee is associated with permit applications for proposed project and activities regulated by RIDEM under the state Freshwater Wetlands Act. Existing fees vary based on the scope of proposed project or activity. Processing applications involves field inspections and biological and engineering reviews as needed.
- **Water Quality Certification:** This is an application fee for Water Quality Certifications required for certain activities under state Water Quality Regulations. The rules implement

provisions of the federal Clean Water Act to protect water quality and prevent violations of water quality standards. Projects required to obtain certification include water withdrawals and diversions, new large groundwater withdrawals (e.g. Public Drinking Water Supply Wells), Hydropower facilities operation and construction, and filling in coastal waters.

- **Onsite Wastewater Treatment System (OWTS) New Building:** This is a permit application fee to install an on-site wastewater treatment system in association with new building construction. Processing the application involves review of soil evaluations, technical engineering review, and field inspections
- **OWTS Variance:** This is a permit application fee to install an on-site wastewater treatment system associated with new building construction in situations that require a variance from one or more OWTS design requirements. Common variance requests involve setback distances. Processing the application involves review of soil evaluations, technical engineering review, and field inspections.
- **OWTS Repairs:** This is a permit application fee to repair or replace an existing cesspool or on-site wastewater treatment system (OWTS). Processing the application involves review of soil evaluations, technical engineering review, and field inspections.
- **Underground Injection Control:** This is an application fee for regulated subsurface discharges of wastewater and stormwater. RIDEM implements this federally mandated program in RI. The Program registers new UICs, closes abandoned UICs, and monitors remediation.
- **Court Cost Waiver:** The Budget assumes a \$305,652 reduction in departmental receipts revenue to account for changes to the fee structure within the Judiciary. In June 2022, the General Assembly enacted legislation that eliminates court costs for defendants sentenced to prison for 30 days or more and would require court costs to be remitted if a defendant serves 30 days or more on a violation of parole. It also creates a process for a court to determine that a defendant is indigent and waive court costs, assessments, and fees in such circumstances. These changes would reduce departmental revenue collection by \$305,652 in FY2023.
- **DBR Assessment Fees:** The Budget includes \$67,000 in additional revenue from proposed fee increases at the Department of Business Regulation (DBR).

	FY2023
Fee	Impact
Insurance Examination Assessment	\$42,000
Banking Examination Assessment	25,000
Total	\$67,000

When insurance companies and banks undergo statutorily required examinations by the DBR, they are billed at rate of 150.0 percent of the salary and benefits and 100.0 percent of the travel expenses of the examining personnel. The Budget includes increased personnel spending in FY2023 to upgrade and retain 4.0 existing Examiner FTE positions. Assessment revenue is increased by \$42,000 from insurance exams and \$25,000 from bank exams, reflecting the increased personnel expenses.

- **Cottage Food License Fee:** The Article 9 of the Budget expands cottage food manufacturing in Rhode Island and establishes a statutory and regulatory framework authorizing and supporting preparation and retail sale of certain food goods from a residential or leased commercial kitchen. The framework includes registration requirements with the Department of Health (DOH) along with a new \$65 annual registration fee. The Budget assumes an estimated 194 new registrants in FY2023 which yields \$12,610 in new general revenue.

Adult-Use Marijuana Program Related Revenue**\$1.4 million**

The Budget assumes a net increase of \$1.4 million in general revenue related to the implementation of the State's new Adult- Use Marijuana program.

In May 2022, the General Assembly passed the Rhode Island Cannabis Act which legalizes the recreational use and sale of marijuana. The Act provides an extensive framework for the cultivation, use, sale, state and local governance and oversight, and disposition of previous criminal convictions. The tax structure established under the act is made up of the 7.0 percent sales tax, a 10.0 percent cannabis excise tax, and a 3.0 percent excise tax to be imposed by the municipality where the marijuana is sold. Sales tax collections are deposited as general revenue and excise tax revenue will go into a new restricted receipt Marijuana Trust Fund. The local excise tax will be collected and remitted by retailers similar to the sales tax. The Division of Taxation will in turn distribute the revenue to the appropriate municipality on a quarterly basis. The net \$1.4 million is comprised of approximately \$2.2 million in sales tax revenue, a revenue loss of \$362,048 related to the penalties and fees associated with the expungement of previous convictions, which under the act are to be waived and a \$420,363 reduction in the surplus revenue transferred to the general fund from the Medical Marijuana program due to the act's elimination of plant tags and registration fees.

Lottery Ticket Payout**\$488,985**

The Budget includes an additional \$488,985 in new revenue transferred to the general fund from the State Lottery based on an increase in lottery ticket payout.

Sales of lottery tickets are deposited into the State Lottery Fund and prizes for winning tickets are paid out of it. There are different payouts possibilities depending upon which lottery ticket game is played. The payouts, however, are limited to a range of 45.0 to 65.0 percent of the total revenue from ticket sales. Article 6 increases the upper limit of the range to 71.0 percent. According to the Lottery, games with higher payouts cost more to play but are more popular lower price games. Raising the upper limit allows for expansion of higher payout options. It is estimated that the associated increase in sales will offset the higher payouts.

Sales Tax Exemptions**(\$319,150)**

The Budget assumes a \$319,150 revenue loss associated with three new sales tax exemptions established in Article 6. The estimate is based on an October 1, 2022 effective date.

	FY2023
Exemption	Impact
Trade-in Value of Motorcycles	(\$145,087)
Funeral Items	(115,735)
Breast Pumps	(58,328)
Total	(\$319,150)

- **Trade-in Value of Motorcycles:** Many states provide a sales tax exemption for the trade-in value of vehicles. To determine how much sales tax is owed when purchasing a vehicle, the state sales tax rate is simply applied to a vehicle's purchase price. However, if an exemption exists for the value of the purchaser's current vehicle that is "traded-in" to a licensed seller, then the sales tax rate is applied to the difference between the purchase price and the value of the trade-in.

This type of exemption is common among states for automobiles. How motorcycles are treated, however, varies greatly from state-to-state. Rhode Island law provides a sales tax exemption for the trade-in value of automobiles, but not for motorcycles or pickup trucks.

The article amends RIGL 44-18-30 to include specific exemptions from the State's 7.0 percent sales tax for the trade-in value of a motorcycle when purchasing a motorcycle.

- **Funeral Items:** Under Rhode Island law morticians are considered retailers for sales tax purposes when they sell funeral related items. They must collect and remit sales tax on these items unless they are

specifically exempted in statute. The law currently exempts coffins, caskets, urns, shrouds, and other burial garments that are “ordinarily sold by a funeral director”. The article amends RIGL 44-18-30 to include specific exemptions from the State’s 7.0 percent sales tax for burial containers, urn liners, urn vaults, grave liners, grave vaults, burial tent setups, prayer cards.

- **Breast Pumps:** Most states impose a sales tax on breast pump products (only nine of the states that collect sales tax currently have an exemption). In contrast, most states, including Rhode Island, exempt food, the definition of which typically includes baby formula. The article amends RIGL 44-18-30 to include specific exemptions from the State’s 7.0 percent sales tax for Breast pump collection and storage suppliesⁱ

ⁱ Includes, but not limited to breast shields, and breast shield protectors, ; breast pump tubes and tubing adaptors; breast pump valves and membranes; backflow protectors and back flow protector adaptors; bottles and bottle caps specific to the operation of the breast pump; breast milk storage bags; and related items sold as part of a breast pump kit pre-packaged by the breast pump manufacturer...does not include bottles and bottle caps not specific to the operation of the breast pump; breast pump travel bags and other similar carrying accessories, including ice packs, labels, and other similar products, unless sold as part of a breast pump kit pre-packed by the breast pump manufacturer; breast pump cleaning supplies, unless sold as part of a breast pump kit pre-packaged by the breast pump manufacturer; nursing bras, bra pads, breast shells, and other similar products; and creams, ointments, and other similar products that relieve breastfeeding-related symptoms or conditions of the breasts or nipples.

Municipal Aid

The Budget increases direct state aid for municipalities by \$94.9 million. For FY2023, the Distressed Community Relief Aid program is level-funded at \$12.4 million. The Payment in Lieu of Taxes program reimburses municipalities at a rate of 27.0 percent and an increase of \$2.3 million over the enacted level. Meal and Beverage Tax revenue is projected to increase by a total of \$6.3 million for FY2023 and the Hotel Tax is projected to increase by 56.6 percent. Tables showing impacts by community are included at the end of this analysis.

Program	FY2022		Change from		FY2023	Change from	
	Enacted	FY2022 Final	Enacted		Enacted	Enacted	
Payment in Lieu of Taxes	\$46.1	\$46.1	-	-	\$48.4	2.3	0.1
Distressed Communities	12.4	12.4	-	-	12.4	-	-
Motor Vehicle Excise Tax	139.7	129.7	(10.0)	-7.1%	231.0	91.3	65.4%
State Aid to Libraries							
Grant-in-Aid	9.6	9.6	0.0	0.4%	11.0	1.4	0.2
Library Construction	2.1	2.1	-	0.0%	1.9	(0.2)	-9.5%
Total Direct Aid	\$209.8	\$199.9	(\$9.9)	-4.7%	\$304.7	\$94.9	45.2%
Public Service Corporations Tax	\$12.6	\$12.6	-	-	\$13.1	0.5	0.0
Meals & Beverage Tax	27.2	32.4	5.2	19.0%	33.1	5.9	21.6%
Hotel Tax	7.6	11.8	4.2	55.3%	11.6	4.0	52.6%
Airport Impact Aid	1.0	1.0	-	0.0%	1.0	-	0.0%
Total Indirect Aid*	\$48.5	\$57.9	\$9.4	19.3%	\$58.9	\$10.4	21.4%
Total Aid	\$258.3	\$257.8	(\$0.5)	-0.2%	\$363.6	\$105.3	40.7%

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

*Values are based on estimates made at the time of the Governor's Budget submission and 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 institution 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.

Current law requires reimbursement at 27.0 percent of forgone tax revenue, but allows for a ratable reduction if the appropriation is less than this amount. The Budget provides \$48.4 million which meets the 27.0 percent statutory requirement.

Distressed Community Relief

The Distressed Community Relief program was established in 1990 to provide State assistance to communities with the highest

Fiscal Year	PILOT Funding Trends		
	Total Funding	% Change	% Reimbursed
2008	\$27.8	0.0%	27.0%
2009	27.6	-0.7%	25.2%
2010	27.6	-	23.9%
2011	27.6	-	21.1%
2012	33.1	20.0%	23.4%
2013	35.1	6.0%	22.7%
2014	35.1	-	22.0%
2015	40.1	14.2%	25.4%
2016	40.1	-	23.7%
2017	42.0	4.7%	27.0%
2018	45.2	7.7%	27.0%
2019	46.1	2.0%	27.0%
2020	46.1	0.0%	26.7%
2021*	50.7	0.0%	28.8%
2022	46.1	-9.1%	26.0%
2023	48.4	5.0%	27.0%

\$ in millions.

* includes additional federal pandemic relief funds

property tax burdens relative to the wealth of taxpayers. The Budget includes \$12.4 million in general revenue for the Distressed Community Relief Fund in FY2023, level with the FY2022 enacted level.

Seven communities are eligible to receive funds under the program in FY2023. Distribution is based upon annually updated data related to the local tax levy and is certified by the Division of Municipal Finance.

When a community is determined to no longer be eligible for the program, it is permitted to receive a transitional amount that is 50.0 percent of its proportional share.

Municipality	FY2022 Enacted	FY2023 Enacted	Change
Central Falls	\$220,713	\$235,462	\$14,749
Cranston	2,685,555	1,342,778	(1,342,777)
North Providence	987,908	1,075,446	87,538
Pawtucket	1,490,485	1,651,225	160,740
Providence	5,265,375	6,171,331	905,956
West Warwick	953,745	1,063,602	109,857
Woonsocket	780,677	844,614	63,937
Total	\$12,384,458	\$12,384,458	-

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

The Motor Vehicle and Trailer Excise Tax Elimination Act of 1998 was enacted to offer broad-based property tax relief to the residents of Rhode Island. The FY2010 Budget as Enacted included \$135.4 million for Motor Vehicle Excise Tax reimbursement. The FY2010 Revised Budget reduced that amount to \$117.2 million. In FY2011, funding was reduced to \$10.0 million, funding for fire districts was eliminated, and the State-mandated motor vehicle tax exemption was reduced from \$6,000 to \$500. These provisions remained in effect through FY2017.

Article 11 of the FY2018 Budget as Enacted decreased the motor vehicle excise tax each year from FY2018 through FY2023, fully eliminating the tax in FY2024. The tax is reduced over a seven-year period by decreasing tax rate caps and assessment ratios, while raising exemption floors and exempting vehicles that are more than 15 years old. Additionally, to ensure taxpayer relief, the article removed the motor vehicle excise tax from the levy calculation related to the 4.0 percent cap on municipal property tax levy increases.

Additionally, the sales tax escalator calculation, which was in place from the 1998 motor vehicle excise tax phase-out language, was changed. The language previously rounded the changes so that it could significantly and negatively impact the levy reimbursements to cities and towns. Article 11 also changed the rounding of the sales tax received from the nearest tenth of one cent to the nearest thousandth of one cent, reducing the impact of the rounding. The authority to make this calculation shifted from the Director of Administration to the Director of Revenue.

Article 6 of the Budget advances the motor vehicle excise tax phase-out by one year in FY2023. All municipalities that began the phase-out in the first year would now have completed the phase-out and would not issue tax bills in FY2023. The article provides a mechanism for East Providence to receive its complete reimbursement based on the city’s unique assessment and taxation timeframe, and provides a method to resolve municipalities’ final levies in FY2023. The Budget includes \$220.0 million in general revenue expenditures in FY2023 to pay for the increased reimbursements.

The following table shows the updated phase-out schedule under Article 6 of the Budget:

Motor Vehicle Tax Phase-out and Forecast Based on Current Law

	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Current Law						
State Assessment Ratio	95.0%	90.0%	85.0%	80.0%	75.0%	-
Rate Cap	\$60.0	\$50.0	\$35.0	\$35.0	\$30.0	-
Exemption Amount	\$1,000	\$2,000	\$3,000	\$4,000	\$5,000	-
Total Statewide Aid	\$24,543,927	\$46,281,611	\$80,265,446	\$100,513,618	\$119,696,664	\$220,954,881
Additional Aid from Previous FY	\$24,543,927	\$21,737,684	\$33,983,835	\$20,248,172	\$19,183,046	\$101,258,217

Source: Office of Revenue Analysis

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 \$11.0 million in total direct library aid in FY2023. This includes a \$1.1 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 Budget fully funds the program at 25.0 percent.

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 FY2023, the Budget includes \$1.9 million for Library Construction Aid, \$243,193 less than the FY2022 Enacted level. According to OLIS, the reduction reflects planned reimbursement costs.

Fiscal Year	Library Aid		Total Aid	% Change
	Grant in Aid*	Construction		
2008	\$8.7	\$2.7	\$11.4	-0.4%
2009	8.7	2.6	11.3	-1.0%
2010	8.8	2.7	11.5	1.9%
2011	8.7	2.5	11.2	-2.4%
2012	8.7	2.8	11.5	2.6%
2013	8.7	2.5	11.2	-3.0%
2014	8.7	2.5	11.2	0.3%
2015	8.7	2.3	11.0	-1.8%
2016	8.8	2.7	11.5	4.5%
2017	9.4	2.2	11.6	0.7%
2018	9.4	2.2	11.5	-0.5%
2019	9.3	2.2	11.5	-
2020	9.3	1.9	11.2	-2.4%
2021	9.6	2.7	12.3	9.8%
2022	9.6	2.1	11.7	-4.9%
2023	11.0	1.9	12.9	10.3%

\$ in millions.

*Inclusive of the Statewide Reference Library Resources Grant

INDIRECT AID TO LOCAL GOVERNMENT

Public Service Corporation Tax

The tangible personal property of telegraph, cable, and telecommunications corporations and express corporations is exempt from local taxation. It is, however, subject to taxation by the State. The State Tax Administrator applies the average assessment ratio and the average tax rate to the value of tangible personal property of each company to calculate the amount of tax due. The “average assessment ratio” is the total assessed valuation divided by the full market value of the valuation. The “average property rate” is the total statewide property levy divided by the total statewide assessed valuation.

The revenue from this tax flows through the State; it is not appropriated. The State is allowed to keep 0.75 percent of the tax for administrative fees. The remainder of the revenue is deposited into a restricted receipt account and apportioned to the cities and towns based on the ratio of each municipality’s population relative to the total population of the State.

Collections from this tax decreased from \$18.0 million in FY2003 to \$9.2 million in FY2009. In 2009, the General Assembly passed legislation freezing the tax rate on telecommunications tangible personal property at a rate equal to or greater than the rate that applied in FY2008. For each year thereafter, the tax rate applied to telecommunications tangible property can be no less than the rate that applied in FY2008.

The FY2023 Budget provides \$13.1 million to be distributed to municipalities on July 31, 2022.

Public Service Corporation		
Fiscal Year	Total Funding	% Change
2008	\$10.3	0.0%
2009	9.2	-11.1%
2010	10.2	10.9%
2011	11.4	11.8%
2012	11.8	3.5%
2013	12.7	7.6%
2014	13.2	3.9%
2015	14.3	8.3%
2016	13.0	-9.0%
2017	13.6	4.2%
2018	13.2	-2.9%
2019	13.3	1.0%
2020	13.3	-
2021	13.2	-0.8%
2022	12.6	-4.5%
2023	13.1	4.0%

\$ in millions.

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 FY2022, the Office of Revenue Analysis anticipates \$32.4 million in collections, increasing to \$33.1 million in FY2023.

Meals & Beverage Tax		
Fiscal Year	Total Funding	% Change
2015	\$23.9	7.0%
2016	25.7	7.5%
2017	26.3	2.5%
2018	28.9	9.7%
2019	28.3	-2.1%
2020	26.2	-7.6%
2021	24.2	-7.3%
2022	32.4	33.8%
2023	33.1	2.1%

\$ in millions.

Hotel Tax

The State levies a 5.0 percent gross receipts tax on charges for occupancy of any space furnished in buildings or structures with a minimum of three rooms that are kept, used, maintained, advertised, or held out to the public to be a space where living quarters are supplied for pay for transient use (30 days or less). This tax is collected by the hotel and remitted to the Division of Taxation on a monthly basis.

This tax is in addition to all other taxes and fees currently imposed. The Division of Taxation collects the tax and is responsible for distribution, except for the City of Newport, which is authorized to collect and disburse taxes from all hotels physically located in the City. 25.0 percent of the revenue from the 5.0 percent hotel tax is distributed to the city or town where the hotel which generated the tax is physically located.

The FY2016 Budget as Enacted expanded the hotel tax to include vacation home rentals, small bed and breakfasts, hotel room resellers, and unlicensed lodging rentals (such as those listed on the Airbnb.com website).

Hotel Tax Distribution		
Fiscal Year	Total Distribution	% Change
2015	\$17.2	9.7%
2016	19.4	12.5%
2017	19.6	1.2%
2018	21.5	-0.7%
2019	21.7	0.7%
2020	17.7	-18.4%
2021	5.4	-69.6%
2022	11.8	-45.6%
2023	11.6	-34.5%

\$ in millions.

The Office of Revenue Analysis estimates an \$11.8 million hotel tax distribution in FY 2022 and \$11.6 million in FY2023. The significant decrease in hotel tax collections from FY2020 to FY2021 (69.6 percent) is related to the impact of pandemic restrictions on travel.

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 T.F. Green Airport in Warwick. Revenues from the CSC are to be used to pay for the construction, expansion, reconfiguration, operation and maintenance of the Warwick Intermodal Transit Station. The CSC is applied prior to the application of the sales tax and rental vehicle surcharge. Since 2003, per RIGL 1-2-17.1, all sales taxes (7.0 percent) and rental vehicle surcharges (6.0 percent) collected from the application of the CSC have been deposited into a restricted receipt account for the City of Warwick. The Budget includes \$950,807 in CSC payments to the City in FY2022 and \$967,786 in FY2023.

Airport Impact Aid

The Budget provides \$1.0 million in funding for the Airport Impact Aid program in FY2023. The Airport Impact Aid program provides State aid funds to municipalities which host airports. Under current law, the aid is distributed according to a statutory formula that provides 60.0 percent of the first \$1.0 million, or \$600,000, for communities with airports serving more than 1.0 million passengers per year. T.F. Green in Warwick is the only airport in the State that meets this threshold. The remaining 40.0 percent is distributed to communities based on each airport's share of total landings in a calendar year, including T.F. Green. Under current law, no community that hosts an airport can receive less than \$25,000.

The following table shows the distribution of Airport Impact Aid for FY2022 and FY2023:

Airport	FY2022	FY2023*	Change
Warwick T.F. Green	\$742,618	\$742,618	-
Block Island	47,267	47,267	-
Middletown - Newport Airport	35,601	35,601	-
North Central - Smithfield	25,000	25,000	-
North Central - Lincoln	25,000	25,000	-
North Kingstown - Quonset	64,642	64,642	-
Westerly	59,974	59,974	-
Total	\$1,000,102	\$1,000,102	-

* Airport Impact Aid is based on Calendar Year 2021 landing data that was made available in May 2022. Final FY2023 distribution amounts will be adjusted based upon updated data in May 2023.

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 Governor recommends \$414,947 in general revenue for the Property Revaluation program in FY2023, reflecting a savings of \$1.2 million relative to the FY2022 enacted level. The change is based on a reduction in anticipated reimbursements, which are required by law. The following communities will be reimbursed for statistical updates in FY2023: Exeter, Foster, Middletown, Narragansett, Newport, Pawtucket, Tiverton, and Woonsocket. Full revaluations will occur in Barrington, Cranston, and East Greenwich.

Property Revaluation Program		
Fiscal		
Year	Amount	% Change
2015	\$0.6	20.0%
2016	1.4	133.3%
2017	0.6	-57.1%
2018	0.9	50.0%
2019	1.6	77.8%
2020	0.5	-68.8%
2021	1.1	120.0%
2022	1.5	36.4%
2023	0.4	-72.3%

\$ in millions

Municipal Road and Bridge Fund

The FY2014 Budget as Enacted transferred \$7.0 million of bond premium proceeds derived from the sale of 2013 general obligation bonds from Rhode Island Capital Plan (RICAP) funds to capitalize a Municipal Road and Bridge Revolving Fund. The FY2014 Revised Budget increased this amount by \$3.3 million, for a total of \$10.3 million. The FY2015 Budget included an additional \$5.0 million in funding made available from the sale of Tobacco Settlement Bonds, and the Clean Water Finance Agency (now the Rhode Island Infrastructure Bank) contributed \$3.5 million to the program from its board-designated administrative fund in FY2015. The Budget does not include any additional funding for the Municipal Road and Bridge Fund in FY2023.

These funds are available for municipalities to borrow for road and bridge projects. Loans began in FY2014, and future capitalizations, combined with the revolved funds, allow State-sponsored financing on an ongoing basis. This fund is administered by the Rhode Island Infrastructure Bank (RIIB). Applications are submitted to the Rhode Island Department of Transportation (RIDOT), based on regulations developed by RIDOT. RIDOT developed a project priority list based on 6 criteria:

- The extent to which the project generates economic benefits.
- The extent to which the project would be able to proceed at an earlier date.
- The likelihood the project will provide mobility benefits.
- The cost effectiveness of the project.
- The likelihood that the project will increase safety.
- The readiness of the project to proceed during the next calendar year.

Municipal Road and Bridge Fund					
Borrower	Program Year	Amount Requested	Amount Borrowed	Loan Outstanding	Credit Limit Remaining
East Providence	2014	\$1,215,000	\$1,215,000	\$520,000	-
Newport	2014	4,000,000	1,500,000	627,000	-
Warwick	2014	1,600,000	1,600,000	1,065,541	131,459
Burrillville	2014	680,000	680,000	335,452	4,548
New Shoreham	2014	255,000	255,000	131,802	29,198
Westerly *	2014	625,000	225,000	-	-
Pawtucket	2014	7,000,000	3,500,000	2,638,000	-
Cumberland	2014	560,000	560,000	373,550	45,450
Coventry	2014	340,000	340,000	144,000	-
West Warwick	2015	150,515	150,515	69,515	-
Bristol	2015	500,000	500,000	364,000	-
Hopkinton	2015	253,000	253,000	48,104	-
Pawtucket	2015	5,000,000	5,000,000	3,912,000	-
East Greenwich	2015	2,000,000	2,000,000	925,000	-
Coventry	2015	900,000	900,000	607,000	-
Bristol	2016	1,175,000	1,175,000	927,000	-
Cranston	2016	1,755,000	1,755,000	1,436,000	-
New Shoreham	2016	296,000	296,000	241,000	-
Pawtucket	2016	3,000,000	3,000,000	2,467,000	-
East Greenwich	2017	5,000,000	5,000,000	4,111,407	214,593
Pawtucket	2017	3,000,000	3,000,000	2,603,000	-
New Shoreham	2018	449,000	449,000	392,000	-
Providence Public Building Authority	2018	10,000,000	10,000,000	8,767,000	-
Pawtucket	2018	2,000,000	2,000,000	1,830,000	-
Middletown	2018	5,000,000	5,000,000	3,957,307	609,693
Barrington	2019	3,500,000	3,500,000	1,247,452	1,902,548
Warren	2019	2,500,000	2,000,000	(11,000)	2,000,000
Westerly	2019	15,000,000	15,000,000	6,598,422	7,894,578
Central Falls	2019	1,500,000	1,500,000	1,100,025	335,975
Pawtucket	2019	2,000,000	2,000,000	1,835,000	-
Providence Public Building Authority	2020	20,000,000	20,000,000	1,441,658	18,558,342
Cumberland	2020	2,500,000	2,500,000	1,456,356	934,644
Warwick	2020	3,000,000	3,000,000	(246,000)	2,963,000
Warwick	2020	7,000,000	7,000,000	3,841,489	2,501,511
Total		\$113,753,515	\$106,853,515	\$55,756,080	\$38,125,539

*\$400,000 turned back by Westerly

OTHER MUNICIPAL ISSUES

Tax Stabilization Incentive

Article 19 of the FY2016 Budget as Enacted created the Tax Stabilization Incentive program whereby municipalities can apply to the Rhode Island Commerce Corporation for partial reimbursement of personal and/or real estate tax revenue forgone due to the granting of a tax stabilization agreement by that community for a qualified construction or rehabilitation project. The Corporation provides a partial reimbursement of no more than 10.0 percent of the property tax revenue that would have otherwise been collected.

Under this program, a community can grant a stabilization agreement for the rehabilitation of an existing structure where the total cost of the development budget exceeds 50.0 percent of the adjusted basis of the property (original cost of the property reduced by depreciation deductions and increased by capital expenditures), or for a new construction project that begins within twelve months of the approval of the tax stabilization agreement and is completed within 36 months. The qualifying property must be used or intended to be used for offices, commercial enterprises, or residential purposes. The terms of the stabilization agreements must be for a minimum of twelve years and reimbursements cease upon

termination of the underlying tax stabilization agreement or upon exhaustion of funds appropriated to the reimbursement fund.

Article 17 of the FY2017 Budget modified the Tax Stabilization Agreement incentive program to allow the Commerce Corporation to reimburse municipalities up to 50.0 percent of foregone revenue for up to five projects statewide in any given year. The current reimbursement rate is 10.0 percent. The city or town council of any qualifying community must pass a resolution designating a qualifying project as the most important project to the municipality's economic development for that fiscal year. Designated "Hope Communities" may select two projects for potential qualification annually. The total amount of funding to be awarded is subject to general revenue appropriation.

Since FY2016, the Commerce Corporation has provided \$606,426 in tax stabilization incentives in support of three projects:

Project	Municipality	Board Approval Date	Board Approval Amount
Residence Inn (Former Fogarty Building)	Providence	2/22/2016, 5/22/17	\$246,597
Immunex RI Corporation	West Greenwich	4/10/2018	179,829
Rubius Therapeutics	Smithfield	6/28/2018	180,000
Total			\$606,426

Source: Commerce Corporation

FY2023 Direct Municipal Aid to Cities and Towns

Municipality	FY2022 Enacted	Distressed				FY2023 Enacted	Change from FY2022 Enacted
		Payment in Lieu of Taxes	Communities Relief Fund	Motor Vehicle Excise Tax ³	Library Grant-in-Aid		
Barrington	\$4,056,310	\$18,133	-	5,894,822	\$327,745	\$6,240,700	\$2,184,390
Bristol	3,285,114	1,408,285	-	2,905,818	220,836	4,534,938	1,249,824
Burrillville	3,721,316	105,242	-	5,053,933	202,102	5,361,277	1,639,961
Central Falls	1,785,089	-	235,462	2,077,974	36,645	2,350,082	564,993
Charlestown	570,399	-	-	1,020,877	64,396	1,085,273	514,874
Coventry	3,338,356	-	-	5,872,396	224,402	6,096,797	2,758,442
Cranston	22,869,637	5,004,163	1,342,778	22,312,247	781,617	29,440,805	6,571,168
Cumberland	3,412,338	-	-	6,073,469	337,599	6,411,068	2,998,729
East Greenwich	1,768,184	774,131	-	2,417,332	135,464	3,326,928	1,558,743
East Providence	6,361,355	282,016	-	7,202,266	513,132	7,997,414	1,636,059
Exeter	1,264,176	-	-	2,241,381	57,313	2,298,694	1,034,518
Foster	1,062,224	-	-	1,652,251	39,461	1,691,712	629,488
Glocester	1,287,169	-	-	2,381,941	95,338	2,477,279	1,190,111
Hopkinton	933,552	-	-	1,629,259	42,139	1,671,398	737,847
Jamestown	292,136	-	-	622,793	128,801	751,594	459,458
Johnston	6,628,400	-	-	10,382,785	131,840	10,514,625	3,886,225
Lincoln	2,612,923	-	-	5,683,015	234,360	5,917,375	3,304,452
Little Compton	142,504	-	-	366,775	43,716	410,492	267,988
Middletown	966,418	-	-	1,976,448	168,217	2,144,665	1,178,247
Narragansett	613,241	-	-	1,707,362	100,000	1,807,362	1,194,121
Newport	2,689,322	1,688,961	-	2,223,671	486,280	4,398,912	1,709,590
New Shoreham	249,714	-	-	163,298	97,282	260,580	10,866
North Kingstown	2,317,743	1,149	-	5,378,818	345,378	5,725,344	3,407,601
North Providence	7,887,025	-	1,075,446	9,619,286	240,904	10,935,636	3,048,611
North Smithfield	2,742,782	-	-	4,398,531	95,323	4,493,854	1,751,072
Pawtucket	14,187,255	3,060	1,651,225	16,495,506	385,419	18,535,211	4,347,956
Portsmouth	1,196,871	-	-	2,414,242	132,188	2,546,430	1,349,559
Providence	67,557,598	35,772,362	6,171,331	34,131,596	1,516,635	77,591,924	10,034,326
Richmond	783,056	-	-	1,448,455	31,429	1,479,884	696,828
Scituate	684,074	-	-	1,977,127	129,909	2,107,036	1,422,962
Smithfield	5,058,736	910,957	-	7,098,694	363,908	8,373,559	3,314,823
South Kingstown	2,110,827	217,065	-	3,930,455	262,022	4,409,542	2,298,715
Tiverton	953,945	-	-	1,710,494	146,250	1,856,745	902,800
Warren	1,171,806	-	-	2,090,911	76,680	2,167,590	995,784
Warwick	15,283,208	1,578,435	-	25,246,254	735,072	27,559,761	12,276,553
Westerly	3,699,248	197,328	-	5,765,523	411,306	6,374,157	2,674,909
West Greenwich	703,470	-	-	1,331,725	56,285	1,388,010	684,540
West Warwick	4,133,868	-	1,063,602	5,673,744	203,446	6,940,792	2,806,924
Woonsocket	8,479,087	472,304	844,614	9,324,776	226,504	10,868,198	2,389,111
SRL ¹	701,052	-	-	-	1,101,101	1,101,101	400,049
ILG ²	62,609	-	-	-	62,609	62,609	-
MVET Adjustment ⁴	-	-	-	421,271	-	421,271	421,271
Fire Districts	171,125	-	-	635,357	-	635,357	464,232
Total	\$209,795,262	\$48,433,591	\$12,384,458	230,954,881	\$10,991,049	\$302,763,980	\$92,968,718

¹ SRL: Statewide Reference Library Resources Grant² ILG: Grant-in-Aid to Institutional Libraries

Total Library Construction Aid FY2023 is \$1.9 million

³ Combines MVET Phase-Out Reimbursement and Original Base Reimbursement⁴ Up to \$500,000 in total to be provided as a supplemental payment per proposed R.I. Gen. Laws § 44-34.1-5 for municipalities and fire districts that would have had a motor vehicle levy above their FY 2018 Baseline in FY 23 and that also budgeted for this additional revenue, subject to review and certification by the Department of Revenue.

FY2022 Direct Municipal Aid to Cities and Towns

Municipality	FY2022 Enacted	Payment in Lieu of Taxes	Distressed Communities Relief Fund	Motor Vehicle Excise Tax ³	Library Grant- in-Aid	FY2022 Final	Change from FY2022 Enacted
Barrington	\$4,056,310	\$17,094	-	\$3,277,446	\$282,274	\$3,576,814	(\$479,496)
Bristol	3,285,114	1,327,172	-	1,315,414	190,810	2,833,396	(451,718)
Burrillville	3,721,316	98,835	-	2,881,079	186,270	3,166,184	(555,133)
Central Falls	1,785,089	-	220,713	1,419,847	31,902	1,672,462	(112,627)
Charlestown	570,399	-	-	410,125	53,533	463,658	(106,741)
Coventry	3,338,356	-	-	2,667,501	197,001	2,864,502	(473,853)
Cranston	22,869,637	4,778,876	2,685,555	13,521,221	664,578	21,650,230	(1,219,407)
Cumberland	3,412,338	-	-	2,641,329	308,514	2,949,843	(462,495)
East Greenwich	1,768,184	729,131	-	574,015	123,871	1,427,017	(341,167)
East Providence	6,361,355	260,127	-	4,616,780	447,125	5,324,032	(1,037,323)
Exeter	1,264,176	-	-	1,031,171	60,044	1,091,215	(172,961)
Foster	1,062,224	-	-	916,921	34,393	951,314	(110,910)
Glocester	1,287,169	-	-	1,045,563	81,660	1,127,223	(159,946)
Hopkinton	933,552	-	-	762,446	37,216	799,662	(133,889)
Jamestown	292,136	-	-	121,883	109,968	231,851	(60,285)
Johnston	6,628,400	-	-	5,962,368	126,270	6,088,638	(539,763)
Lincoln	2,612,923	-	-	2,034,347	217,473	2,251,820	(361,103)
Little Compton	142,504	-	-	81,995	37,355	119,350	(23,154)
Middletown	966,418	-	-	698,657	126,831	825,488	(140,930)
Narragansett	613,241	-	-	442,433	87,158	529,591	(83,650)
Newport	2,689,322	1,601,050	-	477,195	415,522	2,493,767	(195,555)
New Shoreham	249,714	-	-	82,699	91,679	174,378	(75,336)
North Kingstown	2,317,743	1,080	-	1,908,057	301,066	2,210,203	(107,540)
North Providence	7,887,025	-	987,908	6,344,825	201,533	7,534,266	(352,759)
North Smithfield	2,742,782	-	-	2,387,438	80,421	2,467,859	(274,923)
Pawtucket	14,187,255	3,501	1,490,485	11,446,434	421,641	13,362,061	(825,194)
Portsmouth	1,196,871	-	-	903,110	117,111	1,020,221	(176,651)
Providence	67,557,598	34,027,865	5,265,375	24,894,557	1,319,744	65,507,541	(2,050,057)
Richmond	783,056	-	-	634,674	26,826	661,500	(121,556)
Scituate	684,074	-	-	333,324	109,928	443,252	(240,822)
Smithfield	5,058,736	860,981	-	3,559,726	317,166	4,737,873	(320,862)
South Kingstown	2,110,827	209,069	-	1,369,885	242,750	1,821,704	(289,122)
Tiverton	953,945	-	-	365,326	127,469	492,795	(461,149)
Warren	1,171,806	-	-	954,817	64,909	1,019,726	(152,080)
Warwick	15,283,208	1,528,261	-	11,886,329	736,708	14,151,298	(1,131,910)
Westerly	3,699,248	185,126	-	2,555,156	316,166	3,056,448	(642,800)
West Greenwich	703,470	-	-	533,647	48,116	581,763	(121,707)
West Warwick	4,133,868	-	953,745	2,599,058	171,836	3,724,639	(409,229)
Woonsocket	8,479,087	461,334	780,677	6,650,038	200,324	8,092,373	(386,714)
SRL ¹	701,052	-	-	-	784,305	784,305	83,253
ILG ²	62,609	-	-	-	62,609	62,609	-
MVET Adjustment ⁴				3,296,695			
Fire Districts	171,125	-	-	91,134	-	91,134	(79,991)
Total	\$209,795,262	\$46,089,504	\$12,384,458	\$129,696,665	\$9,562,076	\$194,436,005	(\$15,359,257)

¹ SRL: Statewide Reference Library Resources Grant² ILG: Grant-in-Aid to Institutional Libraries

Total Library Construction Aid FY2022 is \$2.1 million

³ Combines MVET Phase-Out Reimbursement and Original Base Reimbursement⁴ Up to \$500,000 in total to be provided as a supplemental payment per proposed R.I. Gen. Laws § 44-34.1-5 for municipalities and fire

FY2023 - Indirect Municipal Aid to Cities and Towns

Municipality		Public Service Corp. Tax	Hotel Tax	Meals and Beverage Tax	Airport Impact Fees ¹	FY2023 Enacted	
Barrington	\$373,105	\$199,439	\$4,896	\$206,912	-	411,247	\$38,142
Bristol	769,969	273,410	78,031	571,563	-	923,004	153,035
Burrillville	400,418	206,687	274	241,643	-	448,604	48,186
Central Falls	362,378	240,792	587	166,346	-	407,725	45,347
Charlestown	327,368	97,025	75,655	203,745	-	376,425	49,057
Coventry	922,728	430,457	108,031	545,719	-	1,084,207	161,479
Cranston	2,900,036	1,006,575	45,461	2,358,289	-	3,410,325	510,289
Cumberland	921,720	433,343	1,058	615,400	-	1,049,801	128,081
East Greenwich	863,149	162,262	2,985	852,602	-	1,017,849	154,700
East Providence	1,640,185	587,726	74,840	1,263,092	-	1,925,658	285,473
Exeter	189,761	83,138	219	135,508	-	218,865	29,104
Foster	75,942	58,498	1,859	23,212	-	83,569	7,627
Glocester	200,244	126,386	4,163	94,452	-	225,001	24,757
Hopkinton	150,601	100,469	3,393	61,837	-	165,699	15,098
Jamestown	184,035	68,061	43,427	97,579	-	209,067	25,032
Johnston	1,030,772	363,300	11,138	846,610	-	1,221,048	190,276
Lincoln	1,159,470	269,979	135,555	897,597	25,000	1,328,131	168,661
Little Compton	123,387	43,310	31,260	68,834	-	143,404	20,017
Middletown	1,763,128	197,990	1,249,770	927,183	35,601	2,410,544	647,416
Narragansett	1,088,761	191,412	336,670	802,753	-	1,330,835	242,074
Newport	4,581,254	305,954	3,030,120	2,837,795	-	6,173,869	1,592,615
New Shoreham	957,827	10,790	697,627	458,782	47,267	1,214,466	256,639
North Kingstown	1,047,532	325,676	139,918	723,662	64,642	1,253,898	206,366
North Providence	776,856	403,017	3,762	501,988	-	908,767	131,911
North Smithfield	462,236	154,581	4,351	384,024	-	542,956	80,720
Pawtucket	1,815,464	889,741	100,450	1,149,383	-	2,139,574	324,110
Portsmouth	488,570	214,714	30,948	329,780	-	575,442	86,872
Providence	9,312,032	2,223,355	2,247,311	6,687,665	-	11,158,331	1,846,299
Richmond	241,659	95,675	11,949	177,856	-	285,480	43,821
Scituate	195,342	132,171	9,270	78,451	-	219,892	24,550
Smithfield	1,217,151	269,260	190,022	987,641	25,000	1,471,923	254,772
South Kingstown	1,419,088	379,714	243,393	1,095,940	-	1,719,047	299,959
Tiverton	456,780	194,868	17,219	335,290	-	547,377	90,597
Warren	441,385	129,780	2,399	388,501	-	520,680	79,295
Warwick	5,590,211	1,003,986	1,310,675	3,568,358	742,618	6,625,637	1,035,426
Westerly	1,786,536	278,749	985,862	1,110,581	59,974	2,435,166	648,630
West Greenwich	292,017	78,009	143,327	150,823	-	372,159	80,142
West Warwick	832,471	358,481	161,959	481,611	-	1,002,051	169,580
Woonsocket	1,089,525	515,552	65,149	687,788	-	1,268,489	178,964
Total	\$48,451,093	\$13,104,333	\$11,604,985	\$33,116,795	\$1,000,102	\$58,826,212	\$10,375,119

¹ Airport Impact Aid is based on Calendar Year 2021 landing data that was made available in May 2022. Final FY2023 distribution amounts will be adjusted based upon updated data in May 2023.

FY2022 - Indirect Municipal Aid to Cities and Towns

Municipality	FY2022				Airport Impact Fees ¹	FY2022 Final	Change from FY2022
	Enacted	Public Service Corp. Tax	Hotel Tax	Meals and Beverage Tax			Enacted
Barrington	\$373,105	\$192,114	\$1,855	\$21,732	-	215,701	(\$157,404)
Bristol	769,969	263,739	87,402	600,745	-	951,886	181,917
Burrillville	400,418	197,557	93	218,535	-	416,185	15,767
Central Falls	362,378	231,392	195	212,712	-	444,299	81,921
Charlestown	327,368	92,883	104,019	187,439	-	384,341	56,973
Coventry	922,728	412,395	107,680	513,273	-	1,033,348	110,620
Cranston	2,900,036	967,705	30,570	2,189,844	-	3,188,119	288,083
Cumberland	921,720	415,003	816	625,221	-	1,041,040	119,320
East Greenwich	863,149	155,790	2,874	846,229	-	1,004,893	141,744
East Providence	1,640,185	565,505	65,856	1,064,796	-	1,696,157	55,972
Exeter	189,761	79,366	646	138,428	-	218,440	28,679
Foster	75,942	56,130	367	22,667	-	79,164	3,222
Glocester	200,244	120,775	3,561	91,317	-	215,653	15,409
Hopkinton	150,601	96,432	2,328	61,101	-	159,861	9,260
Jamestown	184,035	65,431	51,483	88,821	-	205,735	21,700
Johnston	1,030,772	349,035	12,540	907,199	-	1,268,774	238,002
Lincoln	1,159,470	258,808	165,925	821,183	25,000	1,270,916	111,446
Little Compton	123,387	41,553	35,138	49,200	-	125,891	2,504
Middletown	1,763,128	190,768	1,308,409	842,197	35,601	2,376,975	613,847
Narragansett	1,088,761	184,599	343,727	810,832	-	1,339,158	250,397
Newport	4,581,254	293,727	3,631,317	2,998,673	-	6,923,717	2,342,463
New Shoreham	957,827	10,909	756,623	546,706	47,267	1,361,505	403,678
North Kingstown	1,047,532	312,449	115,771	784,317	64,642	1,277,179	229,647
North Providence	776,856	387,825	3,697	527,939	-	919,461	142,605
North Smithfield	462,236	147,834	3,559	399,673	-	551,066	88,830
Pawtucket	1,815,464	855,635	88,432	1,127,311	-	2,071,378	255,914
Portsmouth	488,570	206,787	31,795	360,528	-	599,110	110,540
Providence	9,312,032	2,137,706	1,795,242	6,584,003	-	10,516,951	1,204,919
Richmond	241,659	91,144	46,436	164,883	-	302,463	60,804
Scituate	195,342	126,647	6,295	86,061	-	219,003	23,661
Smithfield	1,217,151	258,355	186,588	986,346	25,000	1,456,289	239,138
South Kingstown	1,419,088	365,054	293,578	980,134	-	1,638,766	219,678
Tiverton	456,780	187,862	11,601	369,961	-	569,424	112,644
Warren	441,385	124,908	2,565	414,026	-	541,499	100,114
Warwick	5,590,211	964,596	1,052,558	3,367,836	742,618	6,127,608	537,397
Westerly	1,786,536	268,491	1,164,171	1,129,593	59,974	2,622,229	835,693
West Greenwich	292,017	74,125	117,413	149,876	-	341,414	49,397
West Warwick	832,471	344,712	122,571	453,546	-	920,829	88,358
Woonsocket	1,089,525	495,476	57,129	696,641	-	1,249,246	159,721
Total	\$48,451,093	\$12,591,223	\$11,812,820	\$32,439,545	\$1,000,102	\$57,845,673	\$9,394,580

¹ Airport Impact Aid is based on Calendar Year 2021 landing data that was made available in May 2022. Final FY2023 distribution amounts will be adjusted based upon updated data in May 2023.

Education Aid

The Education Adequacy Act (2010-S-2770, Substitute A as Amended) provided a new school funding formula that creates a single methodology for distributing state aid to all public schools. The core principle behind the formula is that state funding should follow the student; therefore, the distribution of state funds changes annually based on shifts in enrollment. This formula applies to all public schools, charter schools, the Davies Career and Technical School, and the Metropolitan Career and Technical Center. The Act does not change the funding methodology for the School for the Deaf, since it is an education program that already has a state, federal, and local share.

Beginning in FY2012, the formula established a per-pupil spending amount and allocated this funding based on student enrollment, adjusting for poverty (as measured by the number of families whose income is below 185.0 percent of the federal poverty guidelines). The formula also adjusts for local revenue generating capacity and overall poverty level, as well as the concentration of children living in poverty.

The Act included a multi-year transition plan to ease districts into the new formula, allowing time for school districts and municipal governments to adjust for gains or losses in education aid. The plan provided a transition period of ten years from the formula implementation in FY2012 for those districts projected to receive less school aid than they did in the previous year, and seven years for those districts projected to receive more. FY2021 was the final year of the transition plan.

In FY2023, the formula aid to the districts, charter schools, and state schools increases by \$40.0 million to fully fund the formula and hold districts harmless relative to Covid-19 enrollment declines. Categorical aid is level funded, except that regional transportation increases by \$1.6 million, group home aid decreases by \$662,927, and density aid decreases by \$490,000.

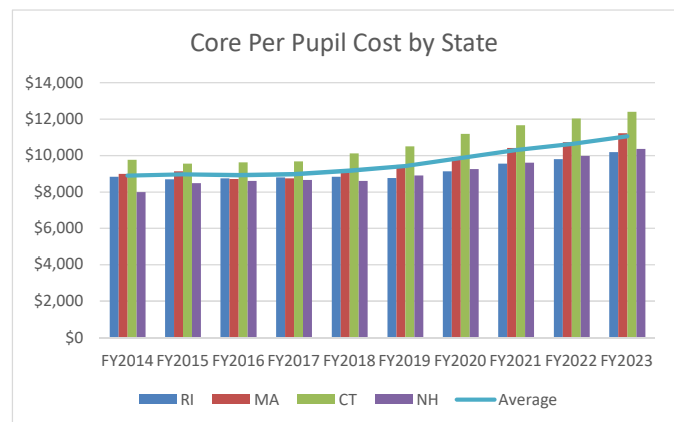
HOW THE FORMULA WORKS

Step 1 - Student Enrollment: Student enrollment is based on resident average daily membership (RADM), which refers to the average number of students who are residents of the community and were enrolled in the school district during the prior school year. The Budget is based on enrollment data as of March in preceding fiscal year, adjusted for projected charter school enrollments.

Analyst Note: In an effort to hold local education agencies (LEAs) harmless from enrollment declines due to the COVID-19 pandemic, the FY2023 Budget as Enacted provides that the enrollment used to calculate education aid would be the greater of March 2020, 2021, or 2022, adjusted for charter school growth.

Step 2 - Core Instruction Amount: The core instruction amount provides a base level of funding per pupil (\$11,050 in FY2023, a 3.9 percent increase from the FY2022 Budget as Enacted). It is derived from the average of northeast regional expenditure data from Rhode Island, Massachusetts, Connecticut and New Hampshire, as published by the National Center for Education Statistics (NCES).

Step 3 - High Need Student Weight (40.0 percent): The Act includes a single factor to adjust the core instruction amount to address the effects of poverty and other factors influencing educational need. The student success factor, also referred to as the high need student weight, increases the core instruction amount by 40.0 percent, or \$4,420 based



on the FY2023 core instruction amount of \$11,050 ($\$11,050 \times 0.40 = \$4,420$), for each student whose family income is at or below one hundred eighty-five percent (185%) of federal poverty guidelines.

Step 4 - Total Foundation Budget: The total foundation budget for each school district is calculated by adding the product of the total core instruction amount and the total student success factor weight.

$$\text{Total Foundation Budget} = (\$11,050 \times \text{RADM}) + (0.40 \times \$11,050 \times \text{students in poverty})$$

Step 5 - State Share Ratio: The Education Adequacy Act creates a new share ratio by adding a wealth measure, based on the concentration of children living in poverty, to the single equalized weighted assessed valuation (EWAV) previously used to determine a district's ability to pay for the cost of education. The total foundation budget equals the student enrollment and the high-need student weight of the district multiplied by the core instruction amount. The State's share of the total foundation budget is the state share ratio calculated as follows:

$$\text{State Share Ratio (SSR)} = \sqrt{\frac{\text{SSRC}^2 + \%PK - 6\text{poverty}^2}{2}}$$

By squaring each factor, the formula amplifies the greater of the two variables. Consequently, school districts with less capacity to raise revenue than the State as 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 EWAV share ratio is based on each community's total assessed property value and median family income, relative to districts across the State. The total community property value includes motor vehicles, personal property and State payments in lieu of taxes. These values are brought to full market value based on market experience and then adjusted by the median family income. The higher the EWAV share ratio, the less capacity the community has relative to the rest of the state for generating locally derived revenue to support schools and the more state aid the community will receive. While similar to the share ratio used in the school construction formula to determine the state's share of debt service obligations, the Education Adequacy Act adjusted the EWAV calculation to increase the State share of total education budget.

The distribution includes an update to the median family income (MFI) component of the EWAV based on the socio-economic data from the American Community Survey (ACS) provided by the United States Census Bureau. The index used to adjust for MFI is the ratio of the median family income of the municipality relative to the median family income statewide as reported in the American Community Survey (ACS) provided by the United States Census Bureau.

Analyst Note: In an effort to reduce the impact of COVID-19 on enrollment, the FY2023 education aid calculation uses the FY2022 share ratio. This ratio is based on August 2020 enrollment, instead of August 2021. Since the pandemic had a greater negative impact on enrollments in our urban communities, the per-pupil-wealth measure was skewed resulting in wealthier communities looking relatively poorer while poorer communities looked relatively wealthier, resulting in significant reduction in aid to poorer communities.

Step 6 - State Share of Foundation Budget: The State's share of the total foundation budget equals the state share ratio, discussed above, times the total foundation budget. Unlike many foundation formulas, the statute neither requires a minimum nor sets a maximum local spending level beyond the limits in the maintenance of effort requirements found in RIGL 16-7-23 and 16-7-23.1. Nonetheless, a municipality is responsible, to some degree, for the difference between the state share and the total foundation amount.

TABLE

The table on the following page provides a step-by-step calculation of each district's recommended formula distribution for FY2023.

FY2023 Education Aid Calculator - Enacted

Districts	PK-12 RADM (based on greater of March Data for last three Years (adjusted for projected FY2023 PSOC growth) ¹	A	Greatest Percentage of Poverty for last three years	Poverty RADM	Core Instruction Funding (C = \$11,050)			Student Success Factor Funding (F = 0.4 * \$11,050 = \$4,420)		FY2022 State Share Ratio (instead of FY2023)		State Share of Foundation Budget	FY2022 Enacted (excludes group home and categoricals)	Change in State Funding
					B	A * C = D	B * F = G	D + G = H	H * I = J	K	J - K = L			
Barrington	3,416	3,416	5.5%	189	\$37,746,800	\$833,312	\$38,580,112	21.4%	\$8,247,712	\$7,924,118	\$323,593			
Burrillville	2,211	2,211	35.1%	776	24,431,550	3,427,840	27,859,390	51.0%	14,202,416	13,780,456	421,959			
Charlestown	740	740	21.1%	156	8,177,000	689,520	8,866,520	15.1%	1,341,689	1,291,300	50,389			
Coventry	4,502	4,502	26.8%	1,207	49,747,100	5,334,940	55,082,040	45.3%	24,970,883	24,066,104	904,779			
Cranston	10,129	10,129	40.3%	4,085	111,925,450	18,054,831	129,980,281	54.5%	70,899,984	68,482,484	2,417,500			
Cumberland	4,619	4,619	19.9%	921	51,039,950	4,072,583	55,112,533	40.1%	22,111,359	20,401,578	1,709,781			
East Greenwich	2,572	2,572	6.7%	173	28,420,600	764,660	29,185,260	15.3%	4,454,937	4,305,850	149,087			
East Providence	5,036	5,036	48.5%	2,443	55,647,800	10,798,060	66,445,860	56.4%	37,474,788	36,103,488	1,371,299			
Foster	227	227	31.3%	71	2,508,350	314,130	2,822,480	39.5%	1,114,963	1,057,919	57,045			
Glocester	556	556	13.2%	73	6,143,800	324,410	6,468,210	39.1%	2,525,892	2,422,153	103,739			
Hopkinton	1,137	1,137	22.0%	250	12,563,850	1,105,258	13,669,108	42.6%	5,826,031	5,590,417	235,614			
Jamestown	655	655	5.5%	36	7,237,750	159,535	7,397,285	4.1%	303,379	291,969	11,410			
Johnston	3,285	3,285	41.7%	1,371	36,299,250	6,058,707	42,357,957	47.7%	20,222,498	19,496,027	726,471			
Lincoln	3,238	3,238	26.1%	847	35,779,900	3,741,600	39,521,500	42.6%	16,848,215	15,940,955	907,260			
Little Compton	344	344	14.2%	49	3,801,200	216,580	4,017,780	11.2%	448,878	432,020	16,858			
Middletown	2,175	2,175	31.9%	694	24,033,750	3,067,480	27,101,230	31.1%	8,437,018	8,132,606	304,412			
Narragansett	1,211	1,211	18.2%	220	13,381,550	972,400	14,353,950	15.8%	2,263,400	2,178,394	85,006			
Newport	2,088	2,088	73.7%	1,539	23,072,400	6,804,321	29,876,721	51.8%	15,485,382	14,752,903	732,479			
New Shoreham	148	148	19.4%	29	1,635,400	126,927	1,762,327	12.4%	219,323	211,086	8,237			
North Kingstown	3,747	3,747	21.2%	793	41,404,350	3,505,060	44,909,410	25.6%	11,488,078	11,216,037	272,041			
North Providence	3,507	3,507	47.2%	1,655	38,752,350	7,312,996	46,065,346	59.5%	27,396,781	26,608,402	788,380			
North Smithfield	1,644	1,644	18.8%	309	18,166,200	1,365,484	19,531,684	32.8%	6,400,092	6,204,807	195,285			
Pawtucket	8,546	8,546	73.0%	6,240	94,433,300	27,581,454	122,014,754	80.6%	98,315,617	95,061,517	3,254,100			
Portsmouth	2,295	2,295	15.6%	359	25,359,750	1,586,780	26,946,530	11.8%	3,182,030	3,062,524	119,506			
Providence	21,141	21,141	87.4%	18,467	233,608,050	81,623,566	315,231,616	86.8%	273,476,553	272,489,702	986,851			
Richmond	1,141	1,141	17.4%	198	12,608,050	875,160	13,483,210	40.2%	5,414,352	5,149,642	264,710			
Scituate	1,269	1,269	12.2%	155	14,022,450	684,925	14,707,375	16.6%	2,447,265	2,358,211	89,053			
Smithfield	2,393	2,393	15.4%	368	26,442,650	1,627,924	28,070,574	25.4%	7,128,434	6,817,709	310,724			
South Kingstown	2,918	2,918	18.7%	546	32,243,900	2,411,974	34,655,874	13.7%	4,756,321	4,559,972	196,349			
Tiverton	1,758	1,758	23.2%	407	19,425,900	1,798,940	21,224,840	33.1%	7,026,480	6,774,565	251,915			
Warwick	8,610	8,610	33.7%	2,905	95,140,500	12,842,295	107,982,795	37.9%	40,874,590	39,218,717	1,655,873			
Westerly	2,683	2,683	34.9%	937	29,647,150	4,139,413	33,786,563	24.6%	8,313,966	7,937,325	376,642			
West Warwick	3,607	3,607	53.6%	1,933	39,857,350	8,543,860	48,401,210	66.2%	32,061,920	30,857,785	1,204,135			
Woonsocket	5,843	5,843	77.7%	4,542	64,565,150	20,075,811	84,640,961	85.2%	72,118,992	69,995,691	2,123,300			
Bristol-Warren ²	3,163	3,163		940	34,951,150	4,154,800	39,105,950		11,768,674	11,345,723	422,951			
Exeter-West Greenwich ²	1,643	1,643		273	18,155,150	1,206,660	19,361,810		4,392,458	4,242,989	149,470			
Charlton				-	-	-	-		-	-	-			
Foster-Glocester ³	1,150	1,150		188	12,707,500	831,750	13,539,250		5,307,321	5,104,253	203,067			
Central Falls	2,651	2,651	97.2%	2,576	29,293,550	11,384,065	40,677,615	95.4%	38,815,846	38,557,253	258,593			
District Total	127,998	127,998		58,919	\$1,414,377,900	\$260,420,013	\$1,674,797,913		\$918,084,517	\$894,424,651	\$23,659,866			
Charter School Total	12,450	12,450		8,081	137,572,500	35,718,020	173,290,520		137,712,567	124,327,778	13,384,789			
Davies	893	893		386	9,867,650	1,706,120	11,573,770		8,927,968	8,589,670	338,297			
Met School	815	815		601	9,005,750	2,656,420	11,662,170		8,708,055	8,259,898	448,157			
Urban Collaborative	133	133		112	1,469,650	495,040	1,964,690		1,693,977	1,630,145	63,831			
Youth Build Academy	135	135		113	1,491,750	499,460	1,991,210		1,727,458	-	1,727,458			
Total	142,424	142,424		68,212	\$1,573,785,200	\$301,495,073	\$1,875,280,273		\$1,076,854,541	\$1,037,232,142	\$39,622,399			

¹ Based on greatest enrollment from March 2020, 2021, or 2022, updated for projected public school of choice (PSOC) growth.

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.

Source: Rhode Island Department of Education

CHARTER AND STATE SCHOOLS

The education funding formula calculation for charter and state schools funds students as if they were still in the sending district, with the same core instruction amount, high-need student weight, and state share ratio. The aid, however, is distributed directly to the charter or state school. In FY2023, the Budget provides \$141.5 million in funding formula aid to charter schools, an increase of \$17.2 million. This increase is primarily driven by enrollment. In FY2023, charter school enrollment increases by 1,242 students, or 10.7 percent, relative to the FY2022 Budget as Enacted.

Sending District Tuition: Under the formula, the funding mechanism for charter and state schools changed significantly. Previously sending district tuition per-student was based on the per-pupil expenditure of the sending district, without deductions, the formula allowed sending districts to retain 5.0 percent of the per-pupil expenditure as indirect aid. The indirect aid was intended to cover residual costs from the transfer of the student from the district to the charter school. Today, the sending district tuition is calculated by dividing the local appropriation to education from property taxes, net debt service and capital projects, by the district resident average daily membership (RADM), or enrollment: there is no indirect aid retained by the sending district.

$$\text{Tuition} = (\text{local appropriation to education} - \text{debt service} - \text{capital projects} / \text{District RADM}) - \text{local tuition reduction}$$

Local Charter and State School Tuition Reduction: Article 11 of the FY2017 Budget changed the above calculation to subtract a district-specific amount from the tuition paid for each student attending a charter or state school. The amount of the reduction is calculated based on differences in expenses between each district and charter schools. The expenditure data used for the calculation is the prior previous fiscal year; consequently, the calculation of unique costs for FY2023 is based on FY2021 data from the Uniform Chart of Accounts (UCOA). The reduction will be the greater of 7.0 percent of the district's per-pupil funding or the per-pupil value of each district's costs in the delineated expenditure categories. The categories include each district's costs for non-public textbooks, transportation for non-public students, retiree health benefits, out-of-district special education tuition and transportation, services for students age eighteen to twenty-one, pre-school screening and intervention, career and technical education tuition and transportation costs, debt service, and rental costs minus the average charter school expenses for the same categories. For districts using the reduction for costs categories, there is an additional reduction for tuition payments to mayoral academies, where teachers do not participate in the state's teacher retirement system, equivalent to the per-pupil, unfunded liability cost. The local tuition rate reductions pursuant to RIGL 16-7.2-5(c) were not available in time for the publication of this report.

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%))

FUNDING FORMULA ADJUSTMENTS

Supplemental Assistance: The Budget includes \$701,190 for the amendment in Article 10 providing 20.0 percent of any negative difference between the FY2023 educator aid distribution proposed by the House Finance Committee and current law. The distribution of this supplemental assistance is provided in the tables later in this report.

FY2022 Property Tax Data Adjustment: As discussed previously, the Education Adequacy Act distributes education aid funding based on local revenue generating capacity and overall poverty level through a state share ratio. The share ratio is based on the concentration of children living in poverty and the equalized weighted assessed valuation (EWAV) for each district. The EWAV is a wealth index based on each community's total assessed property value and median family income per student, relative to districts across the State. The total community property value includes motor vehicles, personal property and State payments in lieu of taxes.

Subsequent to the passage of the FY2022 Budget, the Division of Municipal Finance became aware of errors in the property tax data used to calculate education aid. Since RIGL 16-7-20(e)(1)-(2) provides that errors are to be corrected in the subsequent fiscal year, the Budget includes \$842,582 in FY2023 to realign the aid payments to the LEAs experiencing an increase in aid due to the correction. The by-district distribution of the increase is provided in the FY2022 Revised Budget as follows: Cumberland (\$748,963), Foster (\$3,290), Foster-Glocester (\$5,233), Charter Schools (\$81,896), Davies (\$2,988), and the Urban Collaborative (\$212).

Since the index is based on relative community wealth, however, the errors, once corrected, impacted the distribution of aid to numerous districts by varying degrees, resulting in an increase to some and a decrease to others. The table shows the districts that would have experienced decreases but are held harmless through Article 10 of the FY2023 Budget.

FY2022 Property Tax Adjustment Hold Harmless

Districts	Amount
Barrington	(\$21,460)
Burrillville	(13,399)
Coventry	(27,535)
East Greenwich	(15,188)
East Providence	(30,104)
Glocester	(3,535)
Hopkinton	(7,234)
Johnston	(18,625)
Lincoln	(19,565)
Middletown	(10,378)
North Kingstown	(132,843)
North Providence	(21,299)
North Smithfield	(10,191)
Richmond	(7,227)
Scituate	(7,077)
South Kingstown	(655)
Tiverton	(9,980)
Warwick	(45,365)
West Warwick	(21,912)
Bristol-Warren	(15,867)
Exeter-West Greenwich	(12,913)
Foster-Glocester	(4,993)
District Total	(\$457,344)
Charter School Total	(7,683)
Met School	(674)
Total	(\$465,700)

NON-FORMULA PROVISIONS

Group Homes: The Group Home aid category was created by the General Assembly in 2001 to provide state support to districts hosting group homes in exchange for relieving the resident sending district of financial responsibility for students placed in group homes. When enacted, the Act maintained the current funding for group homes as a categorical grant program; however, the FY2017 Budget as Enacted increased the per-bed funding amount. The Group Home aid category provides \$17,000 annually per bed, except for group home beds associated with Bradley Hospital Children's Residential and Family Treatment (CRAFT) Program, which received \$26,000 per bed. The FY2023 Budget includes \$2.3 million to fund group home beds. This is \$662,927 less than the FY2022 Budget as Enacted. This adjustment represents the most recent update on the number of group home beds per district and the decrease required pursuant to RIGL 16-7-

22(1)(ii) to reduce the average daily membership of a district by the number of group home beds used in the group home aid calculation.

Based on the final December 31, 2021, report from the Department of Children, Youth, and Families, the FY2022 Revised Budget remains consistent with enacted levels.

FY2022 Enacted			Group Home Aid FY2023 Change from Enacted					FY2023
District	Total Aid	Number of Beds	FY2023 Number of Beds	Change in Number of Beds	Aid change due to bed count	Aid change due to RIGL 16- 7-22(1)(ii))	Total Change	Enacted Total Aid
Burrillville	\$75,207	8	-	(8)	(\$136,000)	\$60,793	(\$75,207)	\$0
Coventry	81,928	8	8	-	-	(2,299)	(2,299)	79,629
East Providence	497,179	39	34	(5)	(85,000)	51,150	(33,850)	463,329
Lincoln	85,147	8	8	-	-	797	797	85,944
Newport	129,961	14	14	-	-	3,747	3,747	133,708
North Providence	130,183	16	16	-	-	(2,370)	(2,370)	127,813
North Smithfield	96,893	8	-	(8)	(136,000)	39,107	(96,893)	-
Pawtucket	110,064	22	20	(2)	(34,000)	16,897	(17,103)	92,961
Portsmouth	609,672	40	30	(10)	(170,000)	33,901	(136,099)	473,573
Providence	371,569	91	57	(34)	(578,000)	424,094	(153,906)	217,663
Smithfield	105,752	8	-	(8)	(136,000)	30,248	(105,752)	-
South Kingstown	119,650	8	8	-	-	2,173	2,173	121,823
Warwick	272,738	24	24	-	-	(1,506)	(1,506)	271,232
Woonsocket	34,510	8	-	(8)	(136,000)	101,490	(34,510)	-
Bristol-Warren ¹	106,071	10	10	-	-	(43)	(43)	106,028
Exeter-West Greenwich	123,410	9	9	-	-	(10,106)	(10,106)	113,304
Total	\$2,949,934	321	238	(83)	(\$1,411,000)	\$748,073	(\$662,927)	\$2,287,007

¹ Based on final 12/31/2020 report from the Department of Children, Youth and Families. The FY2022 Revised Budget is consistent with the Budget as Enacted.

Categorical Programs: When the education funding formula was passed in 2010, five categorical funds were identified that would not be distributed according to the formula, but pursuant to other methodologies intended to address the priorities and funding needs of the districts. These categories include Transportation, High-Cost Special Education, Career & Technical Education, Early Childhood, and the Regionalization Bonus. Article 11 of the FY2017 Budget as Enacted added two new aid categories: English Learners and the Density Fund. The Density Fund support ended in FY2019 but was reestablished in FY2022. Article 9 of the FY2019 Budget as Enacted included a temporary aid category to support new Resource Officers at public middle and high schools, which 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 FY2023 Budget includes funding for all of these categories, except the Regionalization Bonus and the School Resource Officer Support.

- **Transportation:** This fund provides funding for transporting students to out-of-district, non-public schools and for 50.0 percent of the local costs associated with transporting students within regional school districts. The program provides for a pro-rata reduction in reimbursements to districts based on available funding. The Budget funds this category at \$9.3 million in FY2023, an increase of \$1.6 million over the FY2022 Budget as Enacted to fully fund the regional component of this category.

FY2023 Education Aid as Enacted		
Categorical	Change from Enacted	Total Funding
Transportation	1.6	9.3
Early Childhood	-	14.9
High-Cost Special Education	-	4.5
Career & Tech. Schools	-	4.5
English Learners	-	5.0
Regionalization Bonus	-	-
School Resource Officer Support	-	-
Group Home Aid	(0.7)	2.3
Density Aid	(0.5)	0.5
Total	\$0.5	\$40.9

\$ in millions

- **Early Childhood Education:** This fund is designed to increase access to voluntary, free, high-quality pre-kindergarten programs. The funds will be distributed through a request for proposals process targeting communities in three tiers, with the first tier having the highest concentration of children at risk for poor educational outcomes. The Budget funds this category at \$14.9 million in FY2023, level with the FY2022 Budget as Enacted.
- **High-Cost Special Education:** This fund reimburses districts for instructional and related services provided to a student pursuant to an Individual Education Plan (IEP). The State reimburses costs that exceed five times the combined core instruction and student success factor funding (currently \$77,350 for FY2023). The program provides for a pro-rata reduction in reimbursements to districts based on available funding. The Budget funds this category at \$4.5 million in FY2023, level with the FY2022 Budget as Enacted. An additional \$7.8 million would be needed to fully fund this category.
- **Career and Technical Schools:** This fund contributes toward the initial investment needed to transform existing programs or create new programs and the costs 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 FY2023, level with the previous year.
- **English Learners:** Article 11 of the FY2017 Budget as Enacted established a categorical fund for English Learners (EL). The fund provides additional aid of 10.0 percent of the per-pupil core instruction amount for each qualified EL student. In FY2023, the per-pupil weight is \$1,105, to reflect 10.0 percent of the \$11,050 core instruction amount. This amount is then multiplied by the state share ratio. The formula is provided below.

(Per-pupil core instruction amount x number of EL students) x 10.0 percent x state share ratio = additional state support per EL student

This support is then ratably reduced based on the total amount appropriated.

The Article restricted the funds to provide new services to EL students and required that the funds be managed in accordance with requirements enumerated by the Commissioner. The Article also required the Department to collect performance reports and approve the use of funds prior to expenditure to ensure the funded activities align to innovative and expansive activities. Distribution is subject to a pro-rata reduction based on the funds available. The Budget provides \$5.0 million in FY2023, level with the previous fiscal year; however, an additional \$6.4 million would be needed to fully fund this category.

- **Regionalization Bonus:** This fund provides a bonus to regionalized districts and those that regionalize in the future. In the first year, the bonus is 2.0 percent of the State's share of the total foundation aid. In the second year, the bonus is 1.0 percent of the State's share and in the third year the bonus phases out. The program provides for a pro-rata reduction in reimbursements to districts based on available funding. This category has not been funded since FY2014, as no new regional districts have been formed.
- **School Resource Officer Support:** Article 9 of the FY2019 Budget as Enacted established an aid category to support new Resource Officers at public middle and high schools. The program provides support for districts to add Resource Officers but does not mandate their use. For FY2019 through FY2021, the State will reimburse one half the cost of salaries and benefits for qualifying positions created after July 1, 2018; however, for schools with fewer than 1,200 students, only one resource officer position is eligible for reimbursement. Schools with 1,200 or more students may receive

reimbursement for up to 2 positions. Each resource officer can only be assigned to one school. The Budget does not fund this category since the program expired in FY2021.

- **Density Aid:** Article 10 of the FY2022 Budget as Enacted reestablished density aid for districts where 5.0 percent or more of the average daily membership (ADM) are enrolled in a charter or state school and provided \$1.0 million in education aid for FY2022. The category provides one \$500 payment for each new resident student enrolled in a charter or state school. For FY2022, the aid was calculated based on the number of new students attending a public school of choice since FY2019. FY2019 is the last year density aid was provided. In subsequent fiscal years, the \$500 will be paid for each new charter or state school student relative to the previous year. In FY2023, the Budget includes \$520,500, a decrease of \$490,000 from the enacted level, to fully fund this category.

The following table shows the education aid including the formula distribution, categorical aid, and group home aid.

District	FY2022 Enacted (excludes group home and categoricals)	FY2023 Formula Change	20.0 Percent of negative HFC change to Governor Model	Density Aid ⁴	Transportation	High-cost Special Education (>\$77,350)	Group Home Aid ²	English Learners	Stabilization Funding	FY2023 Aid
Barrington	\$7,924,118	\$323,593	\$302,169	\$0	\$184,032	\$90,554	\$0	\$4,139	\$0	\$8,828,606
Burrillville	13,780,456	421,959	-	-	37,784	169,227	-	691	-	14,410,118
Charlestown	1,291,300	50,389	-	-	-	-	-	0	-	1,341,689
Coventry	24,066,104	904,779	-	-	21,777	22,841	79,629	3,768	-	25,098,897
Cranston	68,482,484	2,417,500	-	-	809,197	286,687	-	159,080	-	72,154,949
Cumberland	20,401,578	1,709,781	-	6,000	116,775	13,174	-	16,261	-	22,263,569
East Greenwich	4,305,850	149,087	148,478	-	137,717	98,980	-	1,763	-	4,841,875
East Providence	36,103,488	1,371,299	-	-	2,911	166,380	463,329	41,977	-	38,149,384
Foster	1,057,919	57,045	-	-	-	22,387	-	-	-	1,137,350
Glocester	2,422,153	103,739	-	-	-	25,901	-	-	-	2,551,793
Hopkinton	5,590,417	235,614	-	-	-	-	-	603	-	5,826,634
Jamestown	291,969	11,410	-	-	-	88,284	-	-	-	391,663
Johnston	19,496,027	726,471	-	-	179,181	282,703	-	35,744	-	20,720,127
Lincoln	15,940,955	907,260	-	2,500	-	110,853	85,944	7,676	-	17,055,188
Little Compton	432,020	16,858	-	-	-	-	-	-	-	448,878
Middletown	8,132,606	304,412	-	-	-	26,284	-	13,085	-	8,476,388
Narragansett	2,178,394	85,006	-	-	-	7,829	-	49	-	2,271,278
Newport	14,752,903	732,479	-	-	-	14,019	133,708	65,843	-	15,698,952
New Shoreham	211,086	8,237	-	-	-	21,221	-	248	-	240,792
North Kingstown	11,216,037	272,041	-	-	-	53,679	-	6,076	-	11,547,833
North Providence	26,608,402	788,380	-	14,500	177,416	452,064	127,813	55,274	-	28,223,849
North Smithfield	6,204,807	195,285	30,508	-	19,790	80,429	-	3,038	-	6,533,858
Pawtucket	95,061,517	3,254,100	-	19,500	216,277	26,853	92,961	473,999	-	99,145,207
Portsmouth	3,062,524	119,506	-	-	17,886	98,526	473,573	229	-	3,772,245
Providence	272,489,702	986,851	-	413,500	465,403	665,207	217,663	2,685,036	-	277,923,361
Richmond	5,149,642	264,710	502	-	-	-	-	782	-	5,415,636
Scituate	2,358,211	89,053	-	-	51,356	105,256	-	-	-	2,603,876
Smithfield	6,817,709	310,724	75,374	-	63,775	11,593	-	2,259	-	7,281,434
South Kingstown	4,559,972	196,349	-	-	137,189	123,652	121,823	1,338	-	5,140,323
Tiverton	6,774,565	251,915	-	-	-	209,562	-	727	-	7,236,769
Warwick	39,218,717	1,655,873	-	-	31,668	676,070	271,232	19,717	-	41,873,277
Westerly	7,937,325	376,642	-	-	-	60,496	-	5,075	-	8,379,537
West Warwick	30,857,785	1,204,135	-	-	36,597	-	-	24,569	-	32,123,086
Woonsocket	69,995,691	2,123,300	-	23,500	37,083	91,913	-	257,329	-	72,528,817
Bristol-Warren ³	11,345,723	422,951	-	-	2,033,689	93,510	106,028	6,417	-	14,008,318
Exeter-West Greenwich ³	4,242,989	149,470	106,335	-	1,421,151	179,859	113,304	546	-	6,213,654
Chariho	-	-	-	-	2,397,533	8,094	-	-	-	2,405,627
Foster-Glocester ³	5,104,253	203,067	-	-	605,521	47,977	-	364	-	5,961,182
Central Falls	38,557,253	258,593	-	41,000	67,485	50,744	-	512,851	10,145,493	49,633,419
District Total	\$894,424,652	\$23,659,866	\$663,366	\$520,500	\$9,269,193	\$4,482,808	\$2,287,007	\$4,406,553	\$10,145,493	\$949,859,439
Charter School Total	124,327,778	13,384,789	35,016	-	-	17,192	-	558,237	-	138,323,012
Davies	8,589,670	338,297	2,808	-	-	-	-	4,304	5,844,051	14,779,130
Met School	8,259,898	448,157	-	-	-	-	-	23,443	1,082,109	9,813,607
Urban Collaborative	1,630,145	63,831	-	-	-	-	-	7,463	-	1,701,440
Youth Build Academy	-	1,727,458	-	-	-	-	-	-	-	1,727,458
Total	1,037,232,143	\$39,622,399	\$701,190	\$520,500	\$9,269,193	\$4,500,000	\$2,287,007	\$5,000,000	\$17,071,653	\$1,116,204,085

¹ Based on highest March enrollment and percentage of poverty from 2020, 2021, or 2023 and the FY2022 share ratio.

² Based on final 1/4/2022 report from the Department of Children, Youth and Families.

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.*

⁴ Adjusted for a decrease in growth at Excel Academy, relative to Governor's proposal.

Source: Rhode Island Department of Education

The following table shows the difference in education aid relative to the FY2022 Budget as Enacted.

FY2023 Education Aid - Change to FY2022 Budget as Enacted ²											
Districts	FY2022 Enacted (includes group home and categoricals)	FY2023 Formula Change	20.0 Percent of negative HFC change to Governor Model		Transportation	High-cost Special Education	Group Home ¹	English Learners	Stabilization Funding	Total Change	FY2023 Education Aid
			Density Aid								
Barrington	\$8,232,393	\$323,593	\$302,169	\$0	\$39,481	(\$68,729)	\$0	(\$302)	\$0	\$596,213	\$8,828,606
Burrillville	13,994,930	421,959	-	(23,500)	5,803	86,699	(75,207)	(567)	-	415,188	14,410,118
Charlestown	1,291,375	50,389	-	-	-	-	-	(75)	-	50,315	1,341,689
Coventry	24,191,220	904,779	-	-	7,448	(1,990)	(2,299)	(261)	-	907,677	25,098,897
Cranston	69,876,885	2,417,500	-	-	(115,863)	(30,446)	-	6,873	-	2,278,064	72,154,949
Cumberland	20,556,190	1,709,781	-	6,000	(3,273)	(4,218)	-	(910)	-	1,707,379	22,263,569
East Greenwich	4,542,049	149,087	148,478	-	48,162	(46,153)	-	252	-	299,826	4,841,875
East Providence	36,956,354	1,371,299	-	-	(3,651)	(138,213)	(33,850)	(2,555)	-	1,193,031	38,149,384
Foster	1,106,412	57,045	-	-	(16,074)	(10,033)	-	-	-	30,938	1,137,350
Glocester	2,481,208	103,739	-	-	(11,701)	(21,453)	-	-	-	70,585	2,551,793
Hopkinton	5,590,838	235,614	-	-	-	-	-	182	-	235,796	5,826,634
Jamestown	339,230	11,410	-	-	-	41,043	-	(20)	-	52,433	391,663
Johnston	19,970,937	726,471	-	-	(57,255)	83,817	-	(3,843)	-	749,190	20,720,127
Lincoln	16,231,922	907,260	-	2,500	-	(85,916)	797	(1,375)	-	823,266	17,055,188
Little Compton	432,020	16,858	-	-	-	-	-	-	-	16,858	448,878
Middletown	8,185,474	304,412	-	-	-	(11,674)	-	(1,825)	-	290,914	8,476,388
Narragansett	2,196,991	85,006	-	-	-	(10,534)	-	(184)	-	74,287	2,271,278
Newport	15,005,285	732,479	-	-	-	(29,189)	3,747	(13,370)	-	693,666	15,698,952
New Shoreham	237,000	8,237	-	-	-	(3,957)	-	(489)	-	3,792	240,792
North Kingstown	11,302,964	272,041	-	-	-	(25,956)	-	(1,216)	-	244,869	11,547,833
North Providence	27,298,295	788,380	-	(25,000)	(31,364)	195,516	(2,370)	392	-	925,554	28,223,849
North Smithfield	6,372,462	195,285	30,508	-	2,708	28,044	(96,893)	1,743	-	161,396	6,533,858
Pawtucket	96,013,908	3,254,100	-	(82,500)	29,998	(74,334)	(17,103)	21,138	-	3,131,300	99,145,208
Portsmouth	3,800,557	119,506	-	-	17,886	(29,485)	(136,099)	(120)	-	(28,311)	3,772,245
Providence	277,047,845	986,851	-	(276,000)	147,788	316,273	(153,906)	(145,490)	-	875,516	277,923,361
Richmond	5,150,039	264,710	502	-	-	-	-	385	-	265,598	5,415,636
Scituate	2,535,612	89,053	-	-	(2,622)	(18,167)	-	-	-	68,264	2,603,876
Smithfield	7,085,404	310,724	75,374	-	(54,975)	(29,596)	(105,752)	256	-	196,031	7,281,435
South Kingstown	4,969,167	196,349	-	-	(55,552)	29,216	2,173	(1,031)	-	171,156	5,140,323
Tiverton	6,896,308	251,915	-	-	-	88,801	-	(254)	-	340,461	7,236,769
Warwick	40,271,672	1,655,873	-	-	417	(54,607)	(1,506)	1,429	-	1,601,606	41,873,278
Westerly	8,083,720	376,642	-	-	-	(80,683)	-	(142)	-	295,817	8,379,537
West Warwick	30,945,716	1,204,135	-	-	(9,248)	(20,533)	-	3,015	-	1,177,370	32,123,086
Woonsocket	70,423,976	2,123,300	-	(48,000)	31,300	32,922	(34,510)	(173)	-	2,104,840	72,528,816
Bristol-Warren	13,130,077	422,951	-	-	513,796	(58,414)	(43)	(50)	-	878,240	14,008,317
Exeter-West Greenwich	5,468,643	149,470	106,335	-	487,568	11,870	(10,106)	(126)	-	745,011	6,213,654
Chariho	1,847,044	-	-	-	608,652	(50,069)	-	-	-	558,583	2,405,627
Foster-Glocester	5,763,334	203,067	-	-	59,493	(64,690)	-	(22)	-	197,849	5,961,182
Central Falls	48,422,397	258,593	-	(43,500)	(31,087)	45,761	-	(18,745)	1,000,000	1,211,022	49,633,419
District Total	\$924,247,852	\$23,659,866	\$663,366	(\$490,000)	\$1,607,833	(\$9,074)	(\$662,927)	(\$157,478)	\$1,000,000	\$25,611,586	\$949,859,438
Charter School Total	124,745,401	13,384,789	35,016	-	-	9,074	-	148,733	-	13,577,612	138,323,013
Davies	14,437,989	338,297	2,808	-	-	-	-	1,230	(1,195)	341,141	14,779,130
Met School	9,358,555	448,157	-	-	-	-	-	6,895	-	455,052	9,813,607
Urban Collaborative	1,636,988	63,831	-	-	-	-	-	620	-	64,451	1,701,440
Youth Build Academy	-	1,727,458	-	-	-	-	-	-	-	1,727,458	1,727,458
Total	\$1,074,426,785	\$39,622,399	\$701,190	(\$490,000)	\$1,607,833	(\$0)	(\$662,927)	\$0	\$998,805	\$40,049,842	\$1,116,204,084

¹ Based on final 1/4/2022 report from the Department of Children, Youth and Families.

² Based on highest March enrollment and percentage of poverty from 2020, 2021, or 2023 and the FY2022 share ratio.

Source: Rhode Island Department of Education

The following table shows the changes to the Governor's proposal:

Enacted Changes to the Governor's FY2023 Education Aid

Changes to the Formula Aid					Adjustment for FY2022 Property Tax		Total
LEA	Governor's Submission (includes Hold Harmless)	House Finance Committee (HFC)	20.0 Percent of negative HFC change to Governor Model	Difference	Density Aid ¹	Data ²	Difference
Barrington	\$1,853,240	\$323,593	\$302,169	(\$1,227,478)		\$0	(\$1,227,478)
Burrillville	-	421,959	-	421,959		-	421,959
Charlestown	-	50,389	-	50,389		-	50,389
Coventry	-	904,779	-	904,779		-	904,779
Cranston	-	2,417,500	-	2,417,500		-	2,417,500
Cumberland	68,326	1,709,781	-	1,641,455	(6,000)	(748,963)	886,492
East Greenwich	878,666	149,087	148,478	(581,101)		-	(581,101)
East Providence	-	1,371,299	-	1,371,299		-	1,371,299
Foster	-	57,045	-	57,045		(3,290)	53,755
Glocester	-	103,739	-	103,739		-	103,739
Hopkinton	-	235,614	-	235,614		-	235,614
Jamestown	-	11,410	-	11,410		-	11,410
Johnston	-	726,471	-	726,471		-	726,471
Lincoln	-	907,260	-	907,260	(3,000)	-	904,260
Little Compton	-	16,858	-	16,858		-	16,858
Middletown	-	304,412	-	304,412		-	304,412
Narragansett	-	85,006	-	85,006		-	85,006
Newport	-	732,479	-	732,479		-	732,479
New Shoreham	-	8,237	-	8,237		-	8,237
North Kingstown	-	272,041	-	272,041		-	272,041
North Providence	-	788,380	-	788,380	(10,500)	-	777,880
North Smithfield	186,079	195,285	30,508	39,714		-	39,714
Pawtucket	-	3,254,100	-	3,254,100	(8,000)	-	3,246,100
Portsmouth	-	119,506	-	119,506		-	119,506
Providence	-	986,851	-	986,851	(89,000)	-	897,851
Richmond	42,590	264,710	502	222,622		-	222,622
Scituate	31,637	89,053	-	57,416		-	57,416
Smithfield	629,038	310,724	75,374	(242,939)		-	(242,939)
South Kingstown	-	196,349	-	196,349		-	196,349
Tiverton	-	251,915	-	251,915		-	251,915
Warwick	-	1,655,873	-	1,655,873		-	1,655,873
Westerly	-	376,642	-	376,642		-	376,642
West Warwick	-	1,204,135	-	1,204,135		-	1,204,135
Woonsocket	-	2,123,300	-	2,123,300	1,000	-	2,124,300
Bristol-Warren	-	422,951	-	422,951		-	422,951
Exeter-West Greenwich	-	149,470	106,335	255,805		-	255,805
Chariho	-	-	-	-		-	-
Foster-Glocester	-	203,067	-	203,067		(5,233)	197,834
Central Falls	-	258,593	-	258,593	(6,000)	-	252,593
Subtotal District Aid	\$3,689,576	\$23,659,866	\$663,366	\$20,633,656	(\$121,500)	(\$757,486)	\$19,754,670
Charter School Total	16,386,797	13,384,789	35,016	(3,002,007)		(81,896)	(3,083,903)
Davies2	233,755	338,297	2,808	104,543		(2,988)	101,555
Met School	137,291	448,157	-	310,866		-	310,866
Urban Collaborative	-	63,831	-	63,831		(212)	63,619
Youth Build Academy	1,696,628	1,727,458	-	30,830		-	30,830
Total	\$22,144,047	\$39,622,399	\$701,190	\$18,141,718	(\$121,500)	(\$842,582)	\$17,177,636

¹ Funding for the expansion of Excel Charter School was reduced subsequent to the Governor's Budget release.

² Adjustment shifted to FY2022, per Article 10.

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 FY2023, the minimum state share is 35.0 percent and the maximum is 96.9 percent for Central Falls; the state share for charter schools is 30.0 percent.

The 2010 General Assembly passed legislation increasing the minimum share ratio from 30.0 percent in FY2011 to 35.0 percent in FY2012 and to 40.0 percent in FY2013. The 2012 General Assembly froze the reimbursement rate at 35.0 percent, but provided that projects completed after June 30, 2010, that received approval from the Board of Regents by June 30, 2012, receive the 40.0 percent minimum.

The 2011 General Assembly enacted legislation limiting the approval of new projects between FY2012 and FY2015, to those necessitated by immediate health and safety reasons. Any project requested during the moratorium was reported to the chairs of the House and Senate Finance Committees. Furthermore, any project approval granted prior to the adoption of the school construction regulations in 2007, which was currently inactive, had not received voter approval, or had not been previously financed, was deemed no longer eligible for reimbursement. Article 22 of the FY2015 Budget extended the moratorium from June 30, 2014, to May 1, 2015, limiting the approval of new projects between FY2012 and FY2015 to those necessitated by immediate health and safety conditions.

As part of the 2011 legislation, RIDE was charged with developing recommendations for further cost containment strategies in the school housing aid program. The following recommendations were submitted on March 22, 2012:

- Establish capital reserve funds on the state and local level.
- Reduce the minimum share ratio.
- Limit costs associated with bonding by establishing a mechanism to allow districts with poor bond ratings to borrow at a lower interest rate, reduce the State's reimbursement rate on interest, and provide incentives for districts to refinance bonds.

Article 13 of the FY2014 Budget as Enacted provided an incentive to communities to refinance existing school housing bonds by allowing communities to receive 80.0 percent of the total savings, instead of distributing the savings based on the state share ratio. The increased savings to the communities would only apply to refinancing done between July 1, 2013, and December 31, 2015. The table shows the estimated savings realized through the incentive.

Article 9 of the FY2019 Budget as Enacted provided temporary incentives to encourage districts to improve the condition of public school buildings in Rhode Island, established a permanent incentive for school safety and security projects, and established school maintenance expenditure requirements.

Municipality	Local Savings	State Savings	Total Savings
Burrillville	\$391,582	\$97,896	\$489,478
Central Falls	485,690	121,423	607,113
Cumberland	392,456	98,136	490,592
Johnston	41,684	10,421	52,105
Lincoln	1,590,165	397,541	1,987,706
New Shoreham	329,114	82,278	411,392
North Kingstown	419,141	104,785	523,926
North Providence	492,390	123,098	615,488
Pawtucket	44,094	11,023	55,117
Portsmouth	208,533	52,135	260,668
Providence	5,854,680	1,463,670	7,318,350
South Kingstown	232,603	58,151	290,754
Tiverton	753,270	188,317	941,587
West Warwick	525,572	131,393	656,965
Woonsocket	728,129	182,083	910,212
Total Savings	\$12,489,103	\$3,122,350	\$15,611,453

While historically funded at \$80.0 million annually, for FY2023 based on current projections, the Budget provides \$88.5 million, an increase of \$8.5 million over the FY2022 Budget as Enacted. While the entire amount is expected to be used for housing aid entitlements, any surplus will be deposited into the School Building Authority Capital Fund. Based on December 2021 projections, housing aid entitlements are projected to increase to \$97.7 million in FY2024, \$122.3 million in FY2025, and \$128.3 million in FY2026.

School Building Authority Capital Fund: Article 9 of the FY2016 Budget as Enacted designated the Department of Elementary and Secondary Education (Department) as the State’s School Building Authority (SBA) and charged the Department with implementing a system of state funding for school facilities, managing the school housing aid program, and developing a project priority system. The Authority oversees two distinct funding mechanisms for school facilities: the Foundation Program, as enumerated in RIGL 16-7-35 through 16-7-47, and the School Building Authority Capital Fund (Capital Fund), as created through the article. The FY2016 Budget added 1.0 FTE position to the Department for a new construction manager to assist in developing procedures for the proposed Capital Fund. In FY2016, the Department received a one-time, pass-through appropriation of \$20.0 million in new general revenue to capitalize the Capital Fund, which is held in trust and administered by the Rhode Island Health and Education Building Corporation (RIHEBC). For FY2021, \$1.0 million in general revenue from the surplus construction aid was transferred to the Capital Fund.

For FY2022, the Budget as Enacted provided \$590,814 in general revenue from the surplus construction aid to the Capital Fund; however, the revised budget provides a total of \$9.0 million in surplus funds. The increase is 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.

Beginning in FY2023, a surplus in construction aid is no longer projected; however, based on past experience, some surplus is likely but not at the recent levels. In addition to the \$250.0 million school building bond referendum in Article 5, the FY2023 Budget as Enacted provides \$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.

Through Article 9, the FY2019 Budget as Enacted shifted the 3.0 FTE positions responsible for the administration of the school construction program from general revenue to a new school construction services restricted receipt account, and added 1.0 FTE Director of School Construction Services. The restricted receipt account, named the “School Construction Services”, is funded by the Rhode Island Health and Education Building Corporation (RIHEBC) from the School Building Authority Capital Fund, fees generated from the origination of municipal bonds and other financing vehicles used for school construction, and its own reserves. There is no limit on the amount or type of expenses that will be funded; however, Article 9 limited the fee that RIHEBC can impose on cities, towns and districts to one tenth of one percent (0.001) of the principal amount of the bond. In FY2021, RIHEBC collected \$303,180 in school bond fees. In FY2022, this revenue is estimated at \$207,000 and in FY2023 at \$250,000.

In FY2018, RIHEBC was required to transfer \$6.0 million to the State Controller. In FY2019, RIHEBC supported \$737,735 in SBA personnel expenses. In FY2020 personnel expenses increased to \$770,946, and \$677,946 in FY2021. In the FY2022 Budget as Enacted, \$500,000 in expenses was shifted back to general revenue, for a total of \$793,596 in funding, to bring the costs covered by RIHEBC back in line with projected fee revenue. In the FY2022 Revised Budget, RIHEBC is projected to contribute \$279,485 and general revenue expenditures are decreased to \$407,996. The decrease in general revenue in the FY2022 Revised Budget is due to turnover savings from a vacant position.

Analyst Note: The allocation between the general revenue and the restricted receipts is based on the ratio of the \$500,000 general revenue appropriation relative to the most recent budget of \$800,000 for salaries and benefits when the office of fully staffed. The ratio is 62.3 percent general revenue to 36.7 percent restricted receipts.

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 rate 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 Office of Opportunity, Equity and Diversity (ODEO). 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	
Pilot Program	
Central Falls	\$3.6
Pawtucket	4.4
Providence	4.5
West Warwick	0.5
Woonsocket	0.5
Total	\$13.4

While this program is only a pilot, should the \$250.0 million school construction bond be approved, Article 10 of the FY2023 Budget provides that \$50.0 million will 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 proposes to expand the pilot program to include all LEAs with free and reduced lunch rates over 40.0 percent, thus doubling the number of eligible schools. The expansion would extend the program to Cranston, East Providence, Johnston, Newport, North Providence, and certain charter schools.

FY2022 Supplemental Budget

DEPARTMENT OF ADMINISTRATION

Surplus to RICAP Transfer

\$563.0 million

The Budget includes a one-time transfer of \$563.0 million in general revenue from the FY2021 surplus to the Rhode Island Capital Plan fund to provide funding for several key capital improvement projects including: a new \$108.2 million Long-Term Acute Care Hospital (LTACH) at the Zambarano Campus, \$120.8 million for water and steam heat infrastructure improvements at the Pastore Campus, as well as funds to renovate state-run group homes and the State House. In addition, these added funds will support projects that the Governor had funded with federal State Fiscal Recovery Funds and will be used to support increased costs in various higher education projects. Examples include \$46.0 million for the renovation and upgrade at the Port of Galilee, \$32.0 million for projects at the Convention Center Authority, and \$5.0 million for the Pawtucket/Central Falls Bus Hub Passenger Facility.

Information Technology Investment Fund Capitalization

\$75.0 million

The Budget includes a transfer of \$75.0 million in general revenue to the Information Technology Investment Fund in FY2022. The budget also requires the expenditure of \$50.0 million in restricted receipts from the Information Technology Investment Fund to be used for the development and implementation of an Enterprise Resource Planning; and \$17.0 million to be available to replace the Department of Children, Youth, and Families' case management information system.

Advance Payment of Pension Deferrals

\$61.8 million

The FY2022 Final Budget includes a one-time transfer of \$61.8 million in general revenue from the FY2021 surplus to the State Retirement Fund to repay the 1991 and 1992 deferral of the State's employer pension contributions for state employees and teachers. The deferral was made during the State Budget crisis triggered by the collapse of the Rhode Island Share and Depositors' Indemnity Corporation (RISDIC).

According to the State's actuary, the actuarial determined value of the deferral is \$61.8 million and the actuarial required contribution (ARC) costs are \$6.0 million in FY2023, \$6.2 million in FY2024, \$6.4 million in FY2025, and is projected to increase 3.0 percent per year to FY2035.

By retiring the debt in FY2022, the Unfunded Actuarial Accrued Liability (UAAL) will be reduced by that amount and the ARC will be eliminated. In addition, the investment earnings on the advanced payment will reduce future contributions by \$36.0 million.

COVID Relief - Surge Hospital Operations and Deconstruction

\$7.9 million

The Budget shifts \$7.9 million in federal funded surge hospital operations and deconstruction expenses to general revenue. The shift reflects the updated projected expenses based on the timing of Federal Emergency Management Agency reimbursements.

COVID Relief – Supplies

\$1.8 million

The FY2022 Final Budget includes \$1.8 million from general revenues for lease expenses to store supplies in lieu of federal funds based on expected timing of Federal Emergency Management Agency reimbursements.

COVID Relief – Government Readiness

\$1.5 million

The FY2022 Final Budget includes \$1.5 million from general revenues for lease expenses to store supplies in lieu of federal funds based on expected timing of Federal Emergency Management Agency reimbursements.

Tort Awards**\$1.2 million**

The Budget includes \$1.9 million in general revenue for court tort awards, an increase of \$1.2 million from the FY2022 Budget as Enacted. Funding in the tort account is used to pay for tort/court award judgments against the State of Rhode Island. The FY2022 Final Budget appropriation is based on historical expenditures and updated information from the Office of the Attorney General. In addition, the Budget includes \$900,000 in general revenues, reflecting anticipated compensation of individuals wrongfully convicted of crimes and incarcerated.

Redetermination Activities**\$188,410**

The Budget adds \$188,410 in general revenue for general information technology and system support at HealthSourceRI in anticipation of resuming eligibility redetermination activities in FY2023 and to remain in compliance with federal regulations.

HealthSource RI Redetermination Activities**\$96,234**

The FY2022 Final Budget increases general revenue funds by \$96,234 to build IT, personnel, and operating support in anticipation of resuming eligibility redetermination activities. As of August 2022, the public health emergency is scheduled to expire on September 2, 2022, resulting in the commencement of redetermination activities as soon as November. During the PHE, states were required to provide continuous coverage by pausing redetermination activity. The resumption will require state agencies to contact individual Medicaid enrollees to reconfirm their eligibility status.

Automatic Enrollment Program Delayed to FY2023 (federal)**(\$502,526)**

The FY2022 Final Budget decreases by \$502,526 in ARPA SFRF funds and shifts them to FY2023. These funds are designated for the automatic enrollment of eligible individuals into qualified public health plans as they transfer off of Medicaid upon the expiration of the Public Health Emergency (PHE). During the PHE, States are required to provide continuous coverage by pausing redetermination activities. Since the PHE was extended through the first quarter of FY2023, the funds were never used and transferred to the FY2023 Budget.

Regional Greenhouse Gas Initiative (restricted receipts)**\$5.4 million**

The Budget includes \$9.9 million in restricted receipts for grant awards as part of the Regional Greenhouse Gas Initiative (RGGI). This reflects an increase of \$5.4 million from the FY2022 Budget as Enacted. The Regional Greenhouse Gas Initiative (RGGI) is a cooperative effort by Northeastern and Mid-Atlantic states that requires member states to reduce carbon dioxide (CO₂) emissions from large fossil fuel-fired electric power plants to help address climate change. Central to this initiative is the implementation of a multi-state “cap-and-trade” program with a market-based emissions trading system. The increase in funds were a result of the regional carbon market auctions. The annual RGGI proceeds fluctuate based upon the pricing from the quarterly competitive auctions with regulated energy users within New England and Mid-Atlantic States. The Office of Energy Resources received more revenues than in past RGGI auction program years.

DEPARTMENT OF BUSINESS REGULATION**Firefighter Foam Replacement****\$592,000**

The FY2022 Final Budget includes an increase of \$592,000 in general revenue, for the replacement of all firefighting foam with Per- and polyfluoroalkyl substances (PFAS) held by fire departments with a more environmentally acceptable foam.

FEMA Reimbursement Error**(\$178,258)**

The Budget decreases by \$178,258 in FY2022 due to an incorrect allocation of funds in the Governor’s revised budget recommendation.

Bomb Squad Equipment Shift from FY2023***\$144,000***

The Budget includes an increase of \$144,000 to replace existing bomb squad equipment that have failed over time, become obsolete, and unserviceable. These funds had been budgeted for FY2023 but it is anticipated that the Department will use them this fiscal year.

Fire Engine Grant Shift to FY2022 (federal funds)***\$500,000***

The FY2022 Budget includes an increase of \$500,000 in federal funds for the purchase of a new ladder truck for the State Fire Academy. The FY2023 Budget included these funds for the vehicle purchase, however the fire academy had an opportunity to purchase the vehicle during FY2022. This action shifts federal and restricted receipt funds budgeted for FY2023 to the FY2022 Final Budget. There is an increase of \$500,000 in federal funds and an increase of \$750,000 in restricted receipts for this item amounting to a net total of \$1.3 million.

Seed to Sale Project Update (restricted receipts)***\$465,926***

The FY2022 Final Budget adds \$465,926 in restricted receipts for additional funding of the Medical Marijuana Program Seed to Sale IT System. This amendment will allow the Office of Cannabis Regulation to obtain software needed to carryout miscellaneous IT duties.

DEPARTMENT OF LABOR AND TRAINING***Unemployment Insurance (other funds)******(\$50.0 million)***

The FY2022 Final Budget includes \$200.3 million in other funds for unemployment insurance benefits within the Income Support program. This change reflects a decrease \$50.0 million from the FY2022 Budget as Enacted. The Department experienced an uptick in individuals applying for unemployment insurance requiring additional federal funds in FY2021 to meet the demand for the additional claims. Those additional federal funds are no longer necessary and therefore the Budget has been reduced.

COVID-19 Pandemic Unemployment (federal funds)***(\$29.0 million)***

The FY2022 Final Budget includes \$312.0 million in federal funds to support additional unemployment benefits related to the COVID-19 pandemic. This change reflects a \$29.0 million savings when compared to the FY2022 Budget as Enacted.

Back to Business RI (federal funds)***\$7.7 million***

The FY2022 Final Budget includes \$7.7 million in federal funds for the Back to Business RI initiative. Designed as an incentive program to connect businesses with individuals desiring employment, the program provided grants to employers with fewer than 200 employees that have experienced pandemic-related job losses and continue to experience a labor shortage. Funding was provided on a first come, first serve basis, with a preference for employers who have not received federal support, such as the Restaurant Revitalization or Shuttered Venue Operators grants, and have a staff of 50 or less employees. The maximum grant amount was \$5,000, with a \$1,000 cap on recruitment incentives. Grants could be used for sign-on bonuses for new hires, referral incentives for existing employees that recruit new hires, and other recruitment activities, such as job fairs or promotional materials.

Third Quarter Adjustment (federal funds)***\$6.4 million***

The Budget increases federal funds by \$6.4 million based on the spending projections identified in the third quarter report. The increase is primarily related to newly identified pandemic-related resources for technology services.

GWB Education Services (restricted receipts)***\$4.1 million***

The FY2022 Final Budget includes \$16.2 million in restricted receipts within the Governor's Workforce Board (GWB) for education services, an increase of \$4.1 million from the FY2022 Budget as Enacted

amount of \$12.1 million. The Department has reported higher collections in this program and requests to utilize available funding.

Funding for education services is generated through a 0.19 percent tax on employer paid wages. Education Services funds the initiatives within the Governor's Workforce Board including Real Skills for Youth, Incumbent Worker Training, etc.

Back to Work RI (federal funds)

(\$2.3 million)

The FY2022 Final Budget includes \$7.2 million in coronavirus relief federal funds for the Back to Work RI initiative within the Governor's Workforce Board program. This reflects a \$2.3 million reduction when compared to the \$9.5 million appropriated to the program in the FY2022 Budget as Enacted. The funding was available through December 31, 2021.

Income Support (federal funds)

\$837,628

Pursuant to the Governor's Budget Amendments, dated April 22, 2022, the Budget increases federal funds by \$837,628 for the Income Support program. This increase addresses the Department's accounting process to handle cost allocation transfers between accounts when transferring expenditures from Unemployment Insurance to Tardy/Interest/Core. This change is related to the way federal funds are received and budgeted by the Department as an annual rate is provided by the United States Department of Labor (USDOL) and is set for federal grant application purposes. The Department only uses this rate when applying for federal grants that include an indirect cost amount. Ultimately, the Department does not use a rate to charge indirect costs, but instead pools and then distributes them amongst all programs at the Department based on direct personnel and programming budgets.

DEPARTMENT OF REVENUE

Motor Vehicle Excise Tax Phase-out Acceleration

\$3.2 million

The Budget includes a \$10.0 million general revenue savings in FY2022 as compared to the FY2022 enacted level. This net savings is the result of updated vehicle data provided to DOR by cities and towns. It also reflects the adjusted state aid amount necessary to advance the motor vehicle excise tax phase-out by one year in FY2023. All municipalities that began the phase-out in the first year would now have completed the phase-out and would not issue tax bills in FY2023. Article 6 of the Budget amends the schedule and policy to accelerate the phase-out.

FEMA Reimbursement Delay

\$152,154

The Budget includes a \$278.9 million fund balance adjustment in FY2023 in accordance with federally-required accounting rules, to address the timing and accounting of Federal Emergency Management (FEMA) reimbursements for COVID-19 related emergency expenses. The FY2022 Governor's Revised Budget includes \$243.9 million in general revenue to cover such expenses until FEMA reviews and approves them. The Office of Management and Budget has refined the list of expected reimbursable expenses above the amount budgeted in FY2022. The \$278.9 million general revenue adjustment will be offset in FY2023 when the reimbursements are expected to be made. The adjustment for the Department of Revenue is \$152,154.

Statewide COLA and Bonus (all funds)

\$4.7 million

Based on recently negotiated contract bargaining agreements between the State and the state employee bargaining units for a proposed 4-year contract, the Budget includes the following cost-of-living adjustments (COLAs): 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. In addition, the Budget includes a \$1,500 retention bonus to those eligible union employees that was included as part of the recently completed contract negotiation. The current agreement is projected to increase all funds expenditures by \$4.7 million in FY2023 and FY2022 within the Department of Revenue.

Statewide COLA and Bonus (all funds)**FY2022**

Program	Final
Taxation	\$1,959,728
Registry of Motor Vehicles	1,641,572
Lottery Division	813,588
Director of Revenue	102,758
Municipal Finance	100,983
Office of Revenue Analysis	52,752
Division of Collections	49,682
Total	\$4,721,063

Commissions and Prize Payments (other funds)**(\$68.8 million)**

The net decrease of \$68.8 million in Commissions and Prize Payments is based on the November 2021 Revenue Estimating Conference (REC) estimates of VLT net terminal income and other lottery games. Net terminal income from VLTs in FY2022 is estimated to total \$488.9 million and net table game revenue (NTGR) is estimated to total \$124.3 million. NTGR 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.

LEGISLATURE**Statewide COLA and Bonus****\$2.4 million**

The Budget provides \$48.5 million in general revenue for the General Assembly in FY2023 and \$50.2 million in FY2022, \$3.7 million and \$7.3 million more than the enacted levels, respectively. These increases are related to the recently negotiated contract bargaining agreements (CBA) between the State and the state employee bargaining units for a proposed 4-year contract. Per the contract the Budget includes the following cost-of-living adjustments (COLAs): 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. In addition, the Budget includes a \$1,500 retention bonus to those eligible union employees that was included as part of the recently completed contract negotiation. As has historically occurred, the General Assembly indicated that it would adopt the same provisions as the CBA for its employees. As a result, general revenue expenditures increase by \$2.5 million in FY2023 and \$2.4 million in FY2022.

EXECUTIVE OFFICE OF COMMERCE**FEMA Reimbursement Delay****\$13.2 million**

The Budget includes a \$278.9 million fund balance adjustment in FY2023 in accordance with federally-required accounting rules, to address the timing and accounting of Federal Emergency Management (FEMA) reimbursements for COVID-19 related emergency expenses. The Office of Management and Budget refined the list of expected reimbursable expenses above the amount budgeted in FY2022. The \$278.9 million general revenue adjustment will be offset in FY2023 when the reimbursements are expected to be made. The adjustment for the Executive Office of Commerce is \$13.2 million.

ARPA Initiatives**\$51.8 million**

The FY2022 Final Budget includes \$108.0 million in federal American Rescue Plan Act Funds that is to be programmed and administered by the Executive Office of Commerce. The following table summarizes the funding by initiative. The individual proposed initiatives are detailed within their respective programs analyses in the Executive Office of Commerce section of this Budget Analysis.

ARPA Initiative	FY2022 Enacted	FY2022 Final	Change
ARP DIRECT: State Small Business Credit Initiative	\$56,234,176	\$20,000,000	(\$36,234,176)
ARP SFRF: Small Business Financial and Technical Assistance	-	32,000,000	32,000,000
ARP SFRF: Aid to Tourism, Hospitality, and Events Industries	-	13,000,000	13,000,000
ARP SFRF: Development of Affordable Housing	-	15,000,000	15,000,000
ARP DIRECT: HOME Investment Partnerships Program - Non-entitlement	-	13,486,659	13,486,659
ARP SFRF: Site Acquisition	-	12,000,000	12,000,000
ARP SFRF: Housing Stability	-	1,500,000	1,500,000
ARP SFRF: Predevelopment and Capacity Building	-	500,000	500,000
ARP SFRF: Statewide Broadband Planning and Mapping	-	500,000	500,000
Total	\$56,234,176	\$107,986,659	\$51,752,483

EXECUTIVE OFFICE OF HEALTH AND HUMAN SERVICES

Uncompensated Care Payment Realignment ***\$56.5 million***

The Budget includes \$56.5 million in general revenue and \$88.6 million in federal funds to provide a second uncompensated care payment in FY2022. The State did not make a payment in 2007 which put the state and federal payments out of alignment. This payment allows the State to realign the payment into the same year as the federal payment.

May Caseload Estimating Conference – Medical Assistance ***(\$52.9 million)***

The Budget includes a net general revenue decrease of \$52.9 million (\$106.4 million all funds) to reflect the results of the May 2022 Caseload Estimating Conference (CEC). The estimates project total Medicaid spending of \$2,875.6 million in FY2022, including \$926.0 million from general revenues. The favorable variance is primarily due to a full year of the enhanced Medicaid reimbursement rate due to the extension of the federal public health emergency.

Resumption of Redeterminations ***\$138,702***

Pursuant to a Governor's Budget Amendment dated May 20, 2022, the Budget provides an additional \$138,702 in general revenue (\$549,522 all funds) to build IT, personnel, and operating support in anticipation of the resumption of determination activity. As of May 2022, the public health emergency (PHE) was scheduled to expire on July 15, 2022. Had this occurred the commencement of determination activities could have occurred as early as October 1, 2022. As of August 18, 2022, the PHE has been extended through October 13, 2022. During the PHE, states were required to provide continuous coverage by pausing redetermination activity. The resumption will require state agencies to contact individual Medicaid enrollees to reconfirm their eligibility status.

Eligibility Extension Compliance ***\$10,094***

The Governor proposed to use \$66,816 in federal American Rescue Plan Act (ARPA) State Fiscal Recovery Funds (SFRF), \$10,094 in FY2022 and \$56,722 in FY2023, within EOHHS to make system changes to reflect the latest federal guidance within RIBridges. The Budget shifts the funding source from ARPA SFRF to general revenue.

Medicaid Home and Community-Based Services (federal funds) ***(\$24.9 million)***

Pursuant to a Governor's Budget Amendment, dated May 30, 2022, the Budget reduces federal funds by \$24.9 million and \$20.7 million in restricted receipts (\$44.9 million all funds) to utilize funds from the extension of the enhanced federal match for the spending plan submitted to the Centers for Medicaid

Services in April 2022, which includes initiatives such as No Wrong Door, stabilization of the direct care workforce, improving equity, and building infrastructure.

McKinsey Opioid Settlement (restricted receipts) ***(\$1.7 million)***

Pursuant to a Governor's Budget Amendment, dated April 29, 2022, the FY2022 Budget eliminates \$1.7 million in restricted receipts from the McKinsey Opioid Settlement agreement, leaving a balance of \$0, and shifts \$800,000 to the Department of Health for the purchase of naloxone for the University of Rhode Island's Community First Responder Program (CFRP). CFRP distributes kits to community partners for populations that are at risk of overdose. 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.

DEPARTMENT OF CHILDREN, YOUTH, AND FAMILIES

Statewide COLA and Bonus ***\$5.3 million***

Based on recently negotiated collective bargaining agreements between the State and the state employee bargaining units for a proposed 4-year contract, the Budget includes the following cost-of-living adjustments (COLAs): 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. In addition, the Budget includes a \$1,500 retention bonus to those eligible union employees that was included as part of the recently completed contract negotiation. The current agreement is projected to increase general revenue expenditures by \$5.3 million in FY2022 within the Department.

Caseload and Enhanced FMAP ***(\$3.3 million)***

The Budget includes \$3.3 million in general revenue savings (\$5.0 million all funds) for caseload savings based on updated projections and from an additional quarter of enhanced Federal Medicaid Assistance Percentage (FMAP).

FEMA Claiming Delay to FY2023 ***\$285,977***

The Budget adds \$285,977 in general revenue for the Department's adjustment for COVID-19 related expenses expected to be reimbursed through the Federal Emergency Management Agency in FY2023. The enacted budget assumed the reimbursement would occur in the current year, but because of delays, general revenues will be used in FY2022 with the expectation that a reimbursement will occur in FY2023.

Children's Mobile Crisis Response Shift from RIDE ***\$186,511***

Pursuant to the Governor's Budget Amendment dated April 22, 2022, the Budget increases general revenue in the department by \$186,511 for existing contracts with Tides Family Services of Rhode Island to support Children's Mobile Crisis Response (CMCR) efforts in Providence. This amendment is budget neutral; all funding is being shifted from RIDE's School Support and Family Engagement budget.

Other Fund Changes ***Informational***

The Budget shifts almost \$10.0 million in DCYF surplus funds to provide supplemental payments to DCYF providers who suffered significant losses during the COVID-19 pandemic. These payments are meant to help stabilize the community provider system. The 10.0 percent retroactive payment will help fill operating losses and ensure future community provider capacity.

DCYF Provider Workforce Stabilization (federal funds) ***\$12.5 million***

The Budget adds \$12.5 million in federal American Rescue Plan Act (ARPA) State Fiscal Recovery Funds (SFRF) to provide premium pay for child welfare staff at private, community-based providers that contract with the Department of Children, Youth, and Families (DCYF). This funding was enacted as part of the

ARPA “downpayment plan” in January 2022 with an amendment that includes proviso language requiring that the funding be used to support workforce stabilization supplemental wage payments to eligible direct care and supporting care staff of contracted service providers. According to the Administration:

- Child welfare providers are facing a staffing shortage that affects DCYF’s placement options. Since the start of the COVID-19 pandemic, the Department has seen a reduction in available beds for youth because short-staffed providers are limiting capacity. This, in turn, impacts access to critical services.
- Under this proposal, workers making less than \$75,000 per year would be eligible for a bonus of up to \$25,000 spread over three years. The bonuses would be paid monthly, totaling approximately \$695 per worker per month. These are not State workers.
- A \$12.5 million appropriation would support pay increases for an estimated 1,500 workers in **FY2022 only**. The amount includes retroactive increases to July 1, 2021. Additional appropriations of \$12.5 million per year would be required if the program continues in FY2023 and FY2024.

RICHIST Upgrade (federal funds)

\$400,000

The FY2022 Budget as Enacted excluded some required federal funding for the Child Welfare case management system replacement project to replace RICHIST, the Department’s case management information system. The Budget adds \$400,000 in federal funds to adjust accordingly. RICHIST was developed in 1998 and serves as a registry for all confidential case, financial, provider, and staff management information as well as generates the caseload and financial data which the Department reports to the Governor, General Assembly, and federal government. The existing RICHIST system does not enable easy mobility for staff which inhibits the Department’s ability to operate efficiently. The new system will simplify the system’s mobile interface and enable data analytics and reporting.

Third Quarter Adjustments (federal funds)

\$218,896

The Budget adds \$218,896 in federal funds based on the Department’s third quarter report to reflect contracted costs for assistance with compliance with the Family First Prevention Services Act of 2018.

DEPARTMENT OF HEALTH

FEMA Claiming Delay

\$28.2 million

The Budget increased by \$28.2 million in general revenue for expenses subject to federal reimbursement through from the Federal Emergency Management Agency. This aligns the reimbursement with the Budget Office’s estimates and makes it consistent with applicable accounting standards.

Home Visiting Program – Implementation Delay

(\$701,293)

The FY2022 Final Budget includes a net decrease of \$1.6 million to reflect the implementation delay of an expansion of First Connections and home visiting programs. Initially, the FY2022 Budget as Enacted included \$1.0 million in federal funds and \$661,045 in general funds to implement expanded services within their home visiting programs. The FY2022 Budget as Enacted assumed the Department would receive Medicaid approval by July 1st, 2021, however, approval was delayed for most of the year. The FY2022 Final Budget decreases general revenue by \$701,293 and federal funds by \$959,752.

FEMA Extension Savings

(\$451,089)

The FY2022 Final Budget includes a net decrease of \$451,089 in general revenue to reflect anticipated FEMA reimbursement funds associated with expenses related to the extension of the public health emergency and COVID-19.

COVID Relief – Vaccination Campaign (federal funds) (\$11.6 million)

The FY2022 Final Budget includes a net decrease of \$11.6 million in COVID Relief funds to reflect anticipated spending for vaccination distribution. These costs funds include personnel, storage, supplies, and outreach.

COVID-19 Other Adjustments (federal funds) (\$11.1 million)

The FY2022 Final Budget includes a net decrease of \$11.1 million in COVID Relief funds to reflect anticipated spending. These funds include mitigation costs such as interpreters for press conferences, communication campaigns, and translation services.

COVID Relief – Contact Tracing (federal funds) (\$4.7 million)

The FY2022 Final Budget includes a net decrease of \$4.7 million in COVID Relief funds to reflect anticipated spending for contact tracing. These costs funds include mitigation tactics for COVID-19 such as infection prevention, contact tracing, and case investigation

COVID Relief – Public Health Workers Grant (federal funds) (\$3.5 million)

The FY2022 Final Budget includes a decrease of \$3.5 million in federal funds. In 2021, The Center for Disease Control and Prevention awarded the State a \$5.0 million grant to help pay for expenses related to training for public health workers. Of the funds, \$1.5 million will be distributed to FY2022 while the remainder will be allocated to the out years.

COVID Relief – Surge Hospital Operations (federal funds) \$2.5 million

The FY2022 Final Budget includes a net increase of \$2.5 million in COVID Relief funds to reflect anticipated spending for alternative hospital sites. These costs funds include operation expenses for alternative hospitals to aid in the mitigation and prevention of COVID-19.

COVID-19 – Individual Support (federal funds) \$1.2 million

The FY2022 Final Budget includes a net increase of \$1.2 million in COVID Relief funds to reflect anticipated spending for individual support. These costs funds include mitigation tactics for COVID-19 such as temporary housing for those who cannot quarantine within their homes

COVID Relief – Testing (federal funds) \$885,696

The FY2022 Final Budget includes a net increase of \$885,696 in COVID Relief funds to reflect anticipated spending on testing. These costs funds include operation expenses for alternative hospitals such as; supplies, site equipment, and staffing. These funds include \$21.5 million in reimbursements from the Federal Emergency Management Agency (FEMA) and is partially offset by \$20.5 million in expenses that were previously supported by federal grants, remaining a net increase of \$885,696

WIC Adjustment (federal funds) (\$250,000)

The FY2022 Final Budget includes a net decrease of \$250,000 to reflect expenses associated to the overspending of a federal grant authorized under the American Rescue Plan Act. In 2021, the State was awarded \$1.2 million for WIC funds; however, the planned allocations were \$1.2 million in FY2022 and \$1.0 million in FY2023. The General Assembly rectified this spending by allocating \$750,000 in funds in the final FY2022 budget, resulting in a net decrease of \$250,000.

Indirect Cost Recovery Adjustments (restricted receipts) (\$12.0 million)

The FY2022 Final Budget includes a net decrease of \$12.0 million to reflect an increase of funding from FEMA. Since the public health emergency was extended through the first quarter of FY2023, FEMA will reimburse all costs related to the PHE and COVID-19. As a result, the Department will use expend less federal funds than expected.

McKinsey Opioid Settlement (restricted receipts) \$800,000

The Department will receive a total of \$1.5 million in restricted receipts from the \$2.5 million McKinsey Opioid Settlement. Of the funding, \$800,000 will be allocated to FY2022 to purchase naloxone and distribute supplies to community centers.

DEPARTMENT OF HUMAN SERVICES**FEMA Claiming Delay \$465,662**

The Budget includes a net increase of \$465,662, including an increase of \$1.2 million in general revenue and a decrease of \$703,993 for expenses subject to federal reimbursement through the Stafford Act. This aligns the reimbursement with the Budget office's estimates and makes it consistent with applicable accounting standards.

Third Quarter Adjustments (\$950,000)

The FY2022 Final Budget decreases general revenue by \$950,000 based on anticipated savings as stated in the Statewide third quarter report.

May Caseload Estimating Conference (\$855,871)

The FY2022 Final Budget includes a net decrease of \$13.6 million including, \$855,871 from general revenue and \$12.8 million from federal funds, to align with the level of financing for the Cash Assistance expenditure with the caseload estimate adopted at the May 2022 Caseload Estimating Conference.

VETS Third Quarter Adjustment (\$830,000)

The FY2022 Final Budget decreases general revenue by \$830,000 based on anticipated savings as stated in the Office of Veterans Service's third quarter report.

Veterans Home Funding Source Adjustment \$615,654

The FY2022 Final Budget shifts statewide adjustments to general revenue. The FY2022 Budget as Enacted included \$615,654 in federal funds for labor negotiated personnel cost of living adjustments and extra payments to eligible union employees from the Support of Domiciled Veterans federal account to the Veterans' Home general revenue account which can support these expenditures. These expenditures were shifted from federal funds to general revenue to comply with new ARPA guidance.

ARPA Eligibility Extension Compliance Funding Source Adjustment \$527,915

The FY2022 Final Budget shifts statewide adjustments to general revenue. The FY2022 Budget as Enacted included \$527,915 in federal funds for labor negotiated personnel cost of living adjustments and extra payments to eligible union employee. These expenditures were shifted from federal funds to general revenue to comply with new ARPA guidance.

Public Health Emergency Redetermination Support \$451,370

The FY2022 Final Budget includes a net increase of \$767,041 for redetermination purposes. This change consists of an increase of \$451,370 in general revenue and \$315,671 in federal funds. These funds will be used to mainly hire additional state employees and other operational costs to begin the redetermination work.

Hardship Program \$90,000

The Final FY2022 Budget includes an increase of \$90,000 of hardship contingency payments. This was inadvertently excluded when preparing for reconciliation from the adopted November 2021 Caseload Estimating Conference totals to the final Governor Recommendation.

Field Office Security**(\$34,153)**

The FY2022 Final Budget includes a decrease of \$34,153 in general revenue due to the agency vacating certain field offices and relocating to an office with an assigned officer. The Department will no longer need to fund two Capitol Police Officers by paying into the DPS rotary fund. There is a corresponding change of \$50,324 in federal funds, resulting in a net change of \$84,477.

DEPARTMENT OF BEHAVIORAL HEALTHCARE, DEVELOPMENTAL DISABILITIES, AND HOSPITALS**ESH and Zambarano Billing Assumptions****(\$17.7 million)**

The Budget includes a net general revenue savings of \$17.7 million to reflect updated federal billing assumptions at Eleanor Slater and Zambarano Hospitals. These billing assumptions include the anticipated extension of the FFCRA-enhanced FMAP from two to three quarters in FY2022.

Developmental Disability Organizations Start Up Loans**\$12.6 million**

The Budget includes a one-time general revenue increase of \$12.6 million to write off a receivable for startup loans made to Developmental Disability Organizations. These startup loans date back to the deinstitutionalization of the Ladd School in the 1980s.

The FY2020 financial statements audit completed by the Auditor General reported that advances given to DD providers were not reduced by the sale proceeds from state-owned group homes as required. When programs for individuals with intellectual and/or developmental disabilities were established, advances were made to certain providers to provide working capital until provider billings and reimbursements began. The expected duration and repayment terms were not sufficiently defined and balances have existed for decades. These advances remain outstanding with a total balance of \$12.4 million across 21 providers as of June 2020. To date, the advances have been returned by the providers on the last day of the fiscal year with an immediate advance from the State to the providers made the following day. This temporary repayment, also called “check swap”, prevents accounting recognition of the advances in any budgetary period. The current annual advance process lacks statutory authorization, and the long duration of the advance procedure has led providers to dispute that the advances must be paid back to State.

The State Controller, with the approval of the Director of the Department of Administration, may offset outstanding liabilities with the sale of state-owned group homes, but this has not decreased the balance of outstanding advances to any material extent. The revised FY2022 Budget includes a one-time increase of \$12.6 million to write off the loans and eliminate the liabilities.

Statewide COLA and Bonus**\$7.0 million**

Based on recently negotiated contract bargaining agreements between the State and the state employee bargaining units for a proposed 4-year contract, the Budget includes the following cost-of-living adjustments (COLAs): 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. In addition, the Budget includes a \$1,500 retention bonus to eligible union employees that was included as part of the recently completed contract negotiation. The current agreement is projected to increase general revenue expenditures by \$6.3 million in FY2023 and \$7.0 million in FY2022 within the Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals.

Third Quarter Adjustments- Eleanor Slater Hospital**(\$13.7 million)**

The Budget decreases general revenue by \$13.7 million and federal funds by \$1.3 million for a total decrease of \$15.0 million in all funds based on third quarter reported savings for Eleanor Slater Hospital, resulting largely from continued position vacancies.

May Caseload Estimating Conference**(\$12.7 million)**

Pursuant to the Governor’s Budget Amendment dated May 20, 2022, the Budget decreases all funds by \$18.6 million, including \$12.7 million from general revenue and \$5.9 million from federal funds. This

adjustment aligns the level of financing within this category of BHDDH Developmental Disabilities expenditure with caseloads as adopted by the May 2022 Caseload Estimating Conference.

Administrative Programs – Third Quarter Savings ***(\$3.2 million)***

The Budget decreases general revenue for the Central Management and Hospital Community Support Programs by \$3.2 million based on third quarter reported savings due to a high level of vacancies as well as updated expenses through the cost allocation plan.

Retention Bonuses ***\$1.1 million***

Pursuant to the Governor’s Budget Amendment dated March 3, 2022, the Budget increases all funds by \$1.4 million, including \$1.1 million in general revenues and \$360,521 in federal funds, to correct an error contained in the Governor’s Recommended Budget with respect to an inadvertent underfunding of retention payments.

Consent Decree Rate Review ***\$843,257***

Pursuant to the Governor’s Budget Amendment of March 3, 2022, the Budget increases both federal funds and general revenue in the Services for the Developmentally Disabled Program by \$843,257 for a total of \$1.7 million all funds to restore funds that were inadvertently omitted for the rate review contract for the private developmental disabilities system, which was included in the FY2022 Enacted Budget for the Consent Decree Action Plan.

FEMA Claiming Delay to FY2023 ***\$623,856***

The Budget adds \$558,869 in all funds, consisting of a \$623,856 general revenue increase and a \$64,987 federal fund decrease, for the Department’s adjustment for COVID-19 related expenses expected to be reimbursed through the Federal Emergency Management Agency in FY2023. The enacted budget assumed the reimbursement would occur in the current year, but because of delays, general revenues will be used in FY2022 with the expectation that a reimbursement will occur in FY2023.

Hospital Compliance Projects ***\$581,679***

Pursuant to a Governor’s Budget Amendment, the Budget increases general revenues by \$581,679 for additional capital projects performed through the Department of Administration that exceeded available resources.

Eleanor Slater Hospital – Hospital License Fee ***\$530,130***

The Budget adds \$530,130 in general revenue for Eleanor Slater Hospital’s FY2022 hospital license fee based on updated 2020 revenue data and a downward revision to the enacted fee rate from 5.725 to 5.656 percent.

COMMISSION ON THE DEAF AND HARD OF HEARING

Third Quarter Adjustment ***\$40,000***

The FY2022 Final Budget includes an increase in general revenue by \$40,000 for the Commission. These expenditures include \$5,000 for overtime, \$5,000 for centralized information technology services, and \$30,000 for interpreter services.

MENTAL HEALTH ADVOCATE

Statewide COLA and Bonus ***\$40,419***

Based on recently negotiated contract bargaining agreements between the State and the state employee bargaining units for a proposed 4-year contract, the Budget includes the following cost-of-living adjustments (COLAs): 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. In addition, the Budget includes a \$1,500 retention bonus to eligible union employees that was included as part of the recently completed contract negotiation. The

current agreement is projected to increase general revenue expenditures by \$40,418 in FY2023 and \$40,419 in FY2022 within the Mental Health Advocate.

ELEMENTARY AND SECONDARY EDUCATION

Education Aid - Shifts Data Error Correction from FY2023 to FY2022* **\$842,580*

Subsequent to the passage of the FY2022 Budget, the Division of Municipal Finance became aware of errors in the property tax data used to calculate education aid. While RIGL 16-7-20(e)(1)-(2) provides that errors are to be corrected in the subsequent fiscal year, a Governor's Budget Amendment, dated April 22, 2022, proposed amending the statute to such that this specific repayment be made in FY2022, instead of FY2023. The Budget shifts \$842,580 in general revenue from FY2023 into FY2022 to realign the aid payments to the LEAs experiencing an increase in aid due to the correction.

Davies - Statewide Cost of Living Adjustment* **(\$732,210)*

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living (COLA) increases of 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. Pursuant to a Governor's Budget Amendment, dated March 3, 2022, the Budget reduces the estimated cost of the COLA by \$732,210 in general revenue and \$2,294 in other funds.

Textbook Aid* **(\$214,429)*

The State reimburses districts for the cost of providing free English/language arts and history/social studies textbooks to students in kindergarten through 12th grade who reside in the community. The FY2022 Budget as Enacted provided \$240,000 in state funding for the reimbursement of costs for textbooks. The Budget reduces funding for this program by \$214,429 to reflect actual costs in FY2022.

School for the Deaf - Statewide Cost of Living Adjustment* **(\$190,908)*

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living (COLA) increases of 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. Pursuant to a Governor's Budget Amendment, dated March 3, 2022, the Budget reduces funding by \$190,908 based on updated information concerning the effective date.

ACES - Transfers Funding to DCYF to Support CMCR* **(\$186,511)*

Pursuant to a Governor's Budget Amendment, dated April 4, 2022, the Budget shifts \$186,511 in general revenue from the Department's School Support and Family Engagement account to DCYF to reflect the cost in the agency incurring the expense. The funds will provide additional support for the contracts with the Tides Family Services of Rhode Island to support Children's Mobile Crisis Response (CMCR) services in Providence. CMCR provides short-term intervention to stabilize acute crisis situations through assessment and referrals to intensive treatments to address the problems contributing to the crisis.

Federal Fund Adjustments* **(\$29.6 million)*

The Budget includes a net decrease in federal funds of \$29.6 million, based on the following adjustments:

- ***ESSER Fund Shift from FY2022 to FY2023 – (\$49.6 million):*** The Coronavirus Response and Relief Supplemental Appropriations (CRRSA), passed in December 2020, provided \$184.8 million in Elementary and Secondary Education Relief (ESSER) II funds to Rhode Island. This was the second round of ESSER funds distributed. Of the total distribution \$166.3 million was for direct grants to local education agencies (LEAs). The American Rescue Plan Act (ARPA), passed in March 2021, provided

\$415.0 million in Elementary and Secondary Education Relief (ESSER) III funds to Rhode Island. This was the third round of ESSER funds distributed. Of the total distribution \$373.5 million was for direct grants to local education agencies (LEAs).

The FY2022 Budget as Enacted appropriated the entire amount of ESSER II and III funds. While the Governor's recommended budget moves \$463.0 million from FY2022 into out years; based on updated expenditure projections, the Budget shifts an additional \$49.6 million from FY2022 to FY2023.

According to the United States Department of Education, LEAs may use these as allowed under ESSER I and ARP ESSER, including hiring new staff and avoiding layoffs. Additional uses include addressing learning loss; preparing schools for reopening; and, testing, repairing, and upgrading projects to improve air quality in school buildings. The funds may be used for expenses dating back to March 13, 2020, and the funds are available for obligation through September 30, 2022, excluding the 12-month Tydings Amendment period.

- **School Nutrition Programs - \$20.0 million:** The Budget provides an increased appropriation in federal funds of \$20.0 million in FY2022 and \$4.5 million in FY2023 to support school breakfast and lunch programs based on updated cost projections. In response to the pandemic, the United State Department of Agriculture extended the free lunch program to all students attending school that participate in the program, regardless of income.

PUBLIC HIGHER EDUCATION

***RIC - Corrects Statewide Personnel Adjustment* \$194,350**

Pursuant to a Governor's Budget Amendment, dated March 3, 2022, the Budget replaces statewide personnel adjustments mistakenly removed from the Governor's budget recommendation.

***Rhode Island Promise* \$102,146**

Based on the May update from the Community College of Rhode Island, the Budget increases funding for the Rhode Island Promise program by \$102,146 in general revenue to reflect expenditure projections. This increase provides a total of \$6.1 million to fund two classes in FY2022. Article 3 of the FY2018 Budget as Enacted established the program to provide students with two years of tuition and mandatory fees at the Community College of Rhode Island, less federal and all other financial aid available to the recipient. In the first year of the program, CCRI realized a 43.0 percent increase (477 students) in first-time, full-time students.

***CCRI - Corrects Statewide Personnel Adjustment* \$910**

Pursuant to a Governor's Budget Amendment, dated March 3, 2022, the Budget replaces statewide personnel adjustments mistakenly removed from the Governor's budget recommendation.

***OPC – Guaranty Agency Administration (federal funds)* (\$14,571)**

This is a technical amendment, provided in a Governor's Budget Amendment, dated March 3, 2022, to correct an unintentional increase in expenditures from the Division of Higher Education Assistance (DHEA) reserves for the statewide COLA adjustment.

***OPC - IGT Scholarship for STEM (restricted receipts)* \$35,000**

Pursuant to a Governor's Budget Amendment, dated April 22, 2022, the Budget provides \$35,000 in restricted receipts to address mandates in the lottery contract. Section 18 of the 8th amendment to the lottery contract requires IGT to pay \$35,000 on or before June 30 of each year, beginning in 2022 and ending in 2042, to fund scholarships relating to the study of science, technology, engineering, or mathematics (STEM) at an accredited educational institution.

URI - HEER funds (other funds)**\$50.0 million**

Through a Governor's Budget Amendment, dated March 3, 2022, the Budget restores \$50.0 million in federal Higher Education Emergency Relief (HEER) funds that were omitted from the Governor's recommendation. This restoration includes \$31.1 million for the University of Rhode Island and \$18.9 million for Rhode Island College.

Rhode Island Capital Plan (RICAP) Fund Changes**(\$13.7 million)**

The Budget includes a net decrease of \$13.7 million in Rhode Island Capital Plan (RICAP) funding in higher education, including the following:

- **CCRI Data, Cabling, and Power Infrastructure:** 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. Due to project delays, the Budget shifts funding out one year through FY2026, eliminating funding in FY2022, a decrease of \$1.8 million, and decreasing funding by \$1.5 million in FY2023 (\$1.8 million remaining).
- **CCRI Flanagan Campus Renewal (Lincoln):** The project includes the modernization and code compliance upgrades to all of the science labs at the Lincoln campus, as well as the refurbishment of the exterior including heat resistance paint, window replacement, and light abatement. Based on project delays, the Budget shifts \$2.0 million in funding out one year through FY2026.
- **CCRI Knight Campus Renewal:** The project provides for the renovation of 280,000 square feet of the 385,000 square-foot Knight Campus Megastructure, including lighting, painting, and replacement of carpeting/tile. Due to project delays, the Budget shifts \$2.9 million from FY2022 into FY2023 and FY2024.
- **OPC – Northern RI Education Center:** Due to project delays, the Budget shifts \$2.9 million from FY2022 into FY2023. The new Center was scheduled to open in May 2022 in Woonsocket, but is currently expected to open in late summer 2022.
- **RIC Asset Protection:** The Budget shifts \$4.1 million in asset projection project funding from FY2022 to FY2023. Projects have been delayed primarily due to the Capital Projects Project Manager position being vacant; however, since the position was recently filled, the College expects to utilize the funding in FY2023.

DEPARTMENT OF CORRECTIONS**Correctional Facilities Renovation (RICAP)****\$3.1 million**

The Budget includes \$3.1 million in RICAP funds for the continued expansion of the Medium Moran Facility. Phase II was completed in FY2022 and Phase III is anticipated to be completed in FY2023. The FY2022 Governor's Revised Budget recommended \$3.4 million for the project but pursuant to the Governor's Budget Amendment, dated March 3, 2022, funding was reduced by \$300,000 to reflect the correct amount for the Medium Moran Facility renovation.

COVID Related Expenses**\$2.9 million**

The Budget includes a total of \$2.9 million in general revenue for salary and benefit expenses related to COVID-19. This includes \$28,415 for the Central Management program, \$2.6 million for the Custody and Security program, \$156,584 for the Healthcare Services program, \$26,611 for the Institutional Based Rehab/Population Management program, and \$114,459 for the Institutional Support program. This funding was not included in the FY2022 Budget as Enacted.

Correctional Industries Fund**\$1.9 million**

Pursuant to the Governor's Budget Amendment dated March 3, 2022, the Budget adds \$1.9 million in general revenue to make three corrections: shift \$1.1 million to FY2022 that was incorrectly budgeted in FY2023 to pay back a loan for the Correctional Industries Fund, which will occur in the current fiscal year; add \$270,000 to correct the loan payback amount from \$1.1 million to the correct amount of \$1.4 million; and, shift a total of \$532,609 to FY2022 that was incorrectly budgeted in FY2023 to cover a projected current year deficit in the Correctional Industries fund.

FEMA Claiming Delay to FY2023**\$581,204**

The Budget includes a \$278.9 million fund balance adjustment in FY2023 in accordance with federally-required accounting rules, to address the timing and accounting of Federal Emergency Management (FEMA) reimbursements for COVID-19 related emergency expenses. The FY2022 Governor's Revised Budget included \$243.9 million in general revenue to cover such expenses until FEMA reviews and approves them. The Office of Management and Budget refined the list of expected reimbursable expenses above the amount budgeted in FY2022. The \$278.9 million general revenue adjustment will be offset in FY2023 when the reimbursements are expected to be made. The adjustment for the Department of Corrections is \$581,204.

Third Quarter Adjustment**(\$454,740)**

The Budget decreases general revenue by \$454,740 based on anticipated savings identified through the third fiscal quarter of the year. Based on average inmate populations through April, the Department has averaged fewer inmates than budgeted in the Governor's FY2022 revised recommendation and therefore the FY2022 Final Budget reflects the reduced expenditures.

Domestic Violence Justice Reinvestment Initiative (federal funds)**\$319,375**

The Budget provides \$319,375 in both FY2022 and FY2023, for a new Domestic Violence Justice Reinvestment Grant totaling \$638,750. Under this federally funded grant, the Department will work with leaders in Rhode Island to identify innovative ways to address domestic violence challenges by assessing the entire criminal justice system's response to domestic violence, from event to reentry.

JUDICIARY**Federal Fund Adjustments****\$39,600**

The Budget provides total federal funds adjustments of \$39,600, including the following:

- **NCHIP Grant - \$25,000:** Pursuant to a Governor's Budget Amendment, dated April 4, 2022, the Budget provides \$25,000 in additional grant funding. This is a sub-award from the Public Safety Grant Administration Office (PSGAO) that is received annually to support over-time sessions in District Court and Superior Court related to the timely entry of criminal dispositions. This is not a new award. The Judiciary received more funding than expected.
- **Mental Health Treatment Court Grant - \$14,600:** Pursuant to a Governor's Budget Amendment, dated April 4, 2022, the Budget adds funding from a new competitive, federal grant for the Mental Health Treatment Court in the District Court. This grant is for the implementation of the Mental Health Clinic and will be used to create the evaluation processes that will be necessary for the new court to determine eligibility and track progress. The grant is available in FY2022 (\$14,600) and FY2023 (\$213,575).

MILITARY STAFF**Counter Drug Training Facility (federal funds)****\$2.1 million**

The Budget includes \$5.0 million in federal funds from the Counter Drug Asset Forfeiture to construct the Counter Drug Training Facility at Camp Fogarty in the Town of East Greenwich. This is an increase of

\$2.1 million in federal funds as compared to the FY2022 Budget as Enacted. According to the Rhode Island National Guard, the construction costs for the facility is presently estimated at \$4.9 million, however, the National Guard stated that the actual construction costs are not yet fully known.

RHODE ISLAND EMERGENCY MANAGEMENT

FEMA Claiming Delay to FY2023

\$5.1 million

The Budget includes a \$278.9 million fund balance adjustment in FY2023 in accordance with federally-required accounting rules, to address the timing and accounting of Federal Emergency Management (FEMA) reimbursements for COVID-19 related emergency expenses. The FY2022 Governor's Revised Budget includes \$243.9 million in general revenue to cover such expenses until FEMA reviews and approves them. The Office of Management and Budget has refined the list of expected reimbursable expenses above the amount budgeted in FY2022. The \$278.9 million general revenue adjustment will be offset in FY2023 when the reimbursements are expected to be made. The adjustment for the Emergency Management Agency is \$5.1 million.

Disaster and Emergency Preparedness Grants (federal funds)

\$9.9 million

The FY2022 Final Budget includes \$19.6 million in federal funds for various federal grants and reimbursements received for storm, pandemic, and natural disaster events. This appropriation is \$9.9 million more than the appropriation in the FY2022 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 FY2022.

RIEMA Federal Awards	FY2022 Enacted	FY2022 Final	Change
FEMA 4505 Hazard Mitigation	\$0	\$6,025,000	\$6,025,000
SHSP 2020- State Homeland Security Grant Program	1,327,401	3,277,164	1,949,763
State Homeland Security Grant Program 2019	250,000	1,587,224	1,337,224
SHSP 2021 State Homeland Security Grant	-	1,327,401	1,327,401
Emergency Management Performance Grant 2019	48,750	1,325,320	1,276,570
EMPG 2021 Emergency Management Preparedness Grant	-	670,043	670,043
All Other Awards	8,072,016	5,394,392	(2,677,624)
Total	\$9,698,167	\$19,606,544	\$9,908,377

Operating Expenses (federal funds)

\$1.2 million

The FY2022 Final Budget includes \$3.7 million in federal funds for various operating expenses. This appropriation is \$1.2 million more than the appropriation in the FY2022 Budget as Enacted.

RIEMA Federal Operating	FY2022 Enacted	FY2022 Final	Change
EMPG 2021 Emergency Management Preparedness Grant	\$0	\$611,346	\$611,346
SHSP 2021 State Homeland Security Grant	-	738,630	738,630
All Other Operating	2,465,289	2,352,707	(112,582)
Total	\$2,465,289	\$3,702,683	\$1,237,394

COVID-19 Response (federal funds)

(\$1.1 million)

The FY2022 Final Budget includes \$771,665 million in federal funds awarded through the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act for pandemic response and recovery activities. This reflects a decrease of \$1.1 million from the FY2022 Budget as Enacted. The Final Budget decreases personnel expenses by \$308,744 and grant awards by \$940,445. This is offset by increasing operating expenses by \$171,105 and computer equipment by \$8,513, resulting in a net federal fund decrease of \$1.1 million.

DEPARTMENT OF PUBLIC SAFETY***Body-Worn Camera Program******(\$15.0 million)***

The Budget shifts \$15.0 million in general revenue from FY2022 to FY2023 to reflect changes in the implementation schedule of the statewide body-worn camera program authorized by the General Assembly in 2021. 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. Implementation cannot take place, however, until the Attorney General's Office (AG) and the Department of Public Safety, in consultation with the Rhode Island Police Chiefs Association, promulgate rules that reflect model policies addressing key areas like activation, officer review, records retention, etc. In turn these rules must be adopted by departments seeking state funding. This was originally to be completed by December 2022, but according to the AG, the promulgation of these rules and policies is taking longer than initially expected and the procurement and distribution of equipment will now take place in FY2023. Funds are shifted accordingly.

State Trooper Contract***\$3.2 million***

The Budget includes an additional \$3.4 million (all funds), including \$3.2 million in general revenue to cover the increased costs of the new State Trooper collective bargaining contract in FY2022. The Governor's Revised Budget did not include additional personnel spending because at the time it was introduced into the General Assembly, negotiations were ongoing. Subsequently, an agreement was reached in March 2022. The marginal impact across funding sources in FY2022 are shown below.

Source	Amount
General Revenue	\$3,161,221
Federal Funds	112,439
Restricted Receipts	18,993
Other Funds	107,347
Total	\$3,400,000

Sheriff Turnover***(\$1.2 million)***

The Budget includes a \$1.2 million savings of general revenue in the FY2022 Final Budget related to actual and projected personnel costs within the Security Services program as compared to the FY2022 Budget as Enacted.

Opioid Abuse Program (federal funds)***(\$199,230)***

The FY2022 Final Budget includes a \$199,230 savings of federal funds related to the Opioid Abuse Program. The FY2022 Budget as Enacted included \$200,000 to match a federal grant, but such grant was not procured. The line sequence includes a remaining balance of \$770 which will be used for salary and benefit related expenditures.

Body-Worn Camera Program Staff***(\$183,070)***

The Budget includes an \$183,070 savings of general revenue in FY2022 personnel expenditures within the DPS to reflect the delayed implementation of the statewide Body-Worn camera program. The program is designed to equip Rhode Island's uniformed patrol officers, across every municipal police department and the Rhode Island State Police, with body-worn cameras. Implementation cannot take place however until the Attorney General's Office (AG) and the Department of Public Safety, in consultation with the Rhode Island Police Chiefs Association, promulgate rules that reflect model policies addressing key areas like activation, officer review, records retention, etc. In turn, these rules must be adopted by departments seeking state funding. This was originally to be done by December 2022, but according to the AG, the promulgation of these rules and policies is taking longer than initially expected and the procurement and distribution of equipment will now take place in FY2023. The Governor originally recommended additional staff resources within the DPS to support the implementation of the program. However, due to the implementation delay,

expected personnel costs are no longer going to take place in FY2022. The Budget reflects a reduction in personnel expenses in FY2022 accordingly.

DEPARTMENT OF TRANSPORTATION

CAA Funding (federal funds)

\$14.8 million

The FY2022 Final Budget includes a total of \$32.8 million in federal funds from the Consolidated Appropriations Act, reflecting a \$14.8 million increase to the \$18 million appropriated in the FY2022 Budget as Enacted. The additional federal funds will be used to repair roads, bridges, highways, and parking lots while offsetting Highway Maintenance Account (HMA) and gas tax funding, allowing those funds to be used for state match to procure additional federal funds.

Highway Maintenance Account

\$12.3 million

The Budget includes \$99.5 million in Highway Maintenance Account funds, an increase of \$12.3 million from the FY2022 Budget as Enacted. The Budget offsets expenditures normally funded through HMA funds with federal CAA funds, allowing the additional \$12.3 million to be used to match federal funds.

Highway Maintenance Account funds within the Infrastructure Maintenance program are generated from motor vehicle fees collected by the DMV, including fees on good driver dismissals, license and registration transfers, vehicle titles, inspection stickers, and rental car surcharges. The transfer of these fees from the general funds to the HMA were phased in beginning in FY2016 and completed in FY2019, with 100.0 percent of fees going to the HMA.

Vehicle Maintenance (other funds)

\$8.9 million

The Budget includes a total of \$9.1 million for vehicle maintenance within the Infrastructure-Maintenance program. This reflects an \$8.9 million increase from the FY2022 Enacted amount of \$166,907. The additional funds will be used to purchase industrial vehicles, such as heavy trucks, sweepers, backhoes and tractors in order to replace the program's existing fleet. The large discrepancy in funding reflects unspent funds from FY2021 related to procurement and supply chain issues.

Real Estate Funded Projects (other funds)

\$5.3 million

The Budget includes a \$5.3 million increase to the FY2022 Budget as Enacted for initiatives and projects supported by land sales and rental properties. The FY2022 Budget as Enacted appropriated \$4.5 million and the FY2022 Final Budget increased to a total of \$9.8 million. The projects include crack sealing and bridge repair, software costs related to the project management system, the Broad Street Regeneration Project which covers a three-mile corridor from Exchange Street in Pawtucket to Mendon Road in Cumberland, and upgrades to Upper College Road on the University of Rhode Island's Kingston Campus.

Turnover Savings (federal funds)

(\$3.5 million)

The FY2022 Final Budget includes a \$3.5 million federal funds savings related to turnover at the Department when compared to the FY2022 Budget as Enacted.

Public Railroad Corporation Insurance (federal funds)

\$3.3 million

The FY2022 Final Budget increases federal funds in the Infrastructure Engineering program by \$3.3 million pursuant to the Governor's Budget Amendment, dated March 3, 2022. This change reflects ongoing insurance and operating costs for the Rhode Island Public Railroad Corporation through the Congestion Mitigation and Air Quality Improvement (CMAQ) program.

Winter Maintenance Operations (other funds)

\$2.0 million

The FY2022 Final Budget includes a total of \$16.4 million in other funds for winter maintenance operations, including salary and benefits. This reflects a \$2.0 million increase to the FY2022 Budget as Enacted and is expended for vendor contracts in addition to salt, sand, and liquid de-icers to increase road safety and reduce winter hazards.

Gas Tax Transfers (other funds)***\$1.1 million***

The Budget includes an additional \$1.1 million in gas tax funding within the Department in FY2022, including \$612,707 for the DOT, \$326,624 to be transferred to the Rhode Island Public Transit Authority (RIPTA); and \$117,505 to be transferred to the Rhode Island Turnpike and Bridge Authority (RITBA); and, \$67,146 for payment of the GARVEE bonds. The Budget increases these transfers based on the Office of Revenue Analysis estimates of the gas tax that were done in May 2022.



ARTICLES

Article 1: Relating to Making Appropriations in Support of FY2023

Article 1 outlines the appropriation amounts from all fund sources for FY2023. 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 15,455.5 FTE positions reflecting a net increase of 142.3 FTE positions as compared to the authorized level set in the FY2022 Budget as Enacted.
- Details Community Service Objective grant funding recipients and amounts.
- Prohibits the obligation or expenditure of indirect cost recoveries on federal stimulus funds in the Department of Health without the approval of the Director of the Office of Management and Budget.
- Requires that all unexpended or unencumbered balances relating to the University of Rhode Island, Rhode Island College, and the Community College of Rhode Island, be reappropriated to FY2024. In addition, the Office of the Postsecondary Commissioner shall provide \$7.9 million to the Rhode Island Promise Scholarship program, and \$147,000 to be used to support the State's membership in the New England Board of Higher Education.
- Caps the amount the Judiciary may charge five state agencies (Public Defender's Office, Office of the Attorney General, Department of Corrections, DCYF, and Department of Public Safety) for public courthouse occupancy costs at \$1.3 million. It requires the Judiciary to provide \$230,000 to the Rhode Island Coalition Against Domestic Violence for domestic abuse court advocacy and requires \$90,000 be provided to the Rhode Island Legal Services to provide housing and eviction defense to indigent individuals.
- 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 to be provided to the Director of Administration, chair of the Housing Resources Commission, State Budget Officer, and the chairs of the House and Senate Finance Committees on the number of housing units produced and funded.
- 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. Article 1 authorizes amounts from the State Fiscal Recovery Fund, not otherwise appropriated, to be expended during the fiscal years ending June 30, 2024, June 30, 2025, June 30, 2026, and June 30, 2027.
- Requires that all unexpended or unencumbered balances relating to the SFRF and Capital Projects Fund, be reappropriated to FY2024 and made available for the same purposes.
- Establishes the Pandemic Recovery Office within the Department of Administration 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. 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.
- 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, CommerceRI has been certifying these revenues and the Division of Taxation has segregated them into their own account. The language makes the formal appropriation in the Budget to disburse the funds to the City of Pawtucket.

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, 2023.

Expenditures by Source	FY2021 Final	FY2022 Enacted	FY2023 Enacted	Change to Enacted
General Revenue	\$4,078.6	\$4,550.8	\$5,708.3	\$1,157.5
Federal Funds	6,603.3	5,862.7	5,042.2	(820.5)
Other Funds	2,067.5	2,334.6	2,398.4	63.8
Restricted Receipts	237.5	372.7	453.5	80.8
Total	\$12,986.9	\$13,120.8	\$13,602.4	\$481.6

\$ 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 FY2023.

Section 1 also provides language directing the disbursement of specific appropriations including:

- **Administration - Information Technology Investment Fund:** The Budget 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 the 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 systems 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.
- **Business Regulation:** The Budget requires that \$1.5 million in general revenue be used for a new initiative where the Office of the Health Insurance Commissioner conducts a comprehensive view of social and human services programs throughout the state. The Office will analyze rates, utilizations, and eligibility standards.
- **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.
- **EOHHS:** The article requires \$250,000 in general revenue to facilitate the planning for the creation of an Early Childhood Governance Working Group tasked with submitting a report to the Governor and General Assembly, by October 1, 2023, with recommendations addressing the coordination and administration of an early childhood program.

The Budget provides \$2.5 million in general revenue through the Graduate Medical Education initiative for a new resident training program at Landmark Hospital, of which \$1.0 million is provided to Lifespan for the Trauma I Center and \$1.0 million to Care New England for the Neonatal Intensive Care Unit.

- **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. With the Consent Decree scheduled to end in FY2024, the State has agreed to an action plan to ensure the requirements of the Consent Decree are fulfilled. Article 1 allocates \$15.2 million in general revenue (\$34.3 million all funds) to support direct support professional wage increases and \$5.6 million in general revenue (\$9.4 million all funds) for a Transformation and Technology Fund to remain in compliance with the action plan.
- **RIDE - Rhode Island Vision Education and Services Program:** 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 - Education Aid:** 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:** Provides for the reappropriation of unexpended FY2023 funds designated for the State Body-worn Camera Program to FY2024.

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	FY2022 Enacted	FY2023 Governor	Change
State Assessed Fringe Benefits	\$37,626,944	\$37,370,321	(\$256,623)
Administration Central Utilities	27,345,573	27,355,205	9,632
State Central Mail	6,736,424	7,303,550	567,126
State Telecommunications	3,100,546	3,513,931	413,385
State Automotive Fleet	12,664,678	12,869,107	204,429
Surplus Property	3,000	3,000	-
Health Insurance	272,604,683	272,697,174	92,491
Other Post-Employment Benefits	63,858,483	63,858,483	-
Capital Police	1,731,553	1,380,836	(350,717)
Corrections Central Distribution Center	7,410,210	7,524,912	114,702
Correctional Industries	8,590,417	8,472,206	(118,211)
Secretary of State Records Center	1,060,059	1,143,730	83,671
Human Resources Internal Service Fund	13,962,865	15,991,654	2,028,789
DCAMM Facilities Internal Service Fund	43,562,371	47,011,910	3,449,539
Information Technology Internal Service Fund	48,951,700	50,789,409	1,837,709
Total	\$549,209,506	\$557,285,428	\$8,075,922

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 142.3 FTE positions from the FY2022 Budget as Enacted. The following table lists the FTE amounts by budget function:

Expense by Function	FY2022 Enacted	FY2023 Enacted	Change to Enacted
General Government	2,454.4	2,494.4	40.0
Human Services	3,682.6	3,734.3	51.7
Education	4,222.4	4,223.4	1.0
Public Safety	3,244.0	3,275.6	31.6
Natural Resources	431.0	449.0	18.0
Transportation	755.0	755.0	0.0
Subtotal	14,789.4	14,931.7	142.3
<i>Higher Ed. Sponsored Positions</i>	<i>523.8</i>	<i>523.8</i>	<i>0.0</i>
Total FTE Positions	15,313.2	15,455.5	142.3

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 FY2022 Budget as Enacted includes \$8.7 million in general revenue for CSO grant awards across 12 state agencies. The FY2023 Budget as Enacted recommends an appropriation of \$12.0 million in general revenue in FY2023, an increase of \$3.3 million from the previously enacted budget. The Budget recommends increasing the following grants; Community Action Fund \$800,000, Small Business Development Center \$350,000, Rhode Island Community Food Bank by \$275,000, Senior Center Support \$200,000, Polaris Manufacturing Technical Assistance Program \$100,000, Coalition Against Domestic Violence \$100,000, Project Reach – Boys and Girls Club \$100,000, Day One \$50,000, and Institute for the Study and Practice of Nonviolence \$50,000.

The Budget includes some new CSO awards; Rhode Island Alliance Boys and Girls Clubs \$750,000, Rhode Island school for Progressive Education \$200,000, Institute for Labor Studies and Research \$100,000, Wildlife Rehabilitators Association of Rhode Island \$100,000, Higher Ground International for \$50,000 and Refugee Dream Center for \$50,000.

Agency	Grant Recipient	FY2022 Enacted	FY2023 Enacted	Change
Administration	City Year - Whole School Whole Child Program	\$130,000	\$130,000	\$0
Executive Office of Commerce	Polaris Manufacturing Technical Assistance Program	350,000	450,000	100,000
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	-
Secretary of State	Rhode Island Historical Society	125,000	125,000	-
Secretary of State	Newport Historical Society	18,000	18,000	-
Human Services - Healthy Aging	Diocese of Providence - Elder Services	325,000	325,000	-
Human Services - Healthy Aging	Alliance for Long Term Care Ombudsman Services	40,000	40,000	-
Human Services - Healthy Aging	Elderly Housing Security	85,000	85,000	-
Human Services - Healthy Aging	Meals on Wheels	530,000	530,000	-
Human Services - Healthy Aging	Senior Center Support	800,000	1,000,000	200,000
Human Services - Healthy Aging	Elderly Nutrition	50,000	50,000	-
Human Services	Coalition Against Domestic Violence	300,000	400,000	100,000
Human Services	Project Reach - Boys and Girls Club	250,000	350,000	100,000
Human Services	Day One	217,000	267,000	50,000
Human Services	RI Community Food Bank	175,000	450,000	275,000
Human Services	Crossroads Rhode Island	500,000	500,000	-
Human Services	Institute for the Study and Practice of Nonviolence	200,000	250,000	50,000
Human Services	Veterans' Organizations	200,000	200,000	-
Human Services	Community Action Fund	600,000	1,400,000	800,000
Human Services	Higher Ground International	-	50,000	50,000
Human Services	Refugee Dream Center	-	50,000	50,000
Human Services	RI Alliance of Boys and Girls Clubs	-	750,000	750,000
Education	Hasbro Children's Hospital - Hospital School	90,000	90,000	-
Education	Child Opportunity Zones	395,000	395,000	-
Office of Postsecondary Commissioner	Rhode Island College Crusade	355,000	355,000	-
Office of Postsecondary Commissioner	Best Buddies Rhode Island	75,000	75,000	-
Office of Postsecondary Commissioner	RI School for Progressive Education	-	200,000	200,000
University of Rhode Island	Small Business Development Center	350,000	700,000	350,000
University of Rhode Island	Institute for Labor Studies and Research	-	100,000	100,000
University of Rhode Island	Special Olympics Rhode Island	50,000	50,000	-
Arts Council	WaterFire Providence	375,000	375,000	-
Historical Preservation	Fort Adam's Trust	30,000	30,000	-
Corrections	Crossroads Rhode Island	1,050,000	1,050,000	-
Judicial	Rhode Island Coalition Against Domestic Violence	230,000	230,000	-
Judicial	Rhode Island Legal Services	90,000	90,000	-
Environmental Management	Wildlife Rehabilitators Association of RI	-	100,000	100,000
Environmental Management	Conservation Districts	50,000	50,000	-
Total		\$8,701,200	\$11,976,200	\$3,275,000

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, 2024, June 30, 2025, June 30, 2026, and June 30, 2027. These amounts supersede appropriations provided for FY2023 within the FY2022 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 16, 17, and 18 of this article pertain to the authorization and appropriation of the State Fiscal Recovery Fund (SFRF) federal funds as well as establishing the Pandemic Recovery Office within the Department of Administration.

- Section 16 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. This section authorizes amounts from the State Fiscal Recovery Fund, not otherwise appropriated, to be expended during the fiscal years ending June 30, 2024, June 30, 2025, June 30, 2026, and June 30, 2027; and includes language outlining the various SFRF projects.

- Section 17 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.
- Section 18 establishes the Pandemic Recovery Office within the Department of Administration 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. 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.

Article 2: Relating to State Funds

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

- Authorizes the Budget Officer to establish the Hospital Conversion Monitoring restricted receipt account within the Department of Health to fund monitoring activities associated with hospital conversions.
- Authorizes the Board of Education to establish a restricted receipt account within the Office of the Postsecondary Commissioner for the financing of a new STEM scholarship that IGT Global Solutions will fund.
- Requires the Public Utilities Commission to increase the annual remittance received from the telecommunications surcharge paid to the Commission on the Deaf and Hard of Hearing from \$80,000 to \$100,000 for the operation of the emergency and public communications access program.
- Exempts six restricted receipt accounts from the 10.0 percent indirect cost recovery charge provisions. The proposed exemptions would apply to the following accounts: the Marijuana Trust Fund; the Social Equity Fund; the IGT STEM Scholarship within the Office of the Postsecondary Commissioner; the Rhode Island Statewide Opioid Abatement account; the Home and Community Based Services Support account; and the Home and Community Based Services Admin Support account within the EOHHS.
- Establishes three new restricted receipt accounts within EOHHS: an account to receive and distribute funds from opioid settlements, and two accounts for the Home and Community Based Services to house enhanced funding provided by the American Rescue Plan Act of 2021. The new accounts would have a retroactive effective date of July 1, 2021.

FISCAL IMPACT

The article exempts \$71.9 million in restricted receipt revenues in FY2022 and \$5.2 million in FY2023 from the 10.0 percent indirect cost recovery charge provisions. Had these accounts not been exempt, the accounts would have transferred a total of \$7.2 million in FY2022 and \$528,749 in FY2023 to the general fund. In addition, the article increases the annual transfer from the Public Utilities Commission to the Commission on Deaf and Hard of Hearing by \$20,000 for the emergency and public communications access program to reflect increased need for emergency communication services.

ANALYSIS AND BACKGROUND

This article addresses various restricted receipts accounts.

Indirect Cost Recovery Exemptions

State law permits the assessment of a 10.0 percent indirect cost recovery charge on most state restricted receipt accounts in order to support the administrative overhead costs associated with the collection of funds and administration of the accounts. RIGL 35-4-27 enumerates those restricted receipts exempted from this assessment. The article exempts \$71.9 million in restricted receipt revenues in FY2022 and \$5.2 million in FY2023 from the 10.0 percent indirect cost recovery charge provisions. Had these accounts not been exempt, the accounts would have transferred a total of \$7.2 million in FY2022 and \$528,749 in FY2023 to the general fund.

Article 3: Relating to Government Reform and Reorganization

This article makes several changes to the Rhode Island General Laws regarding permits and licenses, regulatory authority, and the organization of state government. Specifically, the article:

- Makes several changes to licensing and regulation for caterers, interpreters, constables, and mixed martial arts exhibitions.
- Authorizes municipalities to regulate establishments with three or more billiard tables.
- Transfers the Opioid Stewardship Fund from the Department of Health to the Executive Office of Health and Human Services (EOHHS).
- Extends the time period under which the Administration may propose changes to cabinet director salaries during CY2022 only, and allows the Governor to set the salary of a Director of the Department of Children, Youth, and Families for a hire in the calendar year 2022.
- Limits the permitted cash reserve of the paint recycling program to 50.0 percent of the prior-year expenses.
- Shifts determination of the reasonableness of a proposed uniform mattress stewardship fee from an independent auditor to the Rhode Island Resource Recovery Corporation.
- Outlines procedures to identify real property owned by the State that qualifies under the Payment in Lieu of Taxes (PILOT) state aid program towards the calculation of reimbursements to municipalities
- Reauthorizes the Department of Revenue's Central Collections Unit by extending the sunset date of June 30, 2023, to June 30, 2033.
- Allows DMV mobile units in Warren and Westerly.
- Establishes the Electric Vehicle Charging Investment Program within the Office of Energy Resources (OER) at the Department of Administration for the purpose of developing electric vehicle charging infrastructure.

FISCAL IMPACT

The article did not include any fiscal impact for the statutory changes, however, the authorization for the Governor to set the Director of the Department of Children, Youth, and Families in the 2022 calendar year could increase personnel expenditures within DCYF.

ANALYSIS AND BACKGROUND

Licensing Changes

The article amends licensing fees and requirements for various professions:

- **Class P Liquor Licenses:** The article eliminates the \$1 fee for duplicate copies of caterer liquor licenses. According to the Department of Business Regulation (DBR), this fee has not been collected in years; therefore, eliminating it would have no fiscal impact.
- **Billiard Table Establishments:** The article clarifies the definition of billiard table establishments, ensuring that city and town regulation and taxation of billiard establishments is only applicable to establishments with three or more billiard tables.
- **Hide and Leather Inspectors:** The article eliminates licensing and compensation requirements for hide and leather inspectors in certain towns. According to DBR, this language is outdated and unnecessary, as the State has not licensed hide and leather inspectors in many years.

- **Certified Interpreters and Translators for the Deaf:** The article eliminates a requirement of Certified Interpreters and Translators for the Deaf to verify under oath that they meet the qualifications of the license. This is intended to ease the application process.
- **Mixed Martial Arts:** The article exempts mixed martial arts amateur exhibitions from licensing requirements and fees. Exhibitions must be conducted under the supervision and control of an educational institution, religious, or charitable organization. An exhibition qualifies as an amateur event if no prizes are awarded in excess of \$25.

Constable Violations

The article establishes civil penalties for constables, who are independent enforcement officers for court matters. According to the Department of Business Regulation, the only way to currently handle licensing violations is to revoke the certification of the constable. Between 2016 and 2021, seven violations resulted in action taken by the Department, four of which were for the same individual. The proposed penalty amount varies but can be as high as \$1,000. According to DBR, the fee would likely be tiered based on the number of violations the constable has committed. This new penalty would result in a small increase in general revenue, but the precise impact is unknown.

Opioid Stewardship Act

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 article transfers 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.

Rhode Island Paint Recycling Program

The article gives the Department of Environmental Management (DEM) more oversight over the paint recycling program, and limits the permitted cash reserve of the program to 50.0 percent of the prior year's expenses. A third-party organization that represents paint manufacturers is responsible for operating the paint recycling program, and can set recycling fees to fund operating expenses and a cash reserve. Apparently, in recent years, the organization has charged recycling fees in excess of what is necessary to fund the program and have a reasonable cash reserve.

In increasing DEM oversight, the article makes the size of the reserve fund and the administrative expenses associated with the program subject to DEM approval. In addition, the article authorizes the creation of a reserve fund, caps the size of the reserve fund, and requires the administering organization to spend down reserves in excess of the cap at the time this article takes effect within two years. In subsequent years, the organization shall not propose a fee that will cause the reserves to exceed the cap.

The program was established in June 2014. Based on the FY2020 annual report, the program has 29 drop-off sites around the State, including retailers and transfer stations, which collected 69,069 gallons of paint. The program collected \$991,912 in revenue from a fee on new paint sales. The fee is \$0.35 on pint and quart containers, \$0.75 on gallon containers, and \$1.60 on five-gallon containers. The expenses, including

paint transportation and processing, communication, staffing, and administration, were \$695,607. The fiscal year ended with net assets of \$1.1 million. The total program cost per gallon collected was \$10.06.

Mattress Stewardship Plan

The article modifies the program for the responsible recycling, reuse, and disposal of mattresses that was established in 2013 to promote the development of a comprehensive strategy for the discard of mattresses. Language is added to provide that the Director of the Rhode Island Resource Recovery Corporation (RIRRC) will determine if the uniform registration fee proposed by the Mattress Recycling Council (Council) is reasonable based on the evaluation of an independent auditor, and that approval from the Director is required. Under current law, the Director's approval was not necessary if the auditor determined that the fee was reasonable. In addition, the article provides that all of the documents related to the auditor's assessment shall be filed with the RIRRC and considered public documents pursuant to RIGL 38-2, Access to Public Records. Under current law, the Council must propose a uniform fee at least every two years; however, a more frequent change can be implemented if the Council determines it is necessary to avoid funding shortfalls or excesses. The proposed fee is reviewed by an independent auditor to ensure the revenue from the fee does not exceed the costs of the mattress stewardship program.

The Mattress Recycling Council (MRC) is nonprofit organization comprised of mattress producers. In addition to the Bye Bye Mattress program in Rhode Island, the Council administers statewide mattress recycling programs in California and Connecticut. The current mattress stewardship fee that is added to the price of each mattress sold in Rhode Island is \$16.00, compared to \$11.75 in Connecticut, and \$10.50 in California. The fee is used to provide consumer education and outreach, collection, and processing of recyclable mattresses. A mattress that is not considered to be recyclable does not qualify for the program and would not qualify for free disposal. According the MRC's 2021 Annual Report, 104,607 mattresses were collected and 1,221 tons of material was diverted from the landfill. Access to the program was provided in 37 of 39 municipalities, and extended service to 203 entities including retailers, lodging establishments, healthcare facilities, educational facilities, and bulky waste haulers.

Salaries of Directors

Article 3 amends RIGL 36-4-16.4, Salaries of directors, to extend the allotted time period in which the General Assembly can conduct public hearings and set director salaries. This amendment provides the General with an extra two months, as such, hearings must commence by September 2022 and director salaries must be proposed to the General Assembly by October 30th, 2022.

The Article 3 change is intended to help the State attract and retain a new Cabinet Directors. As of June 2022, approximately one third of Cabinet positions are filled with temporary or acting candidates – a majority of which are located within Health and Human Services. Currently, The Department of Human Services, Department of Child, Youth, and Families, Department of Health, and the Executive Office of Health and Human Services, all lack permanent leadership. Furthermore, the Department of Business Regulation and the RI Emergency Management Agency lacks permanent leadership.

Article 3 further amends RIGL 36-4-16.4, to allow the Governor, for hire(s) occurring in 2022 only, to increase the annual salary for the Director of the Department of Children, Youth, and Families (DCYF). The FY2022 Budget as Enacted included a provision under RIGL 42-6-3 to permanently allow the Governor to enter into an employment contract for the position for up to three years, regardless of the number of years left in the Governor's term.

The State has consistently struggled to recruit and retain talent to lead DCYF, with child welfare advocates citing compensation as a contributing factor. The position has been vacant since July 19, 2019. The annual salary was recently increased from \$127,500 to \$135,000, but remains among the lowest paid cabinet positions in the State. Annual Compensation for comparable position in Massachusetts and Connecticut are set at \$150,000 and \$172, 000, respectively.

Division of Capital Asset Management and Maintenance

Article 3 outlines procedures to identify real property owned by the State that qualifies under the Payment in Lieu of Taxes (PILOT) state aid program towards the calculation of reimbursements to municipalities. The Article 3 change requires the Department to annually submit a comprehensive list to the division of municipal finance describing real property owned by the state and any other relevant information related to the state aid program. The change also requires that all state agencies, departments, boards, commissions, corporations, authorities, quasi-state agencies, councils, or other political subdivisions that utilize real property shall provide DCAMM any information that may be necessary in establishing and determining affordable housing opportunities.

Electric Vehicle Charging Infrastructure Program

Article 3 establishes the Electric Vehicle Charging Infrastructure Program to encourage Rhode Island residents to purchase electric vehicles by making charging ports more accessible across the state. This programs goal is to decrease unnecessary greenhouse gas emission by promoting more access to clean energy. This program will be implemented by the Department of Transportation in conjunction with the Office of Energy Resource and Department of Environmental Management. The Department and OER will provide an annual report to the Governor and General Assembly detailing the progress and results of the program.

Central Collections Unit

Article 3 reauthorizes the Department of Revenue's Central Collections Unit by extending the sunset date of June 30, 2023, to June 30, 2033. RIGL 42-142-8 establishes the Central Collections Unit (CCU) and authorizes the unit with assisting state agencies in the collection of delinquent debts.

DMV Mobile Units

Article 3 amends RIGL 31-2-6, Division of Motor Vehicles, and establishes mobile units in Westerly and Warren to allow services to continue. This amendment will allow the DMV to provide direct and in-person services to the residents of the towns without occupying office spaces part-time. Both sites closed in early 2020 to reduce possible spreading of COVID-19. Establishing mobile units will bring essential services back to the resident of Westerly and Warren, as well as bring the state back into compliance with RIGL 31-2-6.

Article 4: Relating to Debt Management Act Joint Resolutions

Pursuant to RIGL 35-18, the Public Corporation Debt Management Act, any financing leases or other guarantees entered into by an elected or appointed State official must have prior approval of the General Assembly. This article authorizes the issuance of \$28.5 million in revenue bonds for two projects at the University of Rhode Island (URI).

FISCAL IMPACT

This article authorizes the issuance of \$28.5 million in revenue bonds for two projects at the University of Rhode Island (URI), including the Facility Services Sector Upgrade and the Utility Infrastructure Upgrade Phase II.

Proposed Debt Authorizations					
Revenue Bonds	Department	Principal	Interest	Total Debt	Annual Debt Service Term of Loan (years)
URI - Facilities Service Sector Upgrade	URI	\$13.0	\$10.0	\$23.0	\$1.2 20.0
URI - Utility Infrastructure Upgrade Phase II	URI	15.5	11.5	27.0	1.4 20.0
Total		\$28.5	\$21.5	\$50.0	

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

ANALYSIS AND BACKGROUND

University of Rhode Island – Facilities Service Sector Upgrade

The article approves financing up to \$13.0 million to enhance and reorganize the facilities within the service sector. The project involves the design and construction of facilities within the service sector for more efficient and effective operations. The service sector includes facility operations, capital projects, central receiving, postal services, lands and grounds, a vehicle service station, materials storage, and other offices under the Facilities Group.

The debt service payments will be funded from University revenues, which does include tuition and fees but not auxiliary funds. Total debt service on the bond is not expected to exceed \$1.2 million annually and \$23.0 million in the aggregate, assuming an average interest rate of 6.0 percent over 20 years.

University of Rhode Island – Utility Infrastructure Upgrade Phase II

The article approves financing up to \$15.5 million for phase II of the utility infrastructure upgrade project. The project involves the replacement of components and reconfiguration for each of the systems to ensure necessary steam, water, sanitary, and electrical support for the University's campuses.

The debt service payments will be funded from University revenues, which does include tuition and fees but not auxiliary funds. Total debt service on the bond is not expected to exceed \$1.4 million annually and \$27.0 million in the aggregate, assuming an average interest rate of 6.0 percent over 20 years.

Article 5: Relating to Capital Development Program

This article submits a total of \$400.0 million in ballot referenda to Rhode Island voters for their approval. Proposed as three questions on the November 2022 ballot, the following projects are included.

Article 5: Relating to Capital Development Program	
November 2022 Bond Referenda	Amount
University of Rhode Island Narragansett Bay Campus	\$100.0
Rhode Island School Buildings	\$250.0
Green Economy Bonds	\$50.0
<i>Municipal Resiliency</i>	\$16.0
<i>Small Business Energy Loan Program</i>	5.0
<i>Narragansett Bay and Watershed Restoration</i>	3.0
<i>Forest Restoration</i>	3.0
<i>Brownfields Remediation and Economic Development</i>	4.0
<i>State Land Acquisition Program</i>	3.0
<i>Local Land Acquisition Matching Grant Program</i>	2.0
<i>Local Recreation Development Matching Grant Program</i>	2.0
<i>Roger Williams Park and Zoo</i>	12.0
Total	\$400.0
\$ in millions.	

FISCAL IMPACT

The article permits \$400.0 million in bond referenda to be placed on the November 2022 ballot including, \$100.0 million in bonds for higher education, \$250.0 million in bonds for Rhode Island School Buildings, and \$50.0 million for Green Economy Bonds. Assuming full issuance in bond year 1 and 6.0 percent interest, annual debt service payments are estimated at \$34.9 million. Total debt service over the life of 20-year bonds would be \$697.5 million, including \$297.5 million in interest payments.

The article requires that any premiums and accrued interest, net the cost of issuance and the underwriter's discount, received from the sale of the capital development bonds or notes must be deposited into the Rhode Island Capital Plan fund, unless otherwise required by federal law or regulation.

ANALYSIS AND BACKGROUND

University of Rhode Island (URI) Narragansett Bay Campus

The Budget includes a \$100.0 million bond referendum for repairs and construction on the Bay Campus in support of education and research for the marine disciplines. This project is Phase II of an ongoing project to update a campus that, for the most part, has not been updated since the 1980's. Phase I was funded primarily from a \$45.0 million general obligation bond approved by voters in 2018. Assuming full issuance in bond year 1 and 6.0 percent interest, annual debt service payments are estimated at \$8.7 million. Total debt service over a 20-year term would be \$174.4 million, including \$74.4 million in interest payments.

Rhode Island School Buildings

The Budget includes a \$250.0 million general obligation bond authorization be placed on the November 2022 ballot to provide funds for the construction, renovation, and rehabilitation of the State's public elementary and secondary schools. Of the total, \$200.0 million will provide direct funding for school

construction and renovation projects. The remaining \$50.0 million will fund the School Building Authority (SBA) Fund to address high-priority projects including upgrades to lighting, heating, and ventilation systems to create facility equity among Rhode Island students.

Analyst Note: The article does not contain the limitation found in the FY2019 bond restricting the annual issuance to not more than \$100.0 million in bonds.

Assuming full issuance in bond year 1 and 6.0 percent interest, annual debt service payments are estimated at \$21.8 million. Total debt service over a 20-year term would be \$435.9 million, including \$185.9 million in interest payments.

Green Economy Bonds

The Budget includes a \$50.0 million general obligation bond authorization be placed on the November 2022 ballot for environmental and recreational purposes. Assuming full issuance in bond year 1 and 6.0 percent interest, annual debt service payments are estimated at \$4.4 million. Total debt service over a 20-year term would be \$87.2 million, including \$37.2 million in interest payments. The bond proceeds would be allocated as follows:

- **Municipal Resiliency (\$16.0 million):** Provides funding for matching grants for up to 75.0 percent of project costs to municipalities to restore and/or improve the resiliency of infrastructure and vulnerable coastal habitats, and to restore river and stream floodplains.
- **Small Business Energy Loan Program (\$5.0 million):** Provides funding for grants for small businesses to remove impediments to the implementation of clean energy projects and for zero interest and below market-rate loans for clean energy projects.
- **Narragansett Bay and Watershed Restoration (\$3.0 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. Bond authorizations approved in November 2004 (\$8.5 million) and 2012 (\$4.0 million) are projected to be exhausted in FY2023. If approved by voters in November, this bond will continue the program through FY2025.
- **Forest Restoration (\$3.0 million):** Provides resources to support forest and wildlife habitat and infrastructure on state management areas. DEM manages over 60,000 acres of land, 25 state management areas, 400 miles of hiking and biking trails, 200 fishing spots, and over 200 public boat ramps. Proposed enhancements include improving trails and other infrastructure, removing dead trees, and improving habitat benefiting non-game wildlife species.
- **Brownfields Remediation (\$4.0 million):** 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. These funds would provide matching grants for up to 80.0 percent of project costs to public, private, and/or nonprofit entities for the cleanup, reinvestment, and re-use of these sites to create and attract jobs, protect the urban environment, remove hazards, and reduce the cost of storm water flooding. 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.

In November 2014, voters approved \$5.0 million in general obligation bond proceeds for brownfield remediation. Another \$5.0 million was approved by voters in 2016 and an additional \$4.0 million was approved in November 2018. Of the total available, \$9.0 million has been expended and the remaining \$5.0 million is obligated.

- **State Land Acquisition Program (\$3.0 million):** Provides resources for the State to acquire fee simple interest or conservation easements to open space, farmland, watershed, and recreation lands. Since 1985, the State has acquired or protected more than 20,250 acres of open space through the purchase of land, development rights and conservation easements statewide. The State has adopted a goal to protect 3,000 acres annually through the land acquisition program. On average, DEM is able to leverage 75.0 percent of funding from federal and/or local sources. Voters approved \$10.0 million in general obligation bonds for this project in November 2004, \$2.5 million in November 2012, and \$4.0 million in November 2016 to continue this program. This is an ongoing project. It generally takes five to 10 years to complete a project due to the complex nature of land acquisition. The Department of Environmental Management (DEM) has established criteria for specific property categories, such as contiguous to existing state property and undeveloped; however, the process to suitable land cannot be initiated until the property is offered for sale. More than 90.0 percent of the bond proceeds has been expended or obligated toward specific properties.
- **Local Land Acquisition Matching Grant Program (\$2.0 million):** Provides funding to municipalities, local land trusts, and non-profit organizations to acquire titles, development rights, or conservation easements of open space in Rhode Island. The DEM grants provide up to 50.0 percent of the purchase price and associated costs to preserve local open space that has natural, ecological, agricultural, or scenic value. Funds for this program were authorized through voter-approved, general obligation bond referenda including \$10.0 million in 2004, \$2.5 million in 2012, \$4.0 million in 2016, and an additional \$2.0 million in 2018. DEM has established criteria for using these proceeds and contracts with organizations once the suitable land has been identified. While the 2018 funding has not been contractually obligated at this time, all the funding has been promised for specific purposes.
- **Local Recreation Projects (\$2.0 million):** Provides funding for matching grants of up to 50.0 percent to municipalities to acquire and 80.0 percent of the costs to develop 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. Funds for this program were authorized through general obligation grants including \$5.5 million in 2012, \$4.0 million in 2014, \$5.0 million in 2016 and 2018, and an additional \$4.0 million in 2020. Since the inception of the program in 1988, DEM has awarded 541 grants totaling \$85.0 million worth of investments in all of Rhode Island's 39 cities and towns. An estimated 99.0 percent of funding is either expended or obligated via successful grant applications or executed contracts. Minimal unobligated funding remains from project cancellations and projects coming in under budget. Unobligated funding will be added to the value of the subsequent grant round when applicable.
- **Roger Williams Park and Zoo (\$12.0 million):** Provides funds for the construction of a state-of-the-art-carbon-neutral education center at the Roger Williams Park Zoo. The Education Center would add 21,000 square feet including six 900 square-foot classrooms and facilities, and 3,500 square feet of working space of education staff and classrooms. The new space would house a Wild Preschool for up to 18 students ages three to five. In addition, the project will grow field trip and zoo camp capacity, and is projected to double overnight program capacity.

Article 6 – Relating to Taxation and Revenue

This article modifies certain tax credits, provides several income tax modifications, accelerates the motor vehicle excise tax phase-out, and makes various other revenue changes. Initiatives include

- **Military Service Pension Income:** The article exempts the entire amount of a military pension from taxable income.
- **Retirement Income Modification:** The article increases the amount of a taxpayer's retirement income that is exempted from state personal income tax.
- **Property Tax Circuit Breaker:** The article modifies the State's Property Tax Relief Credit (PTRC) program.
- **Child Tax Rebate:** The article authorizes a \$250 per child personal income tax rebate program.
- **Penalty Interest Rate Reduction:** The article reduces the penalty interest rate for the delinquent payment of non-trust fund taxes.
- **Electronic Filing:** The article requires "larger business registrants" to file returns and remit taxes to the State electronically.
- **Sales Tax Exemptions:** The article exempts funeral items and breast pumps from the sales tax.
- **Tangible Tax Changes:** The article enables all municipalities and fire districts to provide exemptions to tangible property taxes.
- **Motor Vehicle Excise Tax:** The article advances the complete phase-out of the motor vehicle excise tax by one year.
- **Hospital License Fee:** The article sets the hospital license fee rate for FY2022 at 5.656 percent and the rate for FY2023 at 5.42 percent.
- **License Plate Reissuance Fee Exemption:** The article waives the license plate fee for the statutorily required reissuance.
- **Lottery Ticket Payout:** The article increases the upper limit for lottery payouts.

FISCAL IMPACT

The fiscal impact of the initiatives contained in Article 6 is shown in the following table:

Initiative	FY2022	FY2023
Military Service Pension Income	-	(3.3)
Retirement Income Modification	-	(1.6)
Property Tax Circuit Breaker	-	(3.8)
Child Tax Rebate	-	(43.8)
Penalty Interest Rate Reduction	-	(2.5)
Electronic Filing	-	-
Sales Tax Exemptions	-	(0.3)
Tangible Tax Changes	-	-
Motor Vehicle Excise Tax	-	63.9
Hospital License Fee	171.9	179.1
License Plate Reissuance Fee Exemption	-	(2.9)
Lottery Ticket Payout	-	0.5
Total	\$171.9	\$185.3
<i>\$ in millions</i>		

BACKGROUND AND ANALYSIS

Military Service Pension Income

- Background:** A taxpayer's personal income tax liability in Rhode Island is based on federal Adjusted Gross Income (AGI) and is subject to three taxable income brackets with a top rate of 5.99 percent. Federal AGI includes military service pensions and are currently subject to Rhode Island personal income tax (with a small offsetting exemption described below)

For Tax Year 2022	
Income Between...	Is Taxed at...
\$0 and \$68,200	3.75%
\$68,200 and \$155,050	4.75%
\$155,050 and above	5.99%

- Current Modifications:** Although there are numerous modifications (credits, exemptions, exclusions, abatements, and other modifications) that may impact personal income liability, they are available only to certain taxpayers, Rhode Island does offer more general deductions that reduce a taxpayer's federal AGI prior to determining the liability.

- Standard Deduction:** Rhode Island provides for a basis standard deduction from modified AGI as shown in the table.

Standard Deduction	
Filing Status	TY2022
Single	\$9,300
Married Filing Jointly	18,600
Head of Household	13,950
Married Filing Separately	9,300

- Personal and Dependency:** Rhode Island provides for a deduction for each tax filer and dependent that is adjusted annually for inflation. For TY2022, the exemption amount is \$4,350 and begins to phase out at the taxable adjusted gross income level of \$217,050.

- Social Security, Pension, and Annuity Income:** The State also provides a \$15,000 exemption for Social Security income and other retirement income derived from the pensions and annuities of individuals who have reached full social security retirement age. The exemption is limited to those with AGI amounts shown in the table (TY2021). The exemptions are indexed to adjust annually based on changes to the Consumer Price Index for All Urban Consumers (CPI-U).

Social Security and Other Retirement Income AGI			
Filing Status	SS		Other Retirement
	TY2021	TY2021	
Single	\$88,950		\$87,200
Married Filing Jointly	111,200		109,050
Head of Household	88,950		87,200
Married Filing Separately	88,975		87,225

- State Comparison:** The following table summarizes the various ways states treat military pensions for purposes of state personal income tax.

State Comparison: Treatment of Military Pensions (MP) re: Personal Income Tax (PIT)			
No PIT, MP Not Taxed	PIT, MP Not Taxed	PIT, MP Partially Taxed	PIT, MP Taxed
AK	AZ	CO	CA
FL	AL	DE	VA
NV	AK	DC	VT
NH	CT	GA	
SD	HI	ID	
TN	IL	KY	
TX	IN	MD	
WA	IA	MT	
WY	KS	NM	
	LA	OK	
	ME	OR	
	MA	RI	
	MI	SC	
	MN		
	MS		
	MO		

Source: MilitaryBenefits.info

- **Article 6 Changes:** The article creates a new tax modification that exempts military service pension income for purposes of State personal income taxation. The article clarifies that at no time can the modification, alone or in combination with other retirement income modifications, exceed the amount of the military service pension received in the tax year for which the modification is claimed.

The article incorporates the definition of military service as set forth in 20 CFR Section 212.2 for the purpose of clarifying and limiting the types of retirement pensions affected by this article. Military service means active duty time spent in the US armed services, reserves, and National Guard. National Guard and reserve retirement based on non-active duty time are not included.

- **Fiscal Impact:** The Budget assumes a total revenue loss of \$3.3 million in FY2023. The revenue loss grows to \$6.5 million in FY2024 because FY2023 only accounts for one-half of the loss due to accounting accrual policies.

Retirement Income Modification

- **Background:** The State provides a personal income tax modification on retirement income derived from the pensions and annuities of individuals who have reached full social security retirement age and whose adjusted gross income (AGI) is \$80,000 or less, and for joint filers whose AGI is \$100,000 a year or less. These income limits are adjusted annually for inflation.

The State personal income tax is not applied to the first \$15,000 of annual income derived from private pension plans; federal, state, and local government retirement plans; and military plans. The following types of retirement income count for purposes of this new Rhode Island tax break: taxable distributions from pensions, annuities, 401(k) plans, 403(b) plans, governmental 457(b) plans, military retirement pay, and other income that the taxpayer properly includes in the “taxable amount” box of the “pensions and annuities” line of the taxpayer’s federal return.”

- **Article 6 Changes:** The article increases the amount of a taxpayer’s retirement income that is exempted from state personal income tax from the first \$15,000 to \$20,000. It also aligns the timing of when the income eligibility levels are adjusted for inflation with the existing Social Security income modification.
- **Fiscal Impact:** It is estimated that revenue would be reduced by \$1.6 million in FY2023 and \$4.2 million in FY2024.

Property Tax Circuit Breaker

- **Background:** The State’s Property Tax Relief Credit (PTRC) program, also known as the Property Tax “Circuit Breaker”, provides relief to elderly and disabled persons who own or rent their homes, through a modification to their personal income tax. Taxpayers with incomes up to 175.0 percent of the federal poverty level (FPL) are allowed a \$300 (maximum) credit. A claimant is entitled to a credit against his or her tax liability equal to the amount by which the property taxes accrued, or rent constituting property taxes accrued, upon the claimant’s homestead for the taxable year exceeds a certain percentage of the claimant’s total household income for that taxable year. The allowable percentage is currently based upon income level and household size, computed in accordance with the following table:

Income Range	2 or More	
	1 Person	Persons
Less than \$6,000	3.0%	3.0%
\$6,000 - \$9,000	4.0%	4.0%
\$9,001 - \$12,000	5.0%	5.0%
\$12,001 - \$15,000	6.0%	5.0%
\$15,001 - \$30,000	6.0%	6.0%

- **Article 6 Changes:** The article increases the maximum amount of the credit to \$600 for tax years beginning on or after January 1, 2022. The article also amends the eligible income ranges. For all tax

years ending on or before December 31, 2021, the upper income range is increased by \$5,000, from \$30,000 to \$35,000, as shown in the following table:

Income Range	2 or More	
	1 Person	Persons
Less than \$6,000	3.0%	3.0%
\$6,000 - \$9,000	4.0%	4.0%
\$9,001 - \$12,000	5.0%	5.0%
\$12,001 - \$15,000	6.0%	5.0%
\$15,001 - \$35,000	6.0%	6.0%

For tax years beginning on or after January 1, 2023, the eligibility income range and the maximum credit amounts are to be adjusted by the Consumer Price Index for Urban Consumers (CPI-U) as determined by the United States Department of Labor as of September 30 of the previous years. The article requires that the adjustment be compounded annually and that in no event shall the adjustments be less than the prior year.

- **Fiscal Impact:** These changes reduce personal income tax revenue in FY2023 by \$3.8 million and \$1.8 million in FY2022.

Child Tax Rebate

- **Article 6 Changes:** The article authorizes a \$250 per child personal income tax rebate program. Qualifying taxpayers are limited to single-filer households with federal adjusted income (AGI) for Tax Year 2021 (TY2021) of \$100,000, or less, and joint-filer households with an AGI for TY2021 of \$200,000, or less. The number of rebates per household is capped at three, or a total of \$750. Qualifying taxpayers must reside in Rhode Island and a child is considered an individual who has not reached 19 years of age as of December 31, 2021. The rebate amount shall be determined by the Division of Taxation (Taxation) based on the qualifying taxpayer's return filed for TY2021. Taxation will administer the program and rebates will be made directly to taxpayers via check. Taxpayers must file returns by August 31, 2022, to be eligible. It is expected that rebates will be made available in October, 2022.

Child Tax Rebate Program	
Rebate per Child	\$250
Max Rebate	\$750
Eligible Income - Single Filer:	up to \$100,000
Eligible Income - Joint Filer:	up to \$200,000
Applicable Tax Years	TY2021 only
If filed by 8/31/21/Rebate Received	Oct-22
Must be RI Resident	-

- **Fiscal Impact:** The revenue loss associated with the rebate program is estimated to be \$43.8 million in FY2023. The rebate program is one-time, in FY2023, based on TY2021 filings.

Penalty Interest Rate Reduction

- **Background:** To encourage compliance and discourage delinquencies, most states and the IRS are authorized to impose interest on taxpayers that are delinquent in making payments on a tax liability. Current Rhode Island law (RIGL 44-1-7) requires that interest be imposed on any delinquent taxes. The statute directs the Tax Administrator to calculate by January 1, the rate of interest to be in effect for the calendar year by adding 2.0 percent to the prime rate that was in effect on October 1 of the preceding year. The statute further restricts the rate to a percentage ranging from 18.0 percent to 21.0 percent per year.

- Article 6 Changes:** The article reduces the minimum rate of interest assessed on delinquent non-trust fund taxes from 18.0 percent to 12.0 percent, beginning on and after January 1, 2023. The article explicitly maintains the 18.0 percent minimum interest rate for trust fund taxes established by 44-19-35 (sales, hotel, and meal and beverage taxes) and 44-30-76 (personal income taxes deducted and withheld by an employer on behalf of an employee). Trust fund taxes are considered those that are collected on behalf of the State by an entity, but are owed by a taxpayer other than the entity (e.g. the state sales tax is collected and remitted by a business but is paid by the purchasing customer). Non-trust fund taxes are owned and remitted directly by the taxpayer to Taxation.

From	To	Trust Fund Taxes Rate (%)	Non-Trust Fund Taxes Rate (%)
1/1/1994	9/30/2006	12.0	12.0
10/1/2006	12/31/2021	18.0	18.0
1/1/2022	Ongoing	12.0	18.0
- Fiscal Impact:** The revenue loss in FY2023 would be \$2.5 million and grow to \$6.3 million in FY2024.

Analyst Note: FY2023 fiscal impact estimate represents the impact of a rate change half way through the fiscal year and the accrual based accounting. In subsequent fiscal years, the annualized values of the estimate are more than double the FY2023 value and grow. According to Taxation, this pattern is attributable to how it conducts collections. The third fiscal year following the tax year is when personal income and corporation taxes are staged to Collections and debts are picked up in a variety of compliance and collections programs.

Electronic Filing

- Background:** Rhode Island businesses have had the option to file State tax returns either electronically through the Division of Taxation's Tax Portal or by completing and submitting paper tax return forms. According to Taxation paper filings by larger businesses results in a significant volume of work at all stages of tax administration. Returns are manually processed from receipt, to scanning and entry into the integrated tax system, to review by tax auditors. A similar volume of work is associated with the processing of non-electronic payments. Taxation notes that there are far fewer errors associated with electronic returns as compared to paper. Over 86.0 percent of annual business filings are made electronically (91.0 percent for personal income tax filings).
- Article 6 Changes:** The article requires "larger business registrants" to file returns and remit taxes to the State electronically beginning January 1, 2023. Larger business registrants are those taxpayers that operate a business whose combined annual liability for all taxes is \$5,000 or whose annual gross income is over \$100,000 for the entity. Failure to comply results in a penalty of 5.0 percent of the tax liability amount or \$500, whichever is less and an additional \$50 in tax liability.
- Fiscal Impact:** The fiscal impact related to the changes made by the article are anticipated to be marginal and would be related to the collection of penalties. Savings from process improvements are difficult to quantify and are not assumed in the Budget.

Sales Tax Exemptions

- Background**
 - Trade-in Value of Motorcycles:** Many states provide a sales tax exemption for the trade-in value of vehicles. To determine how much sales tax is owed when purchasing a vehicle, the state sales tax rate is simply applied to a vehicle's purchase price. However, if an exemption exists for the value of the purchaser's current vehicle that is "traded-in" to a licensed seller, then the sales tax rate is applied to the difference between the purchase price and the value of the trade-in.

This type of exemption is common among states for automobiles. How motorcycles are treated, however, varies greatly from state-to-state. Rhode Island law provides a sales tax exemption for the trade-in value of automobiles, but not for motorcycles or pickup trucks.

- **Funeral Items:** Under Rhode Island law morticians are considered retailers for sales tax purposes when they sell funeral related items. They must collect and remit sales tax on these items unless they are specifically exempted in statute. The law currently exempts coffins, caskets, urns, shrouds, and other burial garments that are “ordinarily sold by a funeral director”.
- **Breast Pumps:** Most states impose a sales tax on breast pump products (only nine of the states that collect sales tax currently have an exemption). In contrast, most states, including Rhode Island, exempt food, the definition of which typically includes baby formula.
- **Article 6 Changes:** Section 8 of the article amends RIGL 44-18-30 to include specific exemptions from the State’s 7.0 percent sales tax for:
 - The trade-in value of a motorcycle when purchasing a motorcycle
 - Burial containers, urn liners, urn vaults, grave liners, grave vaults, burial tent setups, prayer cards
 - Breast pump collection and storage suppliesⁱ
- **Fiscal Impact:** The following table summarizes the fiscal impact of these changes based on an October 1, 2022 effective date.

	FY2023
Exemption	Impact
Trade-in Value of Motorcycles	(\$145,087)
Funeral Items	(115,735)
Breast Pumps	(58,328)
Total	(\$319,150)

Tangible Tax Changes

- **Background:** Tangible personal property (TPP) comprises property that can be moved or touched, and commonly includes items such as business equipment and furniture. Intangible personal property, by contrast, includes things like patents, intellectual property, and financial instruments such as stocks.

TPP is one of four classes of property that are subject to taxation by municipalities in Rhode Island, with the residential real estate, commercial and industrial real estate, and motor vehicle and trailers being the other three. State law places limits on the extent to which municipalities can tax these classes of property. Household personal property, wholesale/retail inventory, and goods used in manufacturing are examples of items that are explicitly exempted by state law from TPP taxation.

State law also places limits on municipalities’ property taxation authority to ensure fiscal stability. There is a 4.0 percent cap on year-over-year property tax levy growth and various municipalities have their tax classification structure codified in state law (the latter may include the establishing of ratios between classification tax rates; i.e. “the tax rate for tangible property shall not exceed the tax rate for residential property by more than 213.0 percent”). Jurisdictions wanting to provide exemptions to TPP taxation, including one based on a portion of an assessment, can only do so by an act of the General Assembly.

Tax roll data from the Department of Revenue’s Division of Municipal Finance (DMF) show that there were 37,673 total TPP taxpayers across the State for the assessment date of December 31, 2020. The average tangible tax bill for that period was \$4,563 (ranging from \$488.45 in Little Compton to \$21,229.82 in Providence). According to the Rhode Island League of Cities and Towns’ stated 2022 legislative priorities announcement in January 2022, tangible property taxes place significant compliance burdens on both small businesses and municipalities. Large amounts of resources are allotted by municipalities to the collection of TPP taxes, the bulk of which is from very small tax liability amounts.

- **Article 6 Changes:** Article 8 makes the following changes:
 - Section 6 enables cities, towns, and fire districts to establish an exemption from taxation for tangible property within its jurisdiction by formal action of the appropriate governing body of the jurisdiction.
 - Section 7 gives the DMF the authority to grant a one-year exemption to any city or town that becomes out of compliance with its applicable statutory tax classification structure. Any jurisdiction seeking such an exemption must provide DMF with documentation justifying it. If granted the exemption, the jurisdiction must either progressively amend its statutory tax classification structure or adjust its property tax rates to comply.
 - Section 8 also establishes a new limit on TPP tax rates. If a jurisdiction establishes a TPP exemption as enabled by Article 8, then the TPP tax rate for the jurisdiction is capped at the rate that was in effect for the assessment date immediately preceding the assessment date on which the exemption takes effect or the next assessment date following July 1, 2022, whichever is later. The Governor recommends this cap to prevent jurisdictions from simultaneously providing TPP exemptions while seeking to raise the rate to replace the foregone revenue.
- **Fiscal Impact:** The article does not have a state level fiscal impact. In that the legislation is only enabling, it does not have a local impact either. The following table shows the estimated impact an exemption might have across municipalities (for purposes of example, an exemption amount \$10,000 was used).

Municipality	Number of Tangible Taxpayers	Average Tangible Tax Bill	Average Tangible Assessment	Estimated Percent of Tangible Taxpayers Below	Estimated	Calculated Levy	Estimated
				\$10,000 in	Tangible Tax Loss	from Gross	Percent of Levy
				Tangible Assessments	due to Exemption	Assessments (NOT CERTIFIED LEVY)	Lost Due to Exemption of \$10,000
Barrington	537	1,640	85,621	68.3%	56,302	880,485	6.4%
Bristol	696	1,320	91,788	54.7%	64,333	918,660	7.0%
Burrillville	316	9,397	572,278	57.6%	32,260	2,969,391	1.1%
Central Falls	421	3,204	56,740	59.6%	144,814	1,348,929	10.7%
Charlestown	271	679	82,949	72.3%	10,244	183,880	5.6%
Coventry	870	2,218	114,305	55.5%	106,541	1,929,644	5.5%
Cranston	2592	3,849	142,567	45.3%	513,748	9,977,398	5.1%
Cumberland	917	6,321	214,650	52.5%	184,081	5,796,771	3.2%
East Greenwich	618	4,616	154,863	47.4%	128,913	2,893,164	4.5%
East Providence	1008	16,148	291,432	24.5%	520,586	16,277,437	3.2%
Exeter	257	1,374	100,120	47.1%	23,884	353,028	6.8%
Foster	371	829	28,235	76.0%	54,307	307,556	17.7%
Glocester	526	1,497	40,654	61.8%	117,257	788,652	14.9%
Hopkinton	747	1,198	64,630	58.0%	90,990	894,600	10.2%
Jamestown	235	527	63,643	59.1%	11,048	123,836	8.9%
Johnston	1526	8,159	140,395	57.4%	615,298	13,784,359	4.5%
Lincoln	1133	5,289	165,220	53.8%	233,506	5,992,080	3.9%
Little Compton	290	488	47,995	54.1%	13,698	132,771	10.3%
Middletown	430	4,248	246,531	9.1%	68,564	1,826,522	3.8%
Narragansett	137	9,931	830,381	11.7%	15,081	1,360,595	1.1%
New Shoreham	203	505	75,315	72.9%	6,718	102,436	6.6%
Newport	1815	1,173	83,868	69.0%	132,371	2,129,570	6.2%
North Kingstown	1264	2,705	155,248	53.7%	149,948	3,425,940	4.4%
North Providence	927	6,380	98,481	56.5%	380,870	5,913,859	6.4%
North Smithfield	551	12,286	281,217	54.6%	152,776	6,769,797	2.3%
Pawtucket	1594	5,023	96,436	59.7%	519,450	8,007,187	6.5%
Portsmouth	785	3,542	231,408	55.8%	76,421	2,780,237	2.7%
Providence	4768	21,230	247,189	40.8%	2,015,512	65,765,599	3.1%
Richmond	401	1,349	65,425	52.6%	55,315	540,978	10.2%
Scituate	308	3,508	88,109	62.3%	69,398	1,080,341	6.4%
Smithfield	1045	12,179	203,866	51.2%	404,054	12,726,996	3.2%
South Kingstown	1305	1,474	102,022	51.3%	129,406	1,923,847	6.7%
Tiverton	653	1,532	107,391	52.2%	64,876	1,000,703	6.5%
Warren	594	1,491	84,150	55.9%	64,789	885,739	7.3%
Warwick	3480	6,285	167,779	40.4%	985,579	21,871,769	4.5%
West Greenwich	-	-	-	0.0%	-	-	-
West Warwick	911	7,982	174,591	53.6%	267,557	7,271,890	3.7%
Westerly	2163	751	70,364	48.4%	173,844	1,753,319	9.9%
Woonsocket	1008	5,619	120,631	49.8%	335,860	5,663,937	5.9%

Source: Division of Municipal Finance

1) Tax Roll data for assessment date 12-31-20

2) Data includes all tangible tax payers included on the municipalities tax rolls, there is no exclusion for any property types in the above calculations

3) The above is just an estimate and the true impact would need to be analyzed by each individual municipality

4) Above estimates based on gross assessments, some municipalities already have authorization and have already implemented a tangible assessment exemption

a) As a result, the estimates above may differ from actual implementation

5) West Greenwich has not been included as they have not provided the requested documentation

Motor Vehicle Excise Tax

- **Background:** The Motor Vehicle and Trailer Excise Tax Elimination Act of 1998 was enacted to offer broad-based property tax relief to the residents of Rhode Island. The FY2010 Budget as Enacted included \$135.4 million for Motor Vehicle Excise Tax reimbursement. The FY2010 Revised Budget reduced that amount to \$117.2 million. In FY2011, funding was reduced to \$10.0 million, funding for fire districts was eliminated, and the State-mandated motor vehicle tax exemption was reduced from \$6,000 to \$500. These provisions remained in effect through FY2017.

Article 11 of the FY2018 Budget as Enacted decreased the motor vehicle excise tax each year from FY2018 through FY2023, fully eliminating the tax in FY2024. The tax has been reduced over a seven-year period by decreasing tax rate caps and assessment ratios, while raising exemption floors and exempting vehicles that are more than 15 years old. Additionally, to ensure taxpayer relief, the article removed the motor vehicle excise tax from the levy calculation related to the 4.0 percent cap on

municipal property tax levy increases. The following table shows the phase-out schedule under current law and aid amounts estimated by the Office of Revenue Analysis.

Motor Vehicle Tax Phase-out and Forecast Based on Current Law							
	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
State Assessment Ratio	95.0%	90.0%	85.0%	80.0%	75.0%	70.0%	-
Rate Cap	\$60.0	\$50.0	\$35.0	\$35.0	\$30.0	\$20.0	-
Exemption Amount	1,000	2,000	3,000	4,000	5,000	6,000	-
FY2011 Base Phase-out	10,000,000	10,000,000	10,000,000	9,912,491	10,000,000	10,000,000	10,000,000
FY2018 Additional Phase-out	24,543,927	46,281,611	80,265,446	113,619,337	116,520,346	156,594,596	221,974,356
Total Statewide Aid	\$34,543,927	\$56,281,611	\$90,265,446	\$123,531,828	\$126,520,346	\$166,594,596	\$231,974,356
<i>Additional Aid from Previous FY</i>	<i>24,543,927</i>	<i>21,737,684</i>	<i>33,983,835</i>	<i>\$33,266,382</i>	<i>2,988,518</i>	<i>40,074,250</i>	<i>65,379,760</i>

The total statewide aid for FY2021 is comprised of \$37.7 million in general revenue, \$72.9 million in federal Coronavirus Relief Funds (CRF) for a statutorily-prescribed (formula) \$110.4 million. The total does not include the \$13.2 million in additional CRF funds, also distributed by the phase-out formula to municipalities as an enhancement. Note, FY 2021 Base account is less than \$10 million due to timing of general revenue payment distributions to East Providence. However, the variance of \$88K in the Base account is factored into the FY 2021 Additional Phase-out amount of \$113.6 million.

Source: ORA and Division of Municipal Finance

- **Article 6 Changes:** The article repeals the motor vehicle excise tax, provides a mechanism for East Providence to receive its complete reimbursement based on the city's unique assessment and taxation timeframe, and provides a method to resolve municipalities' final levies in FY2023.
- **Fiscal Impact:** The Budget includes \$222.0 million in general revenue to pay for the increase in State aid to municipalities in FY2023. This is \$91.3 million over the FY2022 enacted level and \$64.4 million over the original aid level for FY2023.

Hospital License Fee

- **Background:** The hospital license fee is a provider tax that the State levies on hospitals. This fee is federally capped at 6.0 percent and requires annual legislative action in order to continue. It is calculated as a percent of gross patient services revenue, which includes revenues from patient care activity but excludes other activities such as research or investment earnings. It is assessed against all community hospitals in Rhode Island, including the State-run Eleanor Slater Hospital. Bradley and Butler Hospitals and the Rehabilitation Hospital of Rhode Island are exempt because their primary services and patient beds are psychiatric in nature. Hospitals pay the fee each July but the revenues are booked as a receivable to the prior fiscal year.

Because the State's largest hospitals are non-profit and do not pay corporate income or property taxes, the hospital license fee is a considerable source of revenue for the State. In past fiscal years, the hospital license fee has been used as a mechanism to generate State funds, approximately one-third of which are then matched with federal Medicaid funds and returned to hospitals to offset uncompensated care costs through the Disproportionate Share Hospital (DSH) program. The hospital license fee and DSH are usually reauthorized at the same time; the Budget reauthorizes DSH payments in Article 12.

- **Article 6 Changes:** The article authorizes the hospital license fee at 5.656 percent in FY2022 and 5.42 percent in FY2023. The rate is discounted by 37.0 percent in both years for hospitals located in Washington County (South County and Westerly Hospitals).
- **Fiscal Impact:** The fee is assessed on hospital fiscal year 2020 revenues for FY2022 and hospital fiscal year 2021 revenues for FY2023. The Budget assumes revenues of \$171.9 million for FY2022 and \$179.1 million in FY2023.

Fiscal Year	Fee	Revenue
FY2016	5.862%	\$169.0
FY2017	5.652%	168.8
FY2018	5.856%	182.0
FY2019	6.000%	180.8
FY2020	6.000%	193.8
FY2021	5.000%	162.5
FY2022	5.656%	171.9
FY2023	5.420%	179.1

\$ in millions

Hospital	2020 Hospital Revenues	FY2022 Fee	FY2022 Revenue	2021 Hospital Revenues (Est.)	FY2023 Fee	FY2023 Revenue
Eleanor Slater Hospital	\$6,142,948	5.725%	\$351,684	\$6,142,948	5.725%	\$351,684
Kent Hospital	300,104,400	5.725%	17,180,977	300,104,400	5.725%	17,180,977
Landmark Medical Center	127,911,320	5.725%	7,322,923	127,911,320	5.725%	7,322,923
Miriam Hospital	388,439,509	5.725%	22,238,162	388,439,509	5.725%	22,238,162
Newport Hospital	109,880,896	5.725%	6,290,681	109,880,896	5.725%	6,290,681
Rhode Island Hospital	1,224,954,729	5.725%	70,128,658	1,224,954,729	5.725%	70,128,658
Roger Williams	154,875,510	5.725%	8,866,623	154,875,510	5.725%	8,866,623
St. Joseph's	114,525,578	5.725%	6,556,589	114,525,578	5.725%	6,556,589
South County Hospital	163,641,262	3.607%	5,902,131	163,641,262	3.607%	5,902,131
Westerly Hospital	81,392,254	3.607%	2,935,615	81,392,254	3.607%	2,935,615
Women & Infants	392,537,766	5.725%	22,472,787	392,537,766	5.725%	22,472,787
Total	\$3,064,406,172		\$170,246,831	\$3,064,406,172		\$170,246,831

Source: Hospital Association of Rhode Island

License Plate Reissuance

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

Article 7 of the FY2020 Budget as Enacted changed the fee for the plates from \$6.00 per reissued set to \$8.00. Article 6 of the FY2022 Budget as Enacted extended the reissuance deadline from June 1, 2020, to July 1, 2022.

The reissuance is currently required to take place July 2022; however, the DMV has indicated that “supply chain issues” may delay implementation until after November 2022. The fee for reissued plates is \$8.00.

- **Article 6 Changes:** Article 6 of the Budget waives the fee for this reissuance cycle.
- **Fiscal Impact:** The Budget assumes a revenue loss of \$2.9 million in departmental receipts as a result of the fee waiver.

Lottery Ticket Payout

- **Background:** Sales of lottery tickets are deposited into the State Lottery Fund and prizes for winning tickets are paid out of it. There are different payouts possibilities depending upon which lottery ticket game is played. The payouts, however, are limited to a range of 45.0 to 65.0 percent of the total revenue from ticket sales.
- **Article 6 Changes:** The article increases the upper limit of the range to 71.0 percent. According to the Lottery, games with higher payouts cost more to play but are more popular (than?) lower price games. Raising the upper limit allows for expansion of higher payout options. It is estimated that the associated increase in sales will offset the higher payouts.
- **Fiscal Impact:** Based on this change, the net new revenue transferred to the general fund from the State Lottery is estimated to be \$488,985 in FY2023.

ⁱ Includes, but not limited to breast shields, and breast shield protectors, ; breast pump tubes and tubing adaptors; breast pump valves and membranes; backflow protectors and back flow protector adaptors; bottles and bottle caps specific to the operation of the breast pump; breast milk storage bags; and related items sold as part of a breast pump kit pre-packaged by the breast pump manufacturer...does not include bottles and bottle

caps not specific to the operation of the breast pump; breast pump travel bags and other similar carrying accessories, including ice packs, labels, and other similar products, unless sold as part of a breast pump kit pre-packed by the breast pump manufacturer; breast pump cleaning supplies, unless sold as part of a breast pump kit pre-packaged by the breast pump manufacturer; nursing bras, bra pads, breast shells, and other similar products; and creams, ointments, and other similar products that relieve breastfeeding-related symptoms or conditions of the breasts or nipples.

Article 7: Relating to Making Revised Appropriations in Support of FY2022

Article 7 outlines the appropriation amounts from all fund sources for the FY2022 Final Budget. In most cases, the appropriations are by fund source at the program level in each department or agency. The article includes the FTE position authorizations by department or agency. Other sections of the article outline the use of contingency funds; expenditure limits for internal service funds; and, disbursements of Lottery, Temporary Disability Insurance, Employment Security, and University and College Funds. This article makes appropriations for general revenues, federal, restricted, and other funds, and authorizes FTE levels for each agency and department. Article 1 also includes the following items:

- Sets the airport impact aid formula at \$1.0 million.
- Authorizes 15,317.9 FTE positions reflecting a net increase of 4.7 FTE positions as compared to the authorized level set in the FY2022 Budget as Enacted.
- Details Community Service Objective grant funding recipients and amounts.
- Requires that all unexpended or unencumbered balances relating to the State Fiscal Recovery Funds (SFRF) and Capital Projects Fund, be reappropriated to FY2023 and made available for the same purposes.
- Requires that all unexpended or unencumbered balances relating to the University of Rhode Island, Rhode Island College, and the Community College of Rhode Island, be reappropriated to FY2023. In addition, the Office of the Postsecondary Commissioner shall provide \$6.1 million to be allocated to the Rhode Island Promise Scholarship program, \$9.6 to be allocated to the Last Dollar scholarship program, and \$147,000 to be used to support the State's membership in the New England Board of Higher Education.
- Caps the amount the Judiciary may charge five state agencies (Public Defender's Office, Office of the Attorney General, Department of Corrections, DCYF, and Department of Public Safety) for public courthouse occupancy costs at \$1.4 million. It requires Judiciary to provide \$230,000 to the Rhode Island Coalition Against Domestic Violence for domestic abuse court advocacy and requires \$90,000 be provided to the Rhode Island Legal Services to provide housing and eviction defense to indigent individuals.

APPROPRIATIONS

Article 7 makes appropriations from general revenues and authorizes expenditures of federal funds, restricted receipts, and other funds for the fiscal year ending June 30, 2022.

Expenditures by Source	FY2021 Final	FY2022 Enacted	FY2022 Final	Change to Enacted
General Revenue	\$4,078.6	\$4,550.8	\$5,492.8	\$942.0
Federal Funds	6,603.3	5,862.7	5,704.3	(158.4)
Other Funds	2,067.5	2,334.6	2,296.0	(38.6)
Restricted Receipts	237.5	372.7	383.2	10.5
Total	\$12,986.9	\$13,120.8	\$13,876.3	\$755.5

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

- **Administration - Information Technology Investment Fund:** The article requires that \$75.0 million in general revenue be transferred to the Information Technology Investment Fund by the end of FY2022. The article also requires the expenditure of \$50.0 million in restricted receipts from the Information Technology Investment Fund be used for the development and implementation of an Enterprise Resource Planning and \$17.0 million be available to replace the Department of Children, Youth, and Families' case management information system.

- **Administration - Aid to the Convention Center:** The article requires \$5.0 million in SFRF to support the operations and finance renovations to the facility that was used during the COVID-19 emergency.
- **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.
- **Revenue – Motor Vehicle Excise Tax Payments:** The article requires the appropriation of \$3.3 million in general revenue for the Town of Cumberland to backfill revenue that would have been available to the Town in FY2022 had the motor vehicle excise tax not been repealed effective July 1, 2022.
- **RIDE - Rhode Island Vision Education and Services Program:** Requires that \$684,000 from the Department of Elementary and Secondary'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 - Education Aid:** 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.
- **Corrections – Sex Offender Discharge:** The Budget includes allocates \$1.0 million to Crossroads Rhode Island for sex offender discharge planning.
- **Environmental Management - Rhode Island Infrastructure Bank:** Requires \$21.9 million in general revenue be allocated to the Rhode Island Infrastructure Bank for the Clean Water State Revolving Fund and Drinking Water State Revolving Fund contingent upon the submission of documentation to the Office of Management and Budget showing the need for the funds to be used as the state match. In addition, the article requires \$50,000 be allocated to the Conservation Districts and requires that all unexpended or unencumbered balances relating to municipal firefighting foam disposal, be reappropriated to FY2024 and made available for the same purposes.

INTERNAL SERVICE FUNDS

Article 7 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	FY2022 Enacted	FY2022 Final	Change
State Assessed Fringe Benefits	\$37,626,944	\$37,477,173	(\$149,771)
Administration Central Utilities	27,345,573	27,356,504	10,931
State Central Mail	6,736,424	7,119,317	382,893
State Telecommunications	3,100,546	3,870,267	769,721
State Automotive Fleet	12,664,678	12,872,884	208,206
Surplus Property	3,000	3,000	-
Health Insurance	272,604,683	272,668,134	63,451
Other Post-Employment Benefits	63,858,483	63,858,483	-
Capital Police	1,731,553	1,435,593	(295,960)
Corrections Central Distribution Center	7,410,210	7,504,771	94,561
Correctional Industries	8,590,417	8,473,301	(117,116)
Secretary of State Records Center	1,060,059	1,175,786	115,727
Human Resources Internal Service Fund	13,962,865	15,229,140	1,266,275
DCAMM Facilities Internal Service Fund	43,562,371	45,371,486	1,809,115
Information Technology Internal Service Fund	48,951,700	48,780,353	(171,347)
Total	\$549,209,506	\$553,196,192	\$3,986,686

FTE POSITIONS

Article 7 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 includes a net increase of 7.3 FTE positions as compared to the authorized level set in the FY2022 Budget as Enacted. The following table illustrates the FTE levels by government function:

Expense by Function	FY2022 Enacted	FY2022 Final	<i>Change to Enacted</i>
General Government	2,454.4	2,453.4	<i>(1.0)</i>
Human Services	3,682.6	3,682.3	<i>(0.3)</i>
Education	4,222.4	4,222.4	-
Public Safety	3,244.0	3,250.0	6.0
Natural Resources	431.0	431.0	-
Transportation	755.0	755.0	-
Subtotal	14,789.4	14,794.1	4.7
<i>Higher Ed. Sponsored Positions</i>	<i>523.8</i>	<i>523.8</i>	-
Total FTE Positions	15,313.2	15,317.9	4.7

Article 8: Relating to Lease Agreements for Leased Office and Operating Space

This article reports new lease or rental provisions as required by RIGL 37-6-2(d), which requires legislative approval of State lease or rental agreements that meet certain conditions. Of the proposed leases, three are renewals and two are Request for Proposals for entirely new spaces to lease.

FISCAL IMPACT

State Agency	Renewal or New Lease	Location	Sq. Ft.	Lease Term	Aggregate Rent	Max. Annualized	Current Lease Expires
Commerce	Renewal	555 Valley Street, Providence	2,983	5-years	\$382,883	\$76,577	June 30, 2022
Corrections	New Lease	TBD	5,000	10- years	\$1,100,000	\$110,000	January 31, 2023
URI- Communicative Disorders Program	Renewal	25 West Independence Way, Kingston	4,300	10- years	\$758,692	\$75,869	January 31, 2023
URI- Physical Therapy Program	Renewal	26 West Independence Way, Kingston	16,400	10- years	\$2,871,695	\$287,170	February 28, 2023

ANALYSIS AND BACKGROUND

This article authorizes the following lease agreements pursuant to RIGL 37-6-2(d), which requires “for any lease, rental agreement, or extension of an existing rental agreement for leased office and operating space that carries a term of five (5) years or longer, including any options or extensions that bring the total term to five (5) years or longer, where the state is the tenant and the aggregate rent of the terms exceeds five hundred thousand dollars (\$500,000), the state properties committee shall request approval of the general assembly prior to entering into any new agreements or signing any extensions with existing landlords.”

Rhode Island General Law further specifies that, “the state properties committee, in the form of a resolution, shall provide information relating to the purpose of the lease or rental agreement, the agency's current lease or rental costs, the expiration date of any present lease or rental agreement, the range of costs of a new lease or rental agreement, the proposed term of a new agreement, and the location and owner of the desired property.”

The article authorizes the following lease agreements and Request for Proposals to enter into new leases that are explained in detail below.

Executive Office of Commerce – 555 Valley Street, Providence

The Article authorizes the Executive Office of Commerce (EOC) to renew a lease agreement with Foundry ALCO Members, LLC for a five-year period, for a 2,983 square foot office space located at 555 Valley Street in Providence. The State currently holds a lease agreement with Foundry ALCO Members, LLC, which expires June 30, 2022. The current annual lease cost is \$71,234. The article provides that aggregate rent for a five-year lease term in the lease agreement will be no greater than \$382,833. The lease is included in the authorization because the value of the lease, inclusive of extensions, exceeds the \$500,000 threshold outlined in RIGL 37-6-29(d).

Department of Corrections – 49 Pavilion Avenue, Providence

The Department of Corrections (DOC) currently leases 5,086 square feet of office space at 49 Pavilion Avenue in Providence. This lease expires on January 31, 2023. This article authorizes the DOC to advertise a Request for Proposals seeking approximately 5,000 square feet of office space in Providence, allowing them to relocate from their current office space. The article provides the aggregate rent for a ten-year lease term not to exceed 1.1 million, with an annual rent not to exceed \$110,000. The current annual lease cost of the space at 49 Pavilion Avenue is \$108,690.

University of Rhode Island (URI) – Communicative Disorders Program Lease Renewal

The article renews the lease with the Independence Square Foundation for 4,300 square feet of space located in Building II at 25 West Independence Way on the Kingston Campus of URI. The renewal will commence on February 1, 2023, and terminate on January 31, 2034. The lease payments will not exceed \$758,692 plus the proportionate share of building operating expenses, over the term of the renewal. According to URI, the students and faculty associated with the Communicative Disorders Program have benefited from the quality, accessible, and well-maintained facilities for the duration of the lease executed on May 24, 2002, and terminating on January 31, 2023.

University of Rhode Island (URI) – Physical Therapy Program Lease Renewal

The article renews the lease with the Independence Square Foundation for 16,400 square feet of space located in Building II at 25 West Independence Way on the Kingston Campus of URI. The renewal will commence on March 1, 2023, and terminate on January 31, 2034. The lease payments will not exceed \$2,871,695 plus the proportionate share of building operating expenses, over the term of the renewal. According to URI, the students and faculty associated with the Physical Therapy Program have benefited from the quality, accessible, and well-maintained facilities for the duration of the lease executed on February 1, 2014, and terminating on February 28, 2023.

Article 9: Relating to Economic Development

Article 9 reauthorizes State economic development incentives, expands the program cap limit on the Motion Picture Production Tax Credit, and expands the Stay Invested in RI Wavemaker Fellowship program to specifically include healthcare and mental health professionals. It also establishes an administrative framework for broadband infrastructure investment and expands cottage food business in the State.

- **Reauthorization of Economic Development Incentive Programs:** Extends the sunset provisions on economic development incentive programs from December 31, 2022, to December 31, 2023.
- **Wavemaker Fellowship Program:** The article amends the Wavemaker Fellowship program to approved healthcare practitioners and mental health professionals.
- **Motion Picture Production Tax Credit:** The article increases the aggregate limit on the value of annually-issued tax credits from \$20.0 million to up to \$40.0 million for tax years 2023 and 2024.
- **Reauthorization of the HPTC program:** The article reauthorizes the 2013 Historic Preservation Tax Credit (HPTC) program for another year, to June 30, 2023.
- **Cottage Food Manufacture:** The article establishes a statutory and regulatory framework authorizing and supporting the preparation and retail sale of certain food goods from a residential or leased commercial kitchen.
- **Broadband Development Program:** The article establishes the Rhode Island Broadband Development Program to oversee and coordinate broadband and digital equity initiatives in the State.

FISCAL IMPACT

The following table summarizes the related revenue and expenditures associated with Article 9 initiatives:

Initiative	FY2022				FY2023			
	General Revenue		Federal		General Revenue		Federal	
	Revenue	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue	Expenditures
Incentives	-	\$55.8	-	-	-	\$25.7	-	-
MPTC	(11.6)	-	-	-	(21.6)	-	-	-
HPTC	(8.8)	-	-	-	(12.0)	28.0	-	-
Cottage Food	-	-	-	-	0.0	0.2	-	-
Broadband	-	-	-	0.5	-	-	-	15.4
Total	(\$20.4)	\$55.8	-	\$0.5	(\$33.6)	\$53.9	-	\$15.4

\$ in millions

ANALYSIS AND BACKGROUND

Reauthorization of Economic Development Incentive Programs

- **Background:** The General Assembly enacted a suite of economic development incentives in its 2015 session. To ensure its prerogative of overseeing the effectiveness of these incentives, the General Assembly originally authorized them for only two years by establishing a sunset date of December 31, 2018. This expiration has been extended four times, most recently by the FY2022 Budget as Enacted. The programs are currently set to expire on December 31, 2022.
- **Article 9 Changes:** Article 9 reauthorizes the following incentives through December 31, 2023.

- Stay Invested in RI Wavemaker Fellowship
 - Rebuild RI
 - Rhode Island Tax Increment Financing
 - Tax Stabilization Incentive
 - First Wave Closing Fund
 - I-195 Redevelopment Project Fund
 - Small Business Assistance Fund
 - Main Street Rhode Island Streetscape Improvement Fund
 - Innovation Initiative
 - Industry Cluster Grants
 - High School, College, and Employer Partnerships
 - Air Service Development Fund
 - Rhode Island Qualified Jobs Incentive
- **Fiscal Impact:** There are no revenue or expenditure impacts in FY2023 attributable specifically to the reauthorization of the incentives. The Budget includes following general revenue expenditures:

Incentive	FY2023
Rebuild RI	\$13.5
Main Street	5.0
Wavemaker Fellowship	3.2
Air Service Development Fund	2.3
Innovation Initiative	1.0
Small Business Assistance	0.7
Total	\$25.7
<i>\$ in millions</i>	

Wavemaker Fellowship Program

- **Background:** Established in 2015, the Wavemaker Fellowship is a competitive student loan reimbursement program for college and university graduates who take employment in science, technology, engineering, and mathematics (STEM) fields in Rhode Island. The program provides Wavemaker Fellows with refundable personal income tax credits that can be used to offset their annual student loan payments for up to 4 years. The amount of the tax credit depends upon the degree earned by the taxpayer, i.e. \$1,000 for an associate's degree up to \$6,000 for a graduate or post-graduate degree. In 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 \$10.1 million in general revenue to the fund and the Rhode Island Commerce Corporation has awarded \$9.1 million to date to approximately 896 fellows.

- **Article 9 Changes:** Article 9 expands the Wavemaker program to include healthcare and mental health professionals. It does this by specifically:
 - Defining a healthcare applicant as any applicant that meets eligibility requirements and works as a full-time employee as a high-demand healthcare practitioner or as a mental health professional, including but not limited to, licensed clinical social workers and licensed mental health counselors as defined by regulations to be promulgated by the Rhode Island Commerce Corporation, in consultation with the Executive Office of Health and Human Services (EOHHS)
 - Establishing a new Healthcare Stay Invested in RI Wavemaker Fellowship Fund to be administered by the Rhode Island Commerce Corporation and delineating how it is to be used and administered.
 - The fund shall be used to pay for the redemption of tax credits or reimbursement to the State for tax credits applied against the tax liability of any healthcare applicant. The fund is to be administered in the same manner as the existing Stay Invested in RI Wavemaker Fund.
 - Authorizing the Rhode Island Commerce Corporation to create and establish a committee to evaluate healthcare applicants for an award. EOHHS shall be represented on the committee and provide consultation to the committee regarding selection procedures.
 - Limiting the amount of awards that can be issued to healthcare applicants to no more than is available in the Healthcare Stay Invested in RI Wavemaker Fellowship Fund.
- **Fiscal Impact:** A typical Wavemaker cohort of 100 fellows costs approximately \$800,000. Total appropriations for the program in FY2023 are \$3.2 million, which includes \$1.6 million for STEM/design fellows, \$800,000 for healthcare practitioner fellows, and \$800,000 for mental health professionals.

Motion Picture Production Tax Credit

- **Background:** Rhode Island offers a tax credit to motion picture and theatrical production companies equal to 30.0 percent of qualified production costs attributable to expenditures from activity within the State. The credits are transferable, and unused portions may be carried forward for up to three years. Total credit issuance for any given production is capped at \$5.0 million per year, and productions must meet a minimum \$100,000 production budget threshold to qualify. The Tax Administrator may waive the tax credit cap for any feature length film or television series to use up any unused amounts in the motion picture tax credit program up to the program's annual threshold. This cap also includes musical and theatrical production tax credits. The program's annual threshold initially was \$15.0 million. This was raised to \$20.0 million in 2019. It was raised to \$30.0 million for tax year 2022 only.
- **Article 9 Changes:** The article increases the aggregate limit on the value of annually-issued tax credits to up to \$40.0 million for tax years 2023 and 2024. It also modifies the definition of "pre-Broadway production" by extending the timeframe between when a live stage production is performed in Rhode Island and when it is performed in New York from 12 months to 36 months. The Governor requested a Budget Amendment in May 2022 to increase the program's annual threshold based on increased production activity anticipated over the next several years.
- **Fiscal Impact:** According to the Office of Revenue Analysis' 2022 Tax Expenditures Report the Motion Picture Production Tax Credit is projected to result in \$11.7 million of foregone revenue in calendar year 2022 and grow to \$21.6 million in 2023.

Reauthorization of the HPTC program

- **Background:** Under the Historic Preservation Tax Credit (HPTC) program, taxpayers that incur qualified rehabilitation expenditures (QREs) for the substantial rehabilitation of a certified historic structure are entitled to a credit equal to 20.0 percent of the QREs for any certified historic structure or 25.0 percent of the QREs, provided that either 25.0 percent of the total rentable area of the certified

historic structure or the entire rentable area on the first floor is available for trade or business. The maximum credit cannot exceed \$5.0 million for all phases of any certified rehabilitation project and the total credits authorized cannot exceed the sum of the estimated credits available in the historic preservation tax credit trust fund.

- **Article 9 Changes:** The article reauthorizes the HPTC Program another year by extending the program sunset date from June 30, 2022, to June 30, 2023.
- **Fiscal Impact:** According to the Office of Revenue Analysis' 2022 Tax Expenditures Report, the HPTC program is estimated to produce \$12.0 million in foregone revenue in FY2023. The Budget includes \$28.0 million of one-time general revenue funding in FY2023 for the HPTC program, making credits available for the next 10 projects in the queue.

Cottage Food Manufacture

- **Background:** The making of food in a home or “cottage” for the purposes of selling it is known in legal terms as cottage food manufacturing. Cottage food laws vary widely in the requirements and limits set by the states. A typical limit is on the types of foods permitted to be made and sold. Legal cottage foods usually are not potentially hazardous and pose low risk of food contamination, such as baked goods, jams, dry mixes, and candy. Other limits include where the cottage food can be sold. Sale directly to consumers is typically permitted, but sale to restaurants and retail stores often are prohibited. Despite these limits, cottage food manufacture is generally more lightly regulated than other commercial food production and sales operations.

Rhode Island only allows cottage food manufacturing when it occurs in association with a farm. The food must be made in a kitchen on the premises of the farm that conforms to certain statutory requirements around sanitation and equipment (RIGL 21-27-1)

- **Article 9 Changes:** The article establishes a new statutory and regulatory framework that authorizes and supports expanded cottage food manufacturing. Specifically,
 - Section 1 of the article amends the definition of a Commissary to mean an operating base location for food preparation and equipment cleaning, creates a definition for Cottage Food Manufacture to mean a location for retail food preparation in a residential kitchen or leased commercial kitchen.
 - Section 2 adds language establishing Cottage Food Manufacture for the preparation of baked goods limited to products that do not require refrigeration or temperature control for safety. The facility must be registered and comply with the Department of Health (DOH) and with health and safety standards. Total gross sales from a cottage food operation cannot exceed \$50,000 per calendar year and all sales are subject to applicable sales tax.
 - Section 3 adds a new \$65 annual fee for the registration of a Cottage Food Manufacturer.
- **Fiscal Impact:** The Budget includes \$177,730 to support 2.0 DOH FTE positions to support the new framework. Fees are estimated to generate \$12,610 annually.

Broadband Development Program

- **Background:** Broadband, generally, is a telecommunications term referring to various high-capacity transmission technologies that transmit data, voice, and video across long distances and at high speeds. Common mediums of transmission include coaxial cables, fiber optic cables, and radio waves. As it relates to the internet, broadband typically refers to capacity and infrastructure that delivers always-on, high speed connections to users. The Federal Communications Commission (FCC) defines broadband internet as an infrastructure that delivers a minimum of 25 megabit per second (mbps) download and 3 mbps upload speeds.

- **Infrastructure:** Broadband internet infrastructure is often described as having three segments – backbone, middle mile, and last mile.
 - **Backbone:** The backbone refers to the principal data routes between large, strategically interconnected computer networks and core routers of the internet, typically hosted by commercial, government, academic and other high-capacity network centers.
 - **Middle Mile:** The “middle mile” segment of broadband infrastructure links the backbone to the last mile. It consists of high capacity fiber optic cables that traverse long distances and connect communities to the internet backbone. According to telecom industry experts, the middle mile can be expensive to build out or lease for smaller service providers, is often unavailable in sufficient capacity to meet community needs, and its proprietary nature limits competition and drives up price.
 - **Last Mile:** The “last mile” segment of broadband infrastructure links the middle mile service to retail end users. Examples include coaxial systems owned by cable providers, wireless networks owned by telecom operators, and fiber optic systems. The last mile is the most distributed part of the internet and, according to telecom industry experts, is difficult to build out, where the most frequent bottlenecks occur, and are the most expensive to resolve.
- **Digital Equity Initiatives:** Not everyone has the same access to effective broadband. A digital divide or gap exists between individuals who have access to computers, high-speed internet and the skills to use them, and those who do not. According to the National Digital Inclusion Alliance, digital equity initiatives seek to eliminate this gap and foster the creation of a “condition in which all individuals and communities have the information technology capacity needed for full participation in our society, democracy and economy.” Recent federal legislation including American Rescue Plan Act (ARPA) and the Digital Equity Act (included in the Infrastructure Investment and Jobs Act (IIJA)) provide funding to states to address digital equity.
- **Broadband in RI:** Rhode Island’s broadband infrastructure, its citizens’ access to it, and its strategic management have evolved over time.
 - **Access:** BroadbandNow, a national broadband advocacy organization, offers the following data on internet coverage and availability in Rhode Island:
 - There are 44 internet providers currently operating in the state.
 - Only 1.5 percent of Rhode Island’s population do not have access to 100Mbps speeds.
 - 98.5 percent have access to wired broadband of 25 Mbps or faster, 16,000 people do not have access to that speed.
 - 84.2 percent have access to fiber optic service.
 - 11,000 Rhode Islanders do not have any access to wired internet providers offering services where they live.
 - 22,000 people only have access to one internet provider at their place of residence.
 - 88.5 percent of the population has access to low-price internet plan (a plan costing \$60 or less per month).
 - **Government-Led Initiatives:** There have been various state government-led initiatives to advance internet capacity and access in Rhode Island. The efforts, however, have not been sustained or consistent, or coordinated. From 2010-2015, the Rhode Island Economic Development Corporation oversaw a federally-funded program called BroadbandRI. From 2018 through 2019, the Rhode Island Office of Innovation, a Governor’s program at Rhode Island College, ran a digital equity initiative called ConnectRI. More recently in November

2021, the EOC's Office of Housing and Community Development awarded \$1.7 million in federal Community Development Block grants to several communities to increase internet access for low- and moderate-income families.

- **Article 9 Changes:** the article establishes the Rhode Island Broadband Development Program (RIBDP)
 - **Director:** Article 9 requires the Secretary of Commerce to designate a broadband director, who shall be an employee of the Rhode Island Commerce Corporation (CommerceRI). The director will be responsible for administering the RIBDP and providing oversight and coordination of all broadband and digital equity initiatives in the State, including
 - **Plan:** Creating a statewide broadband strategic plan
 - To consider speed, latency, affordability, access, sustainability, and digital equity,
 - Due December 31, 2022 and every 5 years after, and is to be
 - Submitted to the Governor, Speaker of the House, and Senate President.
 - **Federal Resources:** Communicating with the National Telecommunications and Information Administration (NTIA) and other federal agencies to access federal funds for broadband infrastructure and other digital equity initiatives.
 - **Programming:** Creating grant and other programs that support localities, community anchor institutions, and public private partnerships with investment in “middle-mile” and “last-mile” broadband infrastructure improvements.
 - **Interagency Coordination:** Coordinating with all state and quasi-public agencies on any broadband initiative, including their rule and regulation making processes.
 - **Advisory Committee:** Article 9 establishes a broadband advisory committee to support the RIBDP.
 - **Membership:** The committee is to be comprised of the following nine members:
 - Broadband Director, serves as chair
 - Rhode Island Emergency Management Agency Director, or designee
 - Rhode Island League of Cities and Towns Executive Director, or designee
 - Boys and Girls Club President, or designee (appointed by Senate President)
 - Rhode Island Infrastructure Bank Executive Director, or designee
 - Rhode Island Chamber of Commerce (appointed by the House Speaker)
 - Telecommunications expert (appointed by the Senate President)
 - Member of an underserved or unserved community (appointed by the Governor)
 - Broadband or technology expert (appointed by the House Speaker)
 - **Duties:** The committee is charged with advising the broadband director and EOC on broadband implementation, planning, and investment strategies. The committee is charged with inviting experts and stakeholders to inform the committee. The EOC is charged with convening the committee no less than once a quarter. The committee is to report to the General Assembly each quarter, providing updates on initiatives and spending levels and obligations.
 - **Fiscal Impact:** Enacted and planned broadband-related expenditures through FY2027 are summarized in the following table:

Initiative	Source	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	Total
Broadband - Assistance and Grants	ARP CPF	-	\$15.4	\$5.2	\$4.4	-	-	\$25.0
Statewide Broadband Planning and Mapping	ARP SFRF	0.5	-	-	-	-	-	\$0.5
Total		\$0.5	\$15.4	\$5.2	\$4.4	-	-	\$25.5

\$ in millions

Analyst Note: In November 2021, the \$1.2 trillion federal Infrastructure Investment and Jobs Act (IIJA) became law. The bill includes \$65.0 billion to support broadband projects that improve internet access. Rhode Island has been appropriated \$100.0 million under this category. The funds come with certain state matching requirements and the U.S. Treasury has indicated that ARP CPF and SFRF funds may be used to meet IIJA matching requirements. The Administration indicates that the \$25.5 million recommended or appropriated for broadband initiatives would count towards the state match for the IIJA funding.

Article 10: Relating to Education

This article makes multiple adjustments to the education funding formula, the school construction formula, early childhood education, and the Rhode Island Promise Scholarship program.

FISCAL IMPACT

The article provides temporary adjustments to the education funding formula to address enrollment declines resulting from the coronavirus; consequently, an additional \$40.3 million was added, relative to the FY2022 Budget as Enacted, to fully fund the formula in FY2023. The Budget provides \$250,000 in general revenue to facilitate the planning for the coordination and administration of an early childhood program. The Budget includes \$230,000 in general revenue to cover the projected cost of excluding grants received by students from the College Crusade from the last dollar calculation for the Rhode Island Promise Scholarship program.

ANALYSIS AND BACKGROUND

Education Aid

In an effort to address enrollment declines resulting from the coronavirus, the article provides, that for FY2023, the funding formula will be calculated using the highest resident average daily membership from either March 2020, 2021, or 2022, adjusted for charter school enrollment. The Student Success Factor is based on the highest percentage of students living in poverty from either of the three years. In addition, the calculation is based on the FY2022 state share ratio, instead of the FY2023. These shares were corrected for a data error that impacted the original FY2022 aid distribution.

In reviewing the data for the FY2022 education aid distribution, errors were found in the data from Cumberland, West Warwick, Foster, and North Kingstown. Since the index is based on relative community wealth, the errors, once corrected, impacted the distribution of aid to numerous districts by varying degrees, resulting in an increase to some and a decrease to others. Article 10 amends current law to allow for those districts that were underpaid in FY2022 to receive the realignment in FY2022.

School Construction Share Ratio

The article extends the deadlines for districts to qualify for the increased share ratio bonuses for projects that address health and safety issues, and education enhancements by one year, allowing projects to commence by December 30, 2023, and complete by December 30, 2028. These new deadlines are instead of commencing by December 30, 2022, and completing by December 30, 2027, as provided in current law.

Poverty Measure

The article requires the Department of Elementary and Secondary Education to develop and utilize a poverty indicator that accurately measures poverty status but does not rely on the administration of the school nutrition programs, by October 1, 2022.

Early Childhood Workforce Development

The article requires the Governor's Workforce Board to convene a working group to identify barriers to entry into the early childhood education workforce, and to design pathways into the workforce, by January 1, 2023. The working group is required to make recommendations for addressing such barriers, including necessary administrative and legislative actions, to the General Assembly by April 1, 2023.

Prekindergarten Education

Pursuant to the article, the Department of Elementary and Secondary Education must submit an annual growth plan for the prekindergarten program to the Governor and General Assembly by December 31, 2022. This plan will address how to expand the state prekindergarten program to 5,000 seats for three- and

four-year olds over five years beginning in FY2024. The program currently enrolls 2,364 four-year-olds. The growth must also provide annual targets and projecting funding needs.

The article further requires the Department of Human Services to provide the Speaker of the House and the President of the Senate with a status report on the disbursement and impact of the \$15.0 million in capital funds provided through the Early Childhood Care and Education Capital Fund general obligation bond.

Early Childhood Governance Working Group

The article provides for the creation of an Early Childhood Governance Working Group tasked with submitting a report to the Governor and General Assembly, by October 1, 2023, with recommendations addressing the coordination and administration of an early childhood program.

Rhode Island Promise Scholarship Program

Pursuant to the article, grants received by students from the College Crusade will no longer be considered federal or financial aid for the purposes of the last dollar scholarship program.

Article 11: Relating to Courts and State Hospitals

Article 11 pertains to the Mental Health Court pilot program as well as rules and regulations for Eleanor Slater Hospital and the newly established Rhode Island State Psychiatric Hospital. Specifically the article:

- Establishes the creation of a voluntary mental health treatment calendar within the district court to better address the needs of individuals who suffer from mental illness and are charged with a misdemeanor.
- Provides the statutory language necessary to establish a separately-licensed psychiatric facility, the Rhode Island State Psychiatric Hospital, within BHDDH.
- Clarifies rules and regulations for operations at both Eleanor Slater Hospital and the Rhode Island State Psychiatric Hospital, including as it pertains to admission, patient rights, transportation, discharge, patient competency, and general management of institutions.

FISCAL IMPACT

Article 11	Expenditures	Fund
Rhode Island Psychiatric Hospital	\$30,662,874	General Revenue
Mental Health Court Pilot FTEs	\$1,390,934	General Revenue
Mental Health Court Pilot Grant	\$213,575	Federal Funds

The Budget includes an additional \$1.4 million in general revenue and \$213,575 in federal funds expenditures for the piloting of the Mental Health Court. The \$1.4 million in general revenue includes funding for 7.0 new FTEs within the Judiciary, 2.0 new FTEs within the Department of the Attorney General, and 2.0 FTEs within Office of the Mental Health Advocate, including a new associate judge, court coordinator, courtroom clerk, two case managers, and a liaison. The \$213,575 in federal funds is the result of a new competitive federal grant for the implementation of the Mental Health Clinic. The funding will be used to create the evaluation process that will be necessary for the new court to determine eligibility and track progress.

The Budget also includes \$30.6 million in general revenue, including a shift of \$30.0 million from Eleanor Slater Hospital (ESH), for the personnel and operating expenditures for the Rhode Island State Psychiatric Hospital.

ANALYSIS AND BACKGROUND

Mental Health Court Pilot Program

The article creates a voluntary mental health treatment calendar to better address individuals who suffer from mental illness and are charged with a misdemeanor. The article establishes that the chief judge of the district court shall assign a district court judge and associated personnel to hear and decide all criminal actions involving offenses committed by defendants accepted into the mental health treatment calendar. The program will provide potential alternatives to traditional prosecution, sentencing, and incarceration for those deemed eligible for participation, consistent with national best practices to reduce the criminalization of mental health.

The intent of the mental health court is to provide intervention to reduce the risk of recidivism among individuals who suffer from mental illness. Approximately one-fifth (1/5) of all inmates at the adult correctional institutions in Rhode Island have a diagnosed mental illness, and nearly eighty percent (80%) have a history of substance abuse, with many experiencing both. Treatment courts are collaborative courts

in which a dedicated team, including a prosecutor from the Office of the Attorney General and defense counsel from the Mental Health Advocate, work to direct eligible defendants into a court program that integrates support and treatment with the judicial process. The program will provide the tools and skills necessary to address the unique challenges of individuals with mental illness who are charged with a crime, with the goal of assisting them to reintegrate successfully into society and maintain a productive and law-abiding lifestyle within the community.

The article outlines the establishment of this program and the guidelines for its operation. In addition to the establishment of the mental health treatment calendar itself, the article establishes criteria for eligibility in the program. An eligible defendant is defined as any person who stands charged in a district court with one or more misdemeanors; suffers from a mental, behavioral, or emotional disorder which substantially interferes with or limits one or more major life activities; and, is determined by the court to be appropriate for participation. History of substance and alcohol abuse may also be considered to the extent necessary.

Mental Health Court Pilot Program Funding Impact

Department	General Revenue Expenditures
Judiciary (7.0 FTEs)	\$952,482
Office of the Mental Health Advocate (2.0 FTEs)	234,447
Department of the Attorney General (2.0 FTEs)	204,005
General Revenue Impact	\$1,390,934

Department	Federal Funds Expenditures
Judiciary (Mental Health Treatment Court Grant)	\$213,575

The Budget includes an additional \$1.4 million in general revenues for the following department expenditures:

- **Judiciary (7.0 FTEs) – \$952,482:** This funding supports 7.0 FTE positions within the Judiciary in support of the Mental Health Court pilot program. Of the total, \$107,900 and 1.0 Senior Monitoring and Evaluation Specialist are within the Supreme Court while \$844,582 and 6.0 FTE positions are within the District Court.
- **Office of the Mental Health Advocate (2.0 FTEs) - \$234,447:** This funding supports 2.0 FTE equivalent positions to support the Mental Health Court pilot program within the Office of the Mental Health Advocate.
- **Department of the Attorney General (2.0 FTEs) - \$204,005:** This funding supports 2.0 FTE positions within the Department of the Attorney General to support the Mental Health Court pilot program.

The Budget also includes \$213,575 in federal funding within the Judiciary from a new, competitive, federal grant for the Mental Health Treatment Court. The grant is for the implementation of the program and will be used to create the evaluation processes needed for the new court to determine eligibility and track progress. The grant application from the Rhode Island District Court indicates that the program will serve 25 clients in year one, 35 clients in year two, and 50 in year three for a total of 110 clients over three years.

Rhode Island State Psychiatric Hospital

Article 11 establishes a new hospital, the Rhode Island State Psychiatric Hospital. The article establishes that the Rhode Island State Psychiatric Hospital will consist of facilities on the grounds of the John O. Pastore Center in Cranston, Rhode Island and be operated by the Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals (BHDDH). The new hospital will be licensed by the Department

of Health as a separate entity from Eleanor Slater Hospital to provide care to any adult patient in Rhode Island requiring inpatient psychiatric care and meeting at least one of the following criteria:

- The individual has been determined to require specialized mental health care and psychiatric inpatient services that cannot be provided in a correctional facility.
- The individual has been ordered to inpatient care by a court for the purpose of competency evaluation, competency restoration, and treatment.
- The individual has been ordered to a forensic unit after a finding of not guilty by reason of insanity until such time that the individual may be safely managed in a civil unit of Eleanor Slater Hospital.
- The individual has been transferred to the Rhode Island State Psychiatric Hospital from the department of corrections when specialized services are required that are better provided in a hospital setting until such time that the patient's condition has improved and they may be returned to the adult correctional institution.

The creation of the new stand-alone psychiatric hospital, with an anticipated start date of fall 2022, is expected to resolve ongoing Medicaid billing issues at the Eleanor Slater Hospital (ESH). The Medicaid Institutions for Mental Diseases (IMD) exclusion prohibits the use of federal Medicaid dollars for care provided to most adult patients (ages 18 to 64) in facilities with more than 16 beds when more than half of those patients are receiving primary treatment for mental health disorders. Upon discovering that ESH was out of compliance with the IMD exclusion in August 2019, the State stopped billing Medicaid for patients at ESH. As of December 2021, 55.5 percent of patients at ESH had a primary diagnosis of mental disease.

The creation of the Rhode Island State Psychiatric Hospital will transfer the care of psychiatric and forensic patients from ESH to the new stand-alone psychiatric hospital, allowing the State to remain in compliance with the IMD exclusion and resume billing Medicaid for patients at ESH. The Budget transfers \$30.0 million in general revenue funds from ESH for the creation of the new separately licensed program within BHDDH. The hospital will be entirely funded by general revenues.

Eleanor Slater Hospital and Rhode Island State Psychiatric Hospital

Article 11 clarifies rules and regulations for both the Eleanor Slater Hospital (ESH) and the Rhode Island State Psychiatric Hospital. The Article states that facilities under the jurisdiction, supervision, and control of the department shall be maintained, and services shall be provided, for the care and treatment of the psychiatrically disabled. Specific rules and regulations include:

- Assignment of rules of governance, management of institutions, patient admission regulations, and appointment or delegation of duties of facility management to the director of the department.
- Clarification on what constitutes admission to a facility, rules of certification for psychiatric treatment, the requirements of facilities to maintain patient records, payment, and the rights of patients to constitutional, civil, and legal rights.
- Admission, treatment, examination, discharge, and rights for children and those voluntarily admitted to a facility.
- Emergency transportation by a police officer when there is reason to believe that an individual is in need of immediate care and treatment by reason of psychiatric disability.
- Processes for obtaining civil court certification for a person whose unsupervised presence would create a likelihood of serious harm by reason of psychiatric disability, but who has not yet reached their eighteenth (18th) birthday.

- Timeline and processes for discharge, recertification, and transfer of patients in any facility.
- Circumstances in which a mental health professional providing care and treatment to an adult person with a psychiatric disability may provide certain information to a family member or other caregiver.
- Guidelines for the process of determination of an individuals' competency to stand trial.

Article 12: Relating to Medical Assistance

This article modifies the financing and delivery of the medical assistance (Medicaid) program. The article also includes a joint resolution authorizing the Executive Office of Health and Human Services (EOHHS) to undertake various reforms within the Medicaid program that require amendments to the State's 1115 waiver, Medicaid State Plan, rules and regulations, or managed care contracts. Specifically, the article:

- Allows the State to send National Fingerprint Background Checks to the FBI for high-risk providers and personal care attendants to ensure the safety of Medicaid beneficiaries receiving services at home.
- Increases hospital rates for Medicaid services to 105.0 percent of those in effect in FY2022, and for each subsequent fiscal year the rate shall be, based on the previous year's rate, adjusted by the Center for Medicaid Services national Outpatient Prospective Payment System (OPPS) Hospital Input Price Index.
- Authorizes the disbursement of Disproportionate Share Hospital (DSH) payments for uncompensated care to community hospitals, excluding the State-run Eleanor Slater Hospital, in federal fiscal years (FFY) 2022 and 2023.
- Authorizes EOHHS to submit a state plan amendment to establish Certified Community Behavior Health Clinics. Subject to approval from the Centers for Medicare and Medicaid Services (CMS), the model shall be established by July 1, 2023.
- Authorizes an additional 1.1 percent rate increase to nursing facilities, effective October 1, 2022, for a total inflationary increase of 3.0 percent. Beginning in October 2024, EOHHS shall revise rates as necessary based on increases in direct and indirect costs based on the most recent finalized year of facility cost report.
- Extends Medicaid coverage for pregnant individuals from 60 days to 12 months postpartum and expands coverage to include individuals who would otherwise be eligible if not for their immigration status.
- Expands Medicaid coverage to children who would otherwise be eligible if not for their immigration status.
- Requires the Office of the Health Insurance Commissioner (OHIC) to undertake a comprehensive rate review of all social and human service programs having a contract or license with the State through the Department of Children, Youth and Families (DCYF), the Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals (BHDDH), the Department of Human Services (DHS), the Department of Health (DOH), and Medicaid.
- Authorizes EOHHS to seek CMS approval to provide cultural and therapeutic meals, and to increase the rate paid for Meals on Wheels services.
- Authorizes EOHHS to establish an auto-enrollment program in conjunction with Healthsource RI, which would automatically enroll individuals into a qualified health plan when they lose Medicaid coverage due to the expiration of the public health emergency.
- Extends Home and Community Care Services for individuals who are ineligible for Medicaid, at least 65 years of age, and individuals under 65 with a diagnosis of Alzheimer's disease or related dementia whose income does not exceed 250.0 percent of the federal poverty level.
- Authorizes EOHHS to seek approval for an amendment to ensure palliative care coverage for 19 to 26 year olds who are covered by a individual or family health insurance plan but have aged out of the option to receive services through the Katie Becket coverage category.

- Authorizes EOHHS to seek approval for an amendment to provide coverage for biomarker testing when the test is supported by medical and scientific evidence.
- Authorizes EOHHS to increase:
 - Dental rates for Adults
 - Pediatric provider rates to be equal to Medicare primary care rates
 - Early Intervention rates by 45.0 percent
 - Hospital Rates by 5.0 percent
 - Labor and delivery rates by 5.0 percent
 - Home-based Services rates to ensure a minimum of \$15 per hour for direct care workers

FISCAL IMPACT

The changes result in a net general revenue expenditure increase of \$40.4 million (\$95.2 million all funds) in FY2023.

Article 12 Expenditure Impact

Initiative	General Revenue	All Funds
Children's Therapeutic and Respite Service Rates	\$9,008,645	\$20,187,439
Labor and Delivery Rates	5,672,934	14,494,743
Personal Choice Program Rates	5,520,434	12,472,738
Hospital Rates	3,663,925	12,453,775
Postpartum Extension	3,460,695	5,175,000
Home Health Agency Rates	3,111,360	6,973,070
Adult Dental Rates	2,732,552	8,147,966
Pediatric Provider Rates	2,454,100	5,500,000
Early Intervention Service Rates	1,786,480	4,000,000
Nursing Home Rate Increase	1,446,779	2,993,843
Cover All Kids	1,281,646	1,263,356
Healthsource RI Auto-Enrollment	-	739,079
Meals on Wheels	159,541	520,007
Independent Provider Model Rates	118,499	265,574
Biomarker Testing	12,000	25,000
Total	\$40,429,590	\$95,211,590

ANALYSIS AND BACKGROUND

Article 12 includes two primary components. First, Article 12 amends current law to make the statutory changes necessary to implement Medicaid budget initiatives where required. However, many aspects of the Medicaid program are not codified in statute; they are instead governed by separate documents submitted to the federal government, such as the State Plan and Section 1115 waiver, and by State rules and regulations and certain contractual agreements. State law requires that the Executive Office of Health and Human Services (EOHHS) seek authority from the General Assembly in order to pursue any significant changes to the Medicaid program by submitting a joint resolution. Accordingly, Article 12 includes the joint resolution authorizing EOHHS to amend the State Plan, the special terms and conditions of the Section 1115 waiver, rules and regulations, and/or the terms of managed care contracts. The combined authority from the statutory changes and joint resolution included in Article 12 enables EOHHS to undertake all actions required to realize the funding levels included in Article 1.

Background Checks

Article 12 allows the State to conduct criminal background checks on high-risk providers and personal care attendants, as required by CMS, to ensure the safety of Medicaid beneficiaries receiving services. Providers are deemed high-risk if they pose an increased risk of fraud, waste, and/or abuse, including newly enrolled providers and providers with a history of overpayment. Rhode Island is one of five states that do not currently conduct criminal background checks on high-risk providers, exposing the State to legal and fiscal risks. Without the changes to the statute, the Federal Bureau of Investigations (FBI) will not conduct background checks on high-risk providers. The proposed changes have been reviewed and accepted by the Rhode Island Office of the Attorney General and the FBI. The article also outlines offenses, including murder, manslaughter, assault, patient abuse, arson, robbery, exploitation, neglect, and monetary crimes, that would disqualify providers and personal care attendants from providing services reimbursable by Medicaid. This initiative has no budgetary impact.

Hospital Payments

The Budget includes \$5.5 million in general revenue (\$145.1 million all funds) for payments to hospitals in FY2023, \$2.6 million more than the May 2022 caseload estimate.

DSH Payment	FY2022 Final	FY2023 May CEC	FY2023 Governor	FY2023 Enacted	Change to Final	Change to CEC
General Revenue	\$113,049,447	\$64,293,284	\$64,293,284	\$56,465,088	(\$56,584,359)	(\$7,828,196)
Federal Funds	174,524,412	78,200,696	78,200,696	88,614,791	(85,909,621)	10,414,095
Total	\$287,573,859	\$142,493,980	\$142,493,980	\$145,079,879	(\$142,493,980)	\$2,585,899

- **Disproportionate Share Hospitals:** Article 12 authorizes the disbursement of Medicaid Disproportionate Share Hospital (DSH) payments to qualifying community hospitals in federal fiscal years (FFY) 2022 and 2023. These payments will be made in State FY2022 and FY2023, respectively. The article provides an additional payment in FY2022 to realign the payment to the same state and federal fiscal year. The article limits the aggregate amount of the payments to \$145.1 million all funds in FY2023.

Federal law requires that state Medicaid programs make DSH payments to qualifying community hospitals that serve a large number of Medicaid and uninsured patients. The DSH program subsidizes hospitals with high uncompensated care costs, which include certain expenses that are not covered by Medicaid or other sources. DSH payments are lump-sum disbursements issued each July and are subject to the applicable Federal Medical Assistance Percentage (FMAP) at the time of issuance. Funds are distributed in proportion to each hospital's share of statewide uncompensated care. The State share is funded through revenues generated by the hospital licensing fee. The November 2021 CEC estimate already includes \$63.4 million from general revenues and \$79.1 million from federal funds in FY2023 to fund the maximum \$142.5 million payment authorized by the article.

DSH Payments			
State	Federal	Limit	State Share
FY2018	FY2017	\$139.7	48.98%
FY2019	FY2018	138.6	45.85%
FY2020	FY2019	142.4	47.43%
FY2021	FY2020	142.4	47.05%
FY2021/F			
FY2022	Y2022	287.6	45.12%
FY2023	FY2023	145.1	45.12%

\$ in millions

Children's Therapeutic & Respite Services Rates

The Budget provides \$9.0 million in general revenue and \$11.2 million in federal funds to support increased rates for Medicaid children's service providers to ensure that direct care providers are paid at least \$15.00 per hour. The impacted services include Home-Based Therapeutic Services (HBTS), Applied Behavioral analysis (ABA), Personal Assistance Services and Supports (PASS), and Respite. This increase will impact service providers currently earning between \$11.00 and \$14.99 per hour. Rhode Island Medicaid children's services serves over 3,000 children annually. Eligible children have moderate to severe special health care

needs often as a result of diagnosed chronic developmental, cognitive, physical, medical, neurological, behavioral, and/or emotional conditions, often with long-term disabilities and complex medical needs. Early intervention with these children at key developmental stages assists the child in attaining essential skills needed to engage independently in society.

Labor and Delivery Rates

The Budget includes \$5.7 million in general revenue and \$8.8 million in federal funds to increase the Medicaid rates paid for labor and delivery services by 20.0 percent. The low reimbursement rates have resulted in significant increases in uncompensated care costs for affected hospitals.

Personal Choice Program Rates

The Budget provides an additional \$5.5 million in general revenue and \$7.0 million in federal funding to increase reimbursements paid to home health agencies for personal care aids through the Personal Choice Program by about 40.0 percent. This increase was part of EOHHS' request for FY2023.

Hospital Rates

The Budget provides \$3.7 million in general revenue and \$8.8 million in federal funds to increase Medicaid rates to hospitals by 5.0 percent relative to the rates effective as of July 1, 2021. The rate increase applies to fee-for-service inpatient hospital services, as well as managed care inpatient and outpatient services. The budget includes \$10.0 million in general revenue (\$31.8 million total funding).

Postpartum Extension

Article 12 of the Budget expands Medicaid coverage for individuals from 60 days to 12 months postpartum. The coverage would apply to individuals who do not qualify for Medicaid under other eligibility categories or do not qualify due to immigration status. Currently, individuals covered by Medicaid at birth continue coverage for 60 days, but the article would extend coverage to 12 months postpartum. Estimates assume this will impact 1,500 individuals, 500 of whom would be funded through state-only funds. The Budget includes an additional \$3.5 million in general revenue (\$5.2 million all funds) as compared to the November 2021 Caseload Estimating Conference to reflect the expanded eligibility. The estimated expenditures for the extension assume a start date of October 1, 2022.

Home Health Agency Rates

The Budget provides \$3.1 million in general revenue and \$3.9 million in federal funds to increase home care provider rates to ensure direct care workers, nursing assistants, and homemakers earn at least \$15.00 per hour. Direct care workforce shortages caused by low wages and difficult working conditions have significantly reduced the capacity of home health agencies to provide services to elderly and disabled residents wanting to remain or return home. According to the Bureau of Labor Statistics, the entry-level wage for a Nursing Assistant working in home care is \$13.08. At the 25th percentile, the wage is \$13.79 and the median hourly rate is \$14.98. Homemakers currently make \$11.00 per hour.

Adult Dental Rates

Pursuant to a Governor's Budget Amendment dated May 20, 2022, the Budget provides an additional \$2.7 million in general revenue and \$5.4 million in federal funds to increase fee-for-service rates for adult dental care. Through the Medicaid Program, Rhode Island provides dental services to adults over 21; however, Adult Dental FFS rates have not increased since 1992 and have not kept pace with the costs of providing dental care. As a result, provider participation in the Medicaid program has declined. Through this initiative,

RI rates and coverage will be comparable to other New England states that provide Medicaid dental coverage to adults.

Pediatric Provider Rates

The Budget provides \$2.5 million in general revenue and \$3.0 million in federal funds to increase pediatric primary care rates from 33.0 percent to 100.0 percent of Medicare rates for fee-for-service (FFS) and from 65.0 percent to 100.0 percent for managed care. According to the Kaiser Foundation, RI Medicaid has the lowest FFS pediatric rates relative to Medicare in the country. Massachusetts and Connecticut FFS rates are currently about 75.0 percent. Rates above those neighboring states will help retain and attract more providers, and help to compensate for past underinvestment. Since 55.0 percent of children in RI are currently covered by Medicaid, it is critical that providers are available for services such as developmental screening and vaccines, as well as referring children to services such as early intervention, behavioral health, and lead remediation services.

Early Intervention Service Rates

The Budget includes \$1.8 million in general revenue and \$2.2 million in federal funds to repair, stabilize, and improve equity within the Early Intervention (EI) System. Rhode Island's EI program, Part C of the Individuals with Disabilities Education Act (IDEA), annually serves over 4,000 infants and toddlers, representing 7.0 percent of the birth to age three population and one of the highest catchment rates in the country. Between 55.0 and 65.0 percent of the EI population are enrolled in Medicaid with 43.0 percent of that population residing in Providence, Pawtucket, Central Falls, and Woonsocket. These funds will be used to:

- Increase all Early Intervention rates by 45.0 percent, calculated based on adding cost-of-living-adjustments (COLA) since 2002
- Develop and implement a pay-for performance program to reward providers for improving, meeting, and sustaining outcome measures related to quality and equity
- Pay a per-member-per-month (PMPM) rate of \$50 for each enrolled child who received at least one service
- Ensure a COLA increase by tying rates to the consumer price index.

Nursing Home Rate Increase

In 2013, Rhode Island transitioned from a cost-based reimbursement system to an acuity-based, resource utilization group (RUG) reimbursement system. RIGL 40-8-19 stipulates that reimbursement rates be adjusted annually by an inflation rate. The November 2021 Caseload Estimating Conference assumed an inflation rate of 1.9 percent for FY2023, which Article 12 of the Budget increases to 3.0 percent. This increase is to accommodate the additional costs incurred by nursing facilities during the pandemic and the financial pressure placed upon them for previous years of modest rate growth, with several years being below the statutorily defined inflation rates. The Budget includes \$1.4 million in additional general revenue costs (\$3.1 million all funds) to reflect the increase.

Cover All Kids

Article 12 extends Medicaid coverage to children that would be eligible if not for their immigration status, with an anticipated start date of October 1, 2022. Children with a family income of up to 250.0 percent of the federal poverty level would qualify for Medicaid coverage, regardless of their immigration status. The expansion would be fully funded by state dollars and the Budget adds \$1.3 million in general revenue within the Medicaid program in FY2023 to reflect the expansion. The Budget assumes an estimated 1,446 eligible children, with a take-up rate of 30.0 percent in year one, increasing to 100.0 percent by FY2025. Some minor emergency department savings are expected from this initiative. The following table illustrates the out-year projections of the expansion.

	FY2023	FY2024	FY2025	FY2026	FY2027
Population Assumptions					
Population	434	868	1,446	1,446	1,446
Utilization	30.0%	60.0%	100.0%	100.0%	100.0%
Expenditure Estimation					
RiteCare	\$1,208,712	\$3,553,612	\$6,215,956	\$6,526,754	\$6,853,091
RiteSmiles	\$84,721	\$249,080	\$435,689	\$457,474	\$480,348
Technology Investment	660,000	-	-	-	-
Associated Savings					
Emergency Medicaid (GR)	(20,615)	(45,455)	(79,546)	(83,524)	(87,700)
Emergency Medicaid (FF)	(18,289)	(53,770)	(94,098)	(98,802)	(103,743)
General Revenue Total	\$1,932,818	\$3,757,237	\$6,572,099	\$6,900,704	\$7,245,739
All Funds Total	\$1,914,529	\$3,703,467	\$6,478,001	\$6,801,902	\$7,141,996

Source: Office of Management and Budget

Graduate Medical Education

The Budget provides an additional \$500,000 in general revenue through the Graduate Medical Education initiative for a new resident training program at Landmark Hospital. This is in addition to the \$2.0 million previously included to provide \$1.0 million each to Lifespan for the Trauma I Center and to Care New England for the Neonatal Intensive Care Unit.

Meals on Wheels

The article authorizes EOHHS to seek CMS approval to provide cultural and therapeutic meals, and to increase the rate paid for Meals on Wheels services to account for rising costs of food and delivery. Therapeutic meals are meals designed to meet the dietary needs of individuals who may have specific needs due to their own health, such as diabetic, renal and cardiac needs. Cultural meals are created to incorporate specific foods applicable to certain cuisines. The article also ties future rate increases to the Consumer Price Index to account for future inflation. The Budget includes \$159,541 in general revenue (\$360,466 all funds) for the rate increase and expanded services.

Independent Provider Model Rates

The Budget provides \$118,499 in general revenue and \$147,075 in federal funds to increase Independent Provider (IP) program rates to support a \$15.00 per hour minimum wage. The IP program provides Medicaid beneficiaries eligible for Long-Term Services and Supports (LTSS) with personal care and homemaker services. Eligible LTSS beneficiaries hire, schedule, and supervise a Personal Care Aide (PCA) of their choice to assist with daily living activities and household tasks. Participants may hire friends, neighbors, or family members to be their PCA. This initiative will increase the Medicaid rate for PCAs from \$13.82 per hour to \$15.00 per hour.

Biomarker Testing

Article 12 enables EOHHS to seek an amendment from the Centers for Medicare and Medicaid Services to provide Medicaid coverage for biomarker testing. The Budget provides \$12,000 in general revenue and \$13,000 in federal funds to cover the projected cost of this benefit. Biomarkers are used to determine the subtype of cancer. Since some treatments only work for specific cancer subtypes, these biomarkers are used to help identify the best treatment methods for each individual.

ARPA Spending

The article authorizes EOHHS to seek CMS approval of any necessary amendments to the Rhode Island State Plan or the 1115 Demonstration Waiver to implement the spending plan for ARPA funds.

Federal Financing Opportunities

The resolution allows EOHHS to pursue any changes to the Medicaid program which improve quality, access, and cost-effective delivery, so long as the changes do not have an adverse impact on beneficiaries or increase expenditures beyond appropriations for FY2023. This language is included annually as part of the Medicaid resolution.

Article 13: Relating to Human Services

This article makes a number of changes to the Department of Human Services. Specifically the article:

- Amends the child care reimbursement rates for licensed child care centers providing care for infants/toddlers, preschool-aged, and school-aged children.
- Amends the Child Care Assistance program to increase the income limit for eligible families from 180.0 percent to 200.0 percent of the Federal Poverty Level (FPL) and removes the sunset provision, which would have ended this expansion on June 30, 2022.
- Amends the Income section of the RI Works program to increase the resource limit for eligible families from \$1,000 to \$5,000, and increases the monthly earned income disregard from \$170 to \$300, and allows recipients to participate in vocational education training for an additional twelve months.
- Establishes a new SNAP incentive pilot program where SNAP recipients are reimbursed fifty cents (\$.50) for every one dollar (\$1.00) spent on eligible fruits and vegetable.

Article 13	Expenditures	Fund
Child Care Rates	\$6,656,596	ARPA CCDF
Postsecondary Child Care Assistance - FPL Increase	\$2,680,900	ARPA CCDF
Postsecondary Child Care Assistance - Remove Sunset	\$375,000	TANF
RI Works - Resource Income Limit Increase	\$100,000	TANF
RI Works -Earned Income Disregard Increase	\$150,000	TANF
RI Works - Lifetime Expansion	\$70,000	TANF
Total	\$10,032,496	

FISCAL IMPACT

The Budget includes an additional \$10.0 million in federal funds: \$9.3 million in American Rescue Plan Act (ARPA) Child Care Development Block Grant funds, and \$695,000 in Temporary Assistance to Needy Families (TANF) funds to support initiatives in Article 13.

ANALYSIS AND BACKGROUND

Child Care Rates

The article amends RIGL 40-6.2-1.1 to increase child care reimbursement rates for licensed child care centers. The maximum reimbursement rates for infant/toddler, preschool, and school aged care for licensed child care centers will continue be paid on a tiered rate based on the quality rating the provider has achieved within the State's Quality Rating system. Rates for first tier providers increase to the 50th percentile while rates for top tier providers increase to the 90th percentile. Previously, the base rate was set at the 25th percentile of the 2018 weekly market rate. The Budget includes \$3.6 million in American Rescue Plan Act (ARPA) Child Care Development Block Grant (CCDF) funds to support the increased child care reimbursement rates.

The following table illustrate the changes in reimbursement rates for infants/toddlers, preschool-aged, and school age children since FY2019. Pandemic enhanced rates were authorized by Executive Order from May 2020 – December 2021. FY2022 reimbursement rates began in January 2022. The new rates described in this article will take effect July 1, 2022.

Licensed Child Care Centers Infant/Toddler Rates	FY2019 Infant/Toddler Rates	FY2021/FY2022 Pandemic Enhanced Rates	FY2022 Infant/Toddler Rates	Art 13 Infant/Toddler Rate	Change from FY2022	
Tier 1	\$198.48	\$257.54	\$236.36	\$265.00	\$28.64	12%
Tier 2	\$203.32	\$257.54	\$244.88	\$270.00	\$25.12	10%
Tier 3	\$218.81	\$257.54	\$257.15	\$282.00	\$24.85	10%
Tier 4	\$232.37	\$257.54	\$268.74	\$289.00	\$20.26	8%
Tier 5	\$257.54	\$273.00	\$284.39	\$300.00	\$15.61	5%

Licensed Child Care Centers Preschool Rates	FY2019 Preschool Rates	FY2021/FY2022 Pandemic Enhanced Rates	FY2022 Preschool Rates	Art 13 Preschool Rates	Change from FY2022	
Tier 1	\$165.75	\$195.67	\$207.51	\$225.00	\$17.49	8%
Tier 2	\$169.80	\$195.67	\$212.37	\$235.00	\$22.63	11%
Tier 3	\$177.88	\$195.67	\$218.45	\$243.00	\$24.55	11%
Tier 4	\$182.73	\$195.67	\$223.50	\$250.00	\$26.50	12%
Tier 5	\$195.67	\$260.00	\$231.39	\$260.00	\$28.61	12%

Licensed Child Care Centers School Age Rates	FY2019 School Age Rates	FY2021/FY2022 Pandemic Enhanced Rates	FY2022 School Age Rates	Art 13 School Age Rates	Change from FY2022	
Tier 1	\$146.26	\$200.00	\$180.36	\$200.00	\$19.64	11%
Tier 2	\$146.26	\$200.00	\$182.77	\$205.00	\$22.23	12%
Tier 3	\$146.26	\$200.00	\$185.17	\$220.00	\$34.83	19%
Tier 4	\$146.26	\$200.00	\$187.57	\$238.00	\$50.43	27%
Tier 5	\$146.26	\$245.00	\$189.97	\$250.00	\$60.03	32%

Note: Pandemic Enhancement rates were authorized by Executive Order from May 2020 - December 2021

Analyst Note: On May 27, 2020, Governor Raimondo issued Executive Order 20-39 which allowed child care centers that reopened during the pandemic to be reimbursed at a higher rate. Child care providers below the 5th tier, as determined by the State's Quality Rating system, are now reimbursed at the 5th tier level. Providers that were at the 5th tier, are now reimbursed at the 90th percentile. This executive order was extended until December 2021. Beginning in January 2022, child care centers are reimbursed based on rates set in RIGL 40-6.2-1.1.

Postsecondary Child Care Assistance

Section 2 of the article amends RIGL 40-5.2-20, Childcare Assistance, to increase the income limit for eligible families from 180.0 percent to 200.0 percent of the Federal Poverty Level (FPL). According to the U.S. Department of Health and Human Services, for a family of 3 in 2021, 180.0 percent of the FPL is \$39,528 and 200.0 percent of the FPL is \$43,920. The Budget includes an additional \$2.7 million in American Rescue Plan Act (ARPA) Child Care Development Block Grant funds for this expansion. The Office of Management and Budget anticipates an additional 282 subsidies would be eligible for the Child Care Assistance Program (CCAP) due to this increase.

The article also removes the sunset provision, which would have ended this expansion on June 30, 2022. An additional \$375,000 in TANF Block Grant funds are included to continue funding this program.

The Department of Human Services (DHS) administers the child care assistance program, which currently provides child care to families with incomes at or below 180.0 percent of the federal poverty level so that parents are able to continue working at a paid employment position or participate in a short-term training apprenticeship or job readiness program. The beneficiary must attend a Rhode Island-based accredited post-secondary educational institute on a full-time basis, or on a part-time basis in conjunction with employment as approved by DHS. Under current law, this expansion is effective from January 1, 2021, through June 30, 2022.

RI Works

Rhode Island Works provides cash assistance and employment support services, including child care assistance, to enable working parents with children to support their families. Under current law, applicants may have up to \$5,000 in resources (excluding a home) and one vehicle per adult. Each month a typical family of three would receive about \$721 in assistance. Rhode Island Works (RIGL 40-5.2-5) replaced the

Family Independence Program in 2008. This program is funded through the federal Temporary Assistance to Needy Families (TANF) program.

RI Works Earned Income Disregard: Section 1 amends RIGL 40-5.2-10, the income section of the RI Works program, to increase the monthly earned income disregard from \$170 to \$300 of gross earnings. The current earned income disregard amount has not changed since 2008 when RI Works was introduced. Under current law, the earned income disregard allows the first \$170 of gross earnings, plus 50.0 percent of the gross earnings of the family in excess of \$170 earned during a month, to be excluded from the family's income when determining eligibility for the RI Works program. Increasing the earned income disregard amount will allow more working families to access RI Works benefits while seeking work opportunities in higher wage positions or working more hours. The Budget includes \$150,000 in TANF funds to support this increase. The Office of Management and Budget anticipates an additional 60 cases would receive RI Works benefits.

RI Works Resource Limit Increase: Section 1 further amends RIGL 40-5.2-10, the income section of the RI Works program, to increase the allowable resource limit from \$1,000 to \$5,000. The current resource limit amount has not changed since 2008 when RI Works was introduced. In 2021, the Federal Government determined that the Child Tax Credit should be excluded from counting as income or resource for families; consequently, the Department of Human Services (DHS) must manually remove child tax credit dollars from eligible family's applications. Increasing the resource limit will allow the Department to more easily ensure compliance with the Child Tax Credit as well as allowing eligible families to save for their future. The Budget includes \$100,000 in TANF funds to support this increase. The Office of Management and Budget anticipates an additional 23 cases would receive RI Works benefits. This estimate is based on the number of cases denied RI Works benefits due to resources to exceeding the current limit.

RI Works Vocational Education Increase: Section 1 amends RIGL 40-5.2-10, the work requirements sections of the RI Works program, to increase the allowable Vocational Education training from 12 months to 24 months. The current educational limit has not changed since 2008 when RI Works was introduced. Under current law, Vocational Education is capped at 12 months without additional activities, this amended will allow an additional twelve month's so long as the recipient works at least 20 hours a week. Increasing the Vocational training limit will allow RI Works recipients to obtain an associate's degree or certification that will lead to increased opportunities to achieve and retain employment at rates much higher than those with a high school diploma alone.

Lifetime Limit Extension: Article 13 also amends the lifetime limit of the RI Works Program from 48 months to 60 months to align with federal regulations and a majority of the country. Rhode Island was one of 11 States with a lifetime limit of 48 months, and required families to file for a hardship waiver to receive an additional 12 months of assistance. As most families file for the waiver, this amendment will reduce administrative costs within DHS. The Budget includes an additional \$70,000 in TANF funds to support the extension. The Office of Management and Budget anticipates an additional 42 recipients would receive benefits.

Retail SNAP incentives PILOT Program

Section 2 of RIGL 40-5.2-10, establishes a Retail SNAP incentive program that reimburses SNAP beneficiaries fifty cents (\$.50) for every one dollar (\$1.00) spent on fresh fruits and vegetables from participating retailers, up to a monthly limit determined by the department. Currently, more than 83,000 households and 140,000 people rely on SNAP benefits to put food on their tables – a majority of whom are Senior Citizens and Children. The statewide incentives program will increase access to healthy foods for some of Rhode Island's most venerable populations. The Budget has allocated \$11.5 million in general

revenue. This program will take effect on January 1, 2023, and operate until the appropriated funds are expended.

Article 14 - Relating to Effective Date

This article provides that the Act will take effect on July 1, 2022, except as otherwise provided herein.



APPENDIX

Summary Tables

GENERAL REVENUE BUDGET SURPLUS

	FY2020	FY2021	FY2022	FY2023
Opening Surplus				
Free Surplus	\$30,502,912	\$156,188,376	\$374,425,433	\$10,345,571
Adjustment to Opening Surplus		(13,159,126)		
Adjustment to Fund Balance		105,804,512	212,685,030	278,859,677
Reappropriated Surplus	10,296,451	5,336,652	8,446,365	-
Subtotal	\$40,799,363	\$254,170,414	\$595,556,828	\$289,205,248
Revenues				
Enacted/Actual/Estimated	4,183,713,406	4,431,578,564	4,684,300,000	4,583,200,000
Governor			5,963,000	167,163,927
Assembly			380,650,121	151,087,978
Total Revenues	\$4,183,713,406	\$4,431,578,564	\$5,070,913,121	\$4,901,451,905
To Cash Stabilization Fund	(126,426,490)	(137,238,234)	(163,360,157)	(147,353,924)
Expenditures				
Actual/Enacted/Current Svcs.	3,936,561,251	4,153,269,709	4,550,811,637	
Reappropriations			8,446,365	
Governor		(271,636,821)	439,626,554	4,731,312,148
Assembly		101,016,324	493,879,663	310,847,780
Total Expenditures	\$3,936,561,251	\$4,078,638,946	\$5,492,764,221	\$5,042,159,928
Total Surplus	161,525,028	469,871,798	10,345,571	1,143,301
Transfer to IT/HTC		(87,000,000)		
Reappropriations	(5,336,652)	(8,446,365)		
Free Surplus	\$156,188,376	\$374,425,433	\$10,345,571	\$1,143,301
<i>Operating Surplus/(Deficit)</i>	<i>131,022,116</i>	<i>221,038,036</i>	<i>(576,764,892)</i>	<i>(288,061,947)</i>
Rainy Day Fund	\$90,710,816	\$227,949,050	\$272,266,928	\$245,589,874

ALL FUNDS EXPENDITURES

				Change from		Change from
General Government	FY2021 Final	FY2022 Enacted	FY2022 Final	Enacted	FY2023 Enacted	Enacted
Administration	\$717,465,965	\$595,170,045	\$1,351,638,237	\$756,468,192	\$820,335,630	\$225,165,585
Business Regulation	24,669,731	26,133,043	30,238,553	4,105,510	38,496,313	12,363,270
Executive Office of Commerce	113,501,219	192,734,874	259,544,858	66,809,984	242,690,331	49,955,457
Labor and Training	2,621,118,914	968,748,965	898,154,016	(70,594,949)	634,453,996	(334,294,969)
Revenue	572,274,026	839,568,490	765,177,904	(74,390,586)	947,718,512	108,150,022
Legislature	41,091,351	46,627,087	53,916,145	7,289,058	50,462,193	3,835,106
Lieutenant Governor	1,003,176	1,199,161	1,263,354	64,193	1,353,568	154,407
Secretary of State	15,705,191	12,057,219	12,917,417	860,198	14,033,777	1,976,558
General Treasurer	17,490,563	47,819,863	22,484,515	(25,335,348)	22,848,869	(24,970,994)
Board of Elections	3,368,250	2,671,768	2,783,896	112,128	6,249,463	3,577,695
Ethics Commission	1,832,317	1,867,351	1,969,646	102,295	2,035,145	167,794
Office of the Governor	6,488,869	6,703,626	7,160,726	457,100	7,152,280	448,654
Commission for Human Rights	1,756,263	1,908,999	1,985,429	76,430	2,152,745	243,746
Public Utilities Commission	9,203,400	12,466,346	13,627,479	1,161,133	13,569,765	1,103,419
Total	\$4,146,969,235	\$2,755,676,837	\$3,422,862,175	\$667,185,338	\$2,803,552,587	\$47,875,750
Health and Human Services						
Office of Health and Human Services	\$2,858,538,551	\$3,195,762,458	\$3,419,217,779	\$223,455,321	\$3,614,437,518	\$418,675,060
Children, Youth, and Families	246,826,715	276,478,466	291,968,761	15,490,295	314,506,447	38,027,981
Health	471,503,375	470,845,303	579,609,017	108,763,714	373,353,530	(97,491,773)
Human Services	764,833,043	742,313,985	922,697,759	180,383,774	902,135,264	159,821,279
BHDDH	443,844,959	523,599,253	518,270,486	(5,328,767)	597,062,033	73,462,780
Commission on Disabilities	1,266,566	1,530,481	1,567,206	36,725	2,215,494	685,013
Deaf & Hard of Hearing	755,075	818,664	820,085	1,421	816,876	(1,788)
Office of the Child Advocate	991,174	1,243,526	1,166,531	(76,995)	1,494,065	250,539
Office of the Mental Health Advocate	635,517	680,190	721,334	41,144	973,329	293,139
Total	\$4,789,194,975	\$5,213,272,326	\$5,736,038,958	\$522,766,632	\$5,806,994,556	\$593,722,230
Education						
Elementary and Secondary Education	\$1,598,353,592	\$2,246,027,483	\$1,748,882,633	(\$497,144,850)	\$2,018,452,386	(\$227,575,097)
Public Higher Education	1,168,041,243	1,371,416,880	1,308,153,010	(63,263,870)	1,317,956,820	(53,460,060)
Council on the Arts	3,963,908	5,261,293	4,580,362	(680,931)	4,164,995	(1,096,298)
Atomic Energy Commission	1,351,296	1,959,573	2,012,416	52,843	1,536,396	(423,177)
Historical Preservation	2,079,839	2,662,345	2,611,148	(51,197)	3,512,736	850,391
Total	\$2,773,789,878	\$3,627,327,574	\$3,066,239,569	(\$561,088,005)	\$3,345,623,333	(\$281,704,241)
Public Safety						
Attorney General	\$33,389,793	\$35,798,361	\$38,708,814	\$2,910,453	\$41,503,027	\$5,704,666
Corrections	247,308,161	245,921,150	263,206,562	17,285,412	256,314,053	10,392,903
Judiciary	115,918,944	130,425,354	137,886,105	7,460,751	141,442,614	11,017,260
Military Staff	22,726,458	41,224,771	45,521,639	4,296,868	40,589,974	(634,797)
Emergency Management Agency	41,275,682	22,534,686	39,693,188	17,158,502	37,381,828	14,847,142
Public Safety	126,315,297	153,862,337	152,414,609	(1,447,728)	188,003,493	34,141,156
Public Defender	12,301,420	13,507,264	14,312,702	805,438	14,774,472	1,267,208
Total	\$599,235,755	\$643,273,923	\$691,743,619	\$48,469,696	\$720,009,461	\$76,735,538
Natural Resources						
Environmental Management	\$84,669,020	\$107,920,372	\$142,484,962	\$34,564,590	\$122,002,644	\$14,082,272
Coastal Resources Management	4,354,930	5,460,276	6,155,198	694,922	7,557,579	2,097,303
Total	\$89,023,950	\$113,380,648	\$148,640,160	\$35,259,512	\$129,560,223	\$16,179,575
Transportation						
Transportation	588,687,688	767,880,998	810,756,595	42,875,597	796,714,466	28,833,468
Grand Total	\$12,986,901,481	\$13,120,812,306	\$13,876,281,076	\$755,468,770	\$13,602,454,626	\$481,642,320

GENERAL REVENUE EXPENDITURES

General Government	FY2021 Final	FY2022 Enacted	FY2022 Final	Change from Enacted	FY2023 Enacted	Change from Enacted
Administration	\$350,166,995	\$196,032,533	\$907,085,958	\$711,053,425	\$270,317,985	\$74,285,452
Business Regulation	15,221,382	19,239,606	21,349,076	2,109,470	26,270,761	7,031,155
Executive Office of Commerce	59,658,803	98,845,603	111,767,267	12,921,664	49,213,482	(49,632,121)
Labor and Training	12,667,537	15,366,720	16,633,876	1,267,156	22,842,351	7,475,631
Revenue	122,575,064	267,868,120	261,473,378	(6,394,742)	371,897,350	104,029,230
Legislature	38,496,943	44,844,662	52,014,528	7,169,866	48,542,952	3,698,290
Lieutenant Governor	1,002,552	1,199,161	1,263,354	64,193	1,353,568	154,407
Secretary of State	12,264,121	9,775,071	10,264,710	489,639	11,867,015	2,091,944
General Treasurer	3,437,550	3,228,310	3,413,127	184,817	3,558,632	330,322
Board of Elections	3,368,250	2,671,768	2,783,896	112,128	6,249,463	3,577,695
Ethics Commission	1,832,317	1,867,351	1,969,646	102,295	2,035,145	167,794
Office of the Governor	6,477,754	6,703,626	7,135,886	432,260	7,152,280	448,654
Commission for Human Rights	1,347,293	1,486,581	1,580,108	93,527	1,744,334	257,753
Public Utilities Commission	-	-	-	-	-	-
Total	\$628,516,561	\$669,129,112	\$1,398,734,810	\$729,605,698	\$823,045,318	\$153,916,206
Health and Human Services						
Office of Health and Human Services	\$909,547,935	\$1,100,190,655	\$1,027,627,964	(\$72,562,691)	\$1,196,906,846	\$96,716,191
Children, Youth, and Families	166,024,592	193,284,942	195,989,385	2,704,443	206,600,999	13,316,057
Health	207,495,587	31,030,190	277,576,258	246,546,068	32,872,378	1,842,188
Human Services	99,159,088	123,896,295	125,901,893	2,005,598	152,311,791	28,415,496
BHDDH	189,777,370	271,942,823	253,239,782	(18,703,041)	303,000,232	31,057,409
Governor's Commission on Disabilities	834,302	1,090,710	1,118,123	27,413	1,752,601	661,891
Governor's Commission on the Deaf	575,032	655,862	739,765	83,903	716,876	61,014
Office of the Child Advocate	937,682	1,036,219	1,104,557	68,338	1,494,065	457,846
Office of the Mental Health Advocate	635,517	680,190	721,334	41,144	973,329	293,139
Total	\$1,574,987,105	\$1,723,807,886	\$1,884,019,061	\$160,211,175	\$1,896,629,117	\$172,821,231
Education						
Elementary and Secondary Education	\$1,280,130,112	\$1,330,848,245	\$1,332,893,403	\$2,045,158	\$1,440,698,219	\$109,849,974
Public Higher Education	238,027,137	259,968,593	266,821,904	6,853,311	265,876,018	5,907,425
Council on the Arts	2,002,290	2,048,651	2,112,307	63,656	2,198,276	149,625
Atomic Energy Commission	1,004,580	1,076,170	1,139,351	63,181	1,146,763	70,593
Historical Preservation & Heritage Comm.	1,382,361	1,390,704	1,287,059	(103,645)	1,572,452	181,748
Total	\$1,522,546,480	\$1,595,332,363	\$1,604,254,024	\$8,921,661	\$1,711,491,728	\$116,159,365
Public Safety						
Attorney General	\$28,341,623	\$29,820,364	\$32,022,145	\$2,201,781	\$33,505,968	\$3,685,604
Corrections	108,846,160	236,349,944	250,262,684	13,912,740	245,850,615	9,500,671
Judiciary	99,677,787	107,908,680	114,094,038	6,185,358	116,525,248	8,616,568
Military Staff	2,730,654	2,723,714	3,057,281	333,567	3,365,511	641,797
Emergency Management Agency	12,648,865	2,710,290	7,926,431	5,216,141	4,308,154	1,597,864
Public Safety	43,129,422	120,604,312	110,262,794	(10,341,518)	136,304,942	15,700,630
Public Defender	12,163,523	13,431,599	14,217,650	786,051	14,708,807	1,277,208
Total	\$307,538,034	\$513,548,903	\$531,843,023	\$18,294,120	\$554,569,245	\$41,020,342
Natural Resources						
Environmental Management	\$42,594,254	\$46,183,840	\$70,924,429	\$24,740,589	\$53,097,245	\$6,913,405
Coastal Resources Management Council	2,456,606	2,809,533	2,988,872	179,339	3,327,275	517,742
Total	\$45,050,860	\$48,993,373	\$73,913,301	\$24,919,928	\$56,424,520	\$7,431,147
Transportation						
Transportation	-	-	-	-	-	-
Grand Total	\$4,078,639,040	\$4,550,811,637	\$5,492,764,219	\$941,952,582	\$5,042,159,928	\$491,348,291

PERSONNEL

	FY2021 Actual	FY2022 Enacted	FY2022 Revised	Change from Enacted	FY2023 Enacted	Change from Enacted
General Government						
Administration	647.7	650.7	650.7	-	662.7	12.0
Business Regulation	161.0	162.0	162.0	-	181.0	19.0
Executive Office of Commerce	14.0	16.0	16.0	-	20.0	4.0
Labor and Training	425.7	462.7	461.7	(1.0)	461.7	(1.0)
Revenue	602.5	570.5	570.5	-	575.5	5.0
Legislature	298.5	298.5	298.5	-	298.5	-
Lieutenant Governor	8.0	8.0	8.0	-	8.0	-
Secretary of State	59.0	59.0	59.0	-	59.0	-
General Treasurer	89.0	89.0	89.0	-	89.0	-
Board of Elections	13.0	13.0	13.0	-	13.0	-
Ethics Commission	12.0	12.0	12.0	-	12.0	-
Office of the Governor	45.0	45.0	45.0	-	45.0	-
Commission for Human Rights	14.5	14.0	14.0	-	15.0	1.0
Public Utilities Commission	52.0	54.0	54.0	-	54.0	-
Total	2,441.9	2,454.4	2,453.4	(1.0)	2,494.4	40.0
Human Services						
Office of Health and Human Services	192.0	190.0	190.0	-	204.0	14.0
Children, Youth, and Families	617.5	702.5	702.5	-	702.5	-
Health	513.6	530.6	530.4	(0.2)	535.4	4.8
Human Services	1,038.1	1,047.1	1,047.0	(0.1)	1,067.0	19.9
BHDDH	1,188.4	1,190.4	1,190.4	-	1,200.4	10.0
Office of the Child Advocate	10.0	10.0	10.0	-	10.0	-
Governor's Commission on the Deaf	4.0	4.0	4.0	-	4.0	-
Governor's Commission on Disabilities	4.0	4.0	4.0	-	5.0	1.0
Office of the Mental Health Advocate	4.0	4.0	4.0	-	6.0	2.0
Total	3,571.6	3,682.6	3,682.3	(0.3)	3,734.3	51.7
Education						
Elementary and Secondary Education	325.1	326.1	326.1	-	326.1	-
Public Higher Education	3,860.5	3,862.5	3,862.5	-	3,863.5	1.0
Council on the Arts	8.6	9.6	9.6	-	9.6	-
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	4,218.4	4,222.4	4,222.4	-	4,223.4	1.0
Public Safety						
Attorney General	239.1	247.1	247.1	-	249.1	2.0
Corrections	1,411.0	1,424.0	1,424.0	-	1,427.0	3.0
Judiciary	726.3	726.3	726.3	-	739.3	13.0
Military Staff	92.0	92.0	92.0	-	93.0	1.0
Emergency Management	32.0	33.0	33.0	-	35.0	2.0
Public Safety	593.6	622.6	628.6	6.0	632.2	9.6
Public Defender	96.0	99.0	99.0	-	100.0	1.0
Total	3,190.0	3,244.0	3,250.0	6.0	3,275.6	31.6
Natural Resources						
Environmental Management	394.0	401.0	401.0	-	417.0	16.0
Coastal Resources Management Council	30.0	30.0	30.0	-	32.0	2.0
Total	424.0	431.0	431.0	-	449.0	18.0
Transportation						
Transportation	755.0	755.0	755.0	-	755.0	-
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	357.8	357.8	357.8	-	357.8	-
Total	523.8	523.8	523.8	-	523.8	-
Grand Total	15,124.7	15,313.2	15,317.9	4.7	15,455.5	142.3

MUNICIPAL AID: DIRECT AID

FY2023 Direct Municipal Aid to Cities and Towns							
Municipality	FY2022 Enacted	Payment in Lieu of Taxes	Distressed	Motor Vehicle	Library	Grant-	Change from
			Communities Relief Fund	Excise Tax ³	in-Aid	FY2023 Enacted	FY2022 Enacted
Barrington	\$4,056,310	\$18,133	-	5,894,822	\$327,745	\$6,240,700	\$2,184,390
Bristol	3,285,114	1,408,285	-	2,905,818	220,836	4,534,938	1,249,824
Burrillville	3,721,316	105,242	-	5,053,933	202,102	5,361,277	1,639,961
Central Falls	1,785,089	-	235,462	2,077,974	36,645	2,350,082	564,993
Charlestown	570,399	-	-	1,020,877	64,396	1,085,273	514,874
Coventry	3,338,356	-	-	5,872,396	224,402	6,096,797	2,758,442
Cranston	22,869,637	5,004,163	1,342,778	22,312,247	781,617	29,440,805	6,571,168
Cumberland	3,412,338	-	-	6,073,469	337,599	6,411,068	2,998,729
East Greenwich	1,768,184	774,131	-	2,417,332	135,464	3,326,928	1,558,743
East Providence	6,361,355	282,016	-	7,202,266	513,132	7,997,414	1,636,059
Exeter	1,264,176	-	-	2,241,381	57,313	2,298,694	1,034,518
Foster	1,062,224	-	-	1,652,251	39,461	1,691,712	629,488
Glocester	1,287,169	-	-	2,381,941	95,338	2,477,279	1,190,111
Hopkinton	933,552	-	-	1,629,259	42,139	1,671,398	737,847
Jamestown	292,136	-	-	622,793	128,801	751,594	459,458
Johnston	6,628,400	-	-	10,382,785	131,840	10,514,625	3,886,225
Lincoln	2,612,923	-	-	5,683,015	234,360	5,917,375	3,304,452
Little Compton	142,504	-	-	366,775	43,716	410,492	267,988
Middletown	966,418	-	-	1,976,448	168,217	2,144,665	1,178,247
Narragansett	613,241	-	-	1,707,362	100,000	1,807,362	1,194,121
Newport	2,689,322	1,688,961	-	2,223,671	486,280	4,398,912	1,709,590
New Shoreham	249,714	-	-	163,298	97,282	260,580	10,866
North Kingstown	2,317,743	1,149	-	5,378,818	345,378	5,725,344	3,407,601
North Providence	7,887,025	-	1,075,446	9,619,286	240,904	10,935,636	3,048,611
North Smithfield	2,742,782	-	-	4,398,531	95,323	4,493,854	1,751,072
Pawtucket	14,187,255	3,060	1,651,225	16,495,506	385,419	18,535,211	4,347,956
Portsmouth	1,196,871	-	-	2,414,242	132,188	2,546,430	1,349,559
Providence	67,557,598	35,772,362	6,171,331	34,131,596	1,516,635	77,591,924	10,034,326
Richmond	783,056	-	-	1,448,455	31,429	1,479,884	696,828
Scituate	684,074	-	-	1,977,127	129,909	2,107,036	1,422,962
Smithfield	5,058,736	910,957	-	7,098,694	363,908	8,373,559	3,314,823
South Kingstown	2,110,827	217,065	-	3,930,455	262,022	4,409,542	2,298,715
Tiverton	953,945	-	-	1,710,494	146,250	1,856,745	902,800
Warren	1,171,806	-	-	2,090,911	76,680	2,167,590	995,784
Warwick	15,283,208	1,578,435	-	25,246,254	735,072	27,559,761	12,276,553
Westerly	3,699,248	197,328	-	5,765,523	411,306	6,374,157	2,674,909
West Greenwich	703,470	-	-	1,331,725	56,285	1,388,010	684,540
West Warwick	4,133,868	-	1,063,602	5,673,744	203,446	6,940,792	2,806,924
Woonsocket	8,479,087	472,304	844,614	9,324,776	226,504	10,868,198	2,389,111
SRL ¹	701,052	-	-	-	1,101,101	1,101,101	400,049
ILG ²	62,609	-	-	-	62,609	62,609	-
MVET Adjustment ⁴	-	-	-	421,271	-	421,271	421,271
Fire Districts	171,125	-	-	635,357	-	635,357	464,232
Total	\$209,795,262	\$48,433,591	\$12,384,458	230,954,881	\$10,991,049	\$302,763,980	\$92,968,718

¹ SRL: Statewide Reference Library Resources Grant² ILG: Grant-in-Aid to Institutional Libraries

Total Library Construction Aid FY2023 is \$1.9 million

³ Combines MVET Phase-Out Reimbursement and Original Base Reimbursement⁴ Up to \$500,000 in total to be provided as a supplemental payment per proposed R.I. Gen. Laws § 44-34.1-5 for municipalities and fire districts that would have had a motor vehicle levy above their FY 2018 Baseline in FY 23 and that also budgeted for this additional revenue, subject to review and certification by the Department of Revenue.

MUNICIPAL AID: INDIRECT AID**FY2023 - Indirect Municipal Aid to Cities and Towns**

Municipality		Public Service Corp. Tax	Hotel Tax	Meals and Beverage Tax	Airport Impact Fees¹	FY2023 Enacted	
Barrington	\$373,105	\$199,439	\$4,896	\$206,912	-	411,247	\$38,142
Bristol	769,969	273,410	78,031	571,563	-	923,004	153,035
Burrillville	400,418	206,687	274	241,643	-	448,604	48,186
Central Falls	362,378	240,792	587	166,346	-	407,725	45,347
Charlestown	327,368	97,025	75,655	203,745	-	376,425	49,057
Coventry	922,728	430,457	108,031	545,719	-	1,084,207	161,479
Cranston	2,900,036	1,006,575	45,461	2,358,289	-	3,410,325	510,289
Cumberland	921,720	433,343	1,058	615,400	-	1,049,801	128,081
East Greenwich	863,149	162,262	2,985	852,602	-	1,017,849	154,700
East Providence	1,640,185	587,726	74,840	1,263,092	-	1,925,658	285,473
Exeter	189,761	83,138	219	135,508	-	218,865	29,104
Foster	75,942	58,498	1,859	23,212	-	83,569	7,627
Glocester	200,244	126,386	4,163	94,452	-	225,001	24,757
Hopkinton	150,601	100,469	3,393	61,837	-	165,699	15,098
Jamestown	184,035	68,061	43,427	97,579	-	209,067	25,032
Johnston	1,030,772	363,300	11,138	846,610	-	1,221,048	190,276
Lincoln	1,159,470	269,979	135,555	897,597	25,000	1,328,131	168,661
Little Compton	123,387	43,310	31,260	68,834	-	143,404	20,017
Middletown	1,763,128	197,990	1,249,770	927,183	35,601	2,410,544	647,416
Narragansett	1,088,761	191,412	336,670	802,753	-	1,330,835	242,074
Newport	4,581,254	305,954	3,030,120	2,837,795	-	6,173,869	1,592,615
New Shoreham	957,827	10,790	697,627	458,782	47,267	1,214,466	256,639
North Kingstown	1,047,532	325,676	139,918	723,662	64,642	1,253,898	206,366
North Providence	776,856	403,017	3,762	501,988	-	908,767	131,911
North Smithfield	462,236	154,581	4,351	384,024	-	542,956	80,720
Pawtucket	1,815,464	889,741	100,450	1,149,383	-	2,139,574	324,110
Portsmouth	488,570	214,714	30,948	329,780	-	575,442	86,872
Providence	9,312,032	2,223,355	2,247,311	6,687,665	-	11,158,331	1,846,299
Richmond	241,659	95,675	11,949	177,856	-	285,480	43,821
Scituate	195,342	132,171	9,270	78,451	-	219,892	24,550
Smithfield	1,217,151	269,260	190,022	987,641	25,000	1,471,923	254,772
South Kingstown	1,419,088	379,714	243,393	1,095,940	-	1,719,047	299,959
Tiverton	456,780	194,868	17,219	335,290	-	547,377	90,597
Warren	441,385	129,780	2,399	388,501	-	520,680	79,295
Warwick	5,590,211	1,003,986	1,310,675	3,568,358	742,618	6,625,637	1,035,426
Westerly	1,786,536	278,749	985,862	1,110,581	59,974	2,435,166	648,630
West Greenwich	292,017	78,009	143,327	150,823	-	372,159	80,142
West Warwick	832,471	358,481	161,959	481,611	-	1,002,051	169,580
Woonsocket	1,089,525	515,552	65,149	687,788	-	1,268,489	178,964
Total	\$48,451,093	\$13,104,333	\$11,604,985	\$33,116,795	\$1,000,102	#####	\$10,375,119

¹ Airport Impact Aid is based on Calendar Year 2021 landing data that was made available in May 2022. Final FY2023 distribution amounts will be adjusted based upon updated data in May 2023.

EDUCATION AID

FY2023 Education Aid¹

District	FY2022 Enacted (excludes group home and categoricals)	FY2023 Formula Change	20.0 Percent of negative HFC change to Governor Model	Density Aid ⁴	Transportation	High-cost Special Education (>\$77,350)	Group Home Aid ²	English Learners	Stabilization Funding	FY2023 Aid
Barrington	\$7,924,118	\$323,593	\$302,169	\$0	\$184,032	\$90,554	\$0	\$4,139	\$0	\$8,828,606
Burrillville	13,780,456	421,959	-	-	37,784	169,227	-	691	-	14,410,118
Charlestown	1,291,300	50,389	-	-	-	-	-	0	-	1,341,689
Coventry	24,066,104	904,779	-	-	21,777	22,841	79,629	3,768	-	25,098,897
Cranston	68,482,484	2,417,500	-	-	809,197	286,687	-	159,080	-	72,154,949
Cumberland	20,401,578	1,709,781	-	6,000	116,775	13,174	-	16,261	-	22,263,569
East Greenwich	4,305,850	149,087	148,478	-	137,717	98,980	-	1,763	-	4,841,875
East Providence	36,103,488	1,371,299	-	-	2,911	166,380	463,329	41,977	-	38,149,384
Foster	1,057,919	57,045	-	-	-	22,387	-	-	-	1,137,350
Glocester	2,422,153	103,739	-	-	-	25,901	-	-	-	2,551,793
Hopkinton	5,590,417	235,614	-	-	-	-	-	603	-	5,826,634
Jamestown	291,969	11,410	-	-	-	88,284	-	-	-	391,663
Johnston	19,496,027	726,471	-	-	179,181	282,703	-	35,744	-	20,720,127
Lincoln	15,940,955	907,260	-	2,500	-	110,853	85,944	7,676	-	17,055,188
Little Compton	432,020	16,858	-	-	-	-	-	-	-	448,878
Middletown	8,132,606	304,412	-	-	-	26,284	-	13,085	-	8,476,388
Narragansett	2,178,394	85,006	-	-	-	7,829	-	49	-	2,271,278
Newport	14,752,903	732,479	-	-	-	14,019	133,708	65,843	-	15,698,952
New Shoreham	211,086	8,237	-	-	-	21,221	-	248	-	240,792
North Kingstown	11,216,037	272,041	-	-	-	53,679	-	6,076	-	11,547,833
North Providence	26,608,402	788,380	-	14,500	177,416	452,064	127,813	55,274	-	28,223,849
North Smithfield	6,204,807	195,285	30,508	-	19,790	80,429	-	3,038	-	6,533,858
Pawtucket	95,061,517	3,254,100	-	19,500	216,277	26,853	92,961	473,999	-	99,145,207
Portsmouth	3,062,524	119,506	-	-	17,886	98,526	473,573	229	-	3,772,245
Providence	272,489,702	986,851	-	413,500	465,403	665,207	217,663	2,685,036	-	277,923,361
Richmond	5,149,642	264,710	502	-	-	-	-	782	-	5,415,636
Scituate	2,358,211	89,053	-	-	51,356	105,256	-	-	-	2,603,876
Smithfield	6,817,709	310,724	75,374	-	63,775	11,593	-	2,259	-	7,281,434
South Kingstown	4,559,972	196,349	-	-	137,189	123,652	121,823	1,338	-	5,140,323
Tiverton	6,774,565	251,915	-	-	-	209,562	-	727	-	7,236,769
Warwick	39,218,717	1,655,873	-	-	31,668	676,070	271,232	19,717	-	41,873,277
Westerly	7,937,325	376,642	-	-	-	60,496	-	5,075	-	8,379,537
West Warwick	30,857,785	1,204,135	-	-	36,597	-	-	24,569	-	32,123,086
Woonsocket	69,995,691	2,123,300	-	23,500	37,083	91,913	-	257,329	-	72,528,817
Bristol-Warren ³	11,345,723	422,951	-	-	2,033,689	93,510	106,028	6,417	-	14,008,318
Exeter-West Greenwich ³	4,242,989	149,470	106,335	-	1,421,151	179,859	113,304	546	-	6,213,654
Chariho	-	-	-	-	2,397,533	8,094	-	-	-	2,405,627
Foster-Glocester ³	5,104,253	203,067	-	-	605,521	47,977	-	364	-	5,961,182
Central Falls	38,557,253	258,593	-	41,000	67,485	50,744	-	512,851	10,145,493	49,633,419
District Total	\$894,424,652	\$23,659,866	\$663,366	\$520,500	\$9,269,193	\$4,482,808	\$2,287,007	\$4,406,553	\$10,145,493	\$949,859,439
Charter School Total	124,327,778	13,384,789	35,016	-	-	17,192	-	558,237	-	138,323,012
Davies	8,589,670	338,297	2,808	-	-	-	-	4,304	5,844,051	14,779,130
Met School	8,259,898	448,157	-	-	-	-	-	23,443	1,082,109	9,813,607
Urban Collaborative	1,630,145	63,831	-	-	-	-	-	7,463	-	1,701,440
Youth Build Academy	-	1,727,458	-	-	-	-	-	-	-	1,727,458
Total	1,037,232,143	\$39,622,399	\$701,190	\$520,500	\$9,269,193	\$4,500,000	\$2,287,007	\$5,000,000	\$17,071,653	\$1,116,204,085

¹ Based on highest March enrollment and percentage of poverty from 2020, 2021, or 2023 and the FY2022 share ratio.² Based on final 1/4/2022 report from the Department of Children, Youth and Families.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.⁴ Adjusted for a decrease in growth at Excel Academy, relative to Governor's proposal.

Source: Rhode Island Department of Education

COMMUNITY SERVICE OBJECTIVE GRANTS

Agency	Grant Recipient	FY2022 Enacted	FY2022 Final	Change	FY2023 Enacted	Change
Administration	City Year - Whole School Whole Child Program	\$130,000	\$130,000	\$0	\$130,000	\$0
Executive Office of Commerce	STAC Research Alliance	900000	900000	-	900000	-
	Polaris Manufacturing Technical Assistance Program	350,000	350,000	-	450,000	100,000
	East Providence Waterfront Commission	50,000	50,000	-	50,000	-
	Urban Ventures	140,000	140,000	-	140,000	-
	Chafee Center at Bryant	476,200	476,200	-	476,200	-
		\$1,916,200	\$1,916,200	\$0	\$2,016,200	\$100,000
Labor and Training	Year-Up	\$0	\$0	\$0	\$200,000	\$200,000
Secretary of State	Rhode Island Historical Society	125,000	125,000	-	125,000	-
	Newport Historical Society	18,000	18,000	-	18,000	-
		\$143,000	\$143,000	\$0	\$143,000	\$0
Human Services - Office of Health Aging	Diocese of Providence - Elder Services	325,000	325,000	-	325,000	-
	Alliance for Long Term Care Ombudsman Services	40,000	40,000	-	40,000	-
	Elderly Housing Security	85,000	85,000	-	85,000	-
	Meals on Wheels	580,000	580,000	-	580,000	-
	Senior Center Support	800,000	800,000	-	1,000,000	200,000
		\$1,830,000	\$1,830,000	\$0	\$2,030,000	\$200,000
Human Services	DD Residential Development	100,000	198,802	98,802	100,000	-
	Coalition Against Domestic Violence	300,000	300,000	-	400,000	100,000
	Project Reach - Boys and Girls Club	250,000	250,000	-	350,000	100,000
	RI Alliance of Boys and Girls Clubs				750,000	750,000
	Day One	217,000	217,000	-	267,000	50,000
	RI Community Food Bank	175,000	350,000	175,000	450,000	275,000
	Crossroads Rhode Island	500,000	500,000	-	500,000	-
	Institute for the Study and Practice of Nonviolence	200,000	200,000	-	250,000	50,000
	Veterans' Organizations	200,000	200,000	-	200,000	-
	Community Action Fund	600,000	600,000	-	600,000	-
	Community Action Fund- Pandemic Relief				1,400,000	1,400,000
	Higher Ground International	-	-	-	50,000	50,000
	Refugee Dream Center	-	-	-	50,000	50,000
		\$2,442,000	\$2,617,000	\$175,000	5,267,000	\$2,825,000
Education	Hasbro Children's Hospital - Hospital School	90,000	90,000	-	90,000	-
	Child Opportunity Zones	395,000	395,000	-	395,000	-
		\$485,000	\$485,000	\$0	\$485,000	\$0
Office of Postsecondary Commissioner	Rhode Island College Crusade	355,000	355,000	-	355,000	-
	Best Buddies Rhode Island	75,000	75,000	-	75,000	-
	Rhode Island School for Progressive Education	-	-	-	200,000	200,000
		\$430,000	\$430,000	\$0	\$430,000	\$0
University of Rhode Island	Small Business Development Center	700,000	700,000	-	700,000	-
	Special Olympics Rhode Island	50,000	50,000	-	50,000	-
		\$750,000	\$750,000	\$0	\$750,000	\$0
Arts Council	WaterFire Providence	375,000	375,000	-	375,000	-
Historical Preservation	Fort Adam's Trust	30,000	30,000	-	30,000	-
Corrections	Crossroads- Sex Offender Discharge Planning	1,050,000	1,050,000	-	1,050,000	-
Judicial	Rhode Island Coalition Against Domestic Violence	230,000	230,000	-	230,000	-
	Rhode Island Legal Services	90,000	90,000	-	90,000	-
		\$320,000	\$320,000	\$0	\$320,000	\$0
Environmental Management	Conservation Districts	50,000	50,000	-	50,000	-
		\$50,000	\$50,000	\$0	\$50,000	\$0
Grand Total		\$9,951,200	\$10,126,200	\$175,000	\$13,076,200	\$3,125,000

STATE FISCAL RECOVERY FUNDS

FY2023 Enacted State Fiscal Recovery Fund Plan

Agency	Initiative	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	Total
Administration	OER Electric Heat Pumps	\$0	\$5,000,000	\$10,000,000	\$10,000,000	\$0	\$0	\$25,000,000
Administration	Aid to the Convention Center	5,000,000	5,000,000	-	-	-	-	10,000,000
Administration	Auto-Enrollment Program HSRI	-	1,288,710	-	-	-	-	1,288,710
Administration	COVID-19 Ongoing Response	-	75,000,000	75,052,439	38,819,129	-	-	188,871,568
Administration	Nonprofit Assistance / Food Insecurity	-	20,000,000	-	-	-	-	20,000,000
BHDDH	Crisis Intervention Trainings	-	550,000	550,000	550,000	550,000	-	2,200,000
Commerce	Port of Davisville	-	6,000,000	19,360,000	27,000,000	7,640,000	-	60,000,000
Commerce	South Quay Marine Terminal	-	12,000,000	23,000,000	-	-	-	35,000,000
Commerce	Bioscience Investments	-	5,000,000	15,000,000	9,000,000	1,000,000	-	30,000,000
Commerce	Blue Economy Investments	-	10,000,000	40,000,000	20,000,000	-	-	70,000,000
Commerce	Aid to Tourism, Hospitality, and Events Industries	13,000,000	1,500,000	1,500,000	-	-	-	16,000,000
Commerce	Minority Business Accelerator	-	2,000,000	4,000,000	-	-	-	6,000,000
Commerce	Small Business Financial and Technical Assistance	32,000,000	-	-	-	-	-	32,000,000
Commerce	Statewide Broadband Planning and Mapping	500,000	-	-	-	-	-	500,000
Commerce	Affordable Housing Predevelopment Program	-	2,500,000	2,500,000	2,500,000	2,500,000	-	10,000,000
Commerce	Development of Affordable Housing	15,000,000	30,000,000	30,000,000	25,000,000	-	-	100,000,000
Commerce	Down Payment Assistance in Hard Hit Neighborhoods	-	10,000,000	10,000,000	10,000,000	-	-	30,000,000
Commerce	Home Repair and Community Revitalization	-	15,000,000	10,000,000	-	-	-	25,000,000
Commerce	Homelessness Infrastructure	-	15,000,000	-	-	-	-	15,000,000
Commerce	Housing Stability	1,500,000	7,000,000	7,000,000	6,000,000	-	-	21,500,000
Commerce	OHCD Predevelopment and Capacity Building	500,000	500,000	500,000	-	-	-	1,500,000
Commerce	Site Acquisition	12,000,000	3,000,000	5,000,000	5,000,000	-	-	25,000,000
Commerce	Statewide Housing Plan	-	2,000,000	-	-	-	-	2,000,000
Commerce	Workforce Housing	-	12,000,000	8,000,000	-	-	-	20,000,000
DCYF	DCYF Provider Workforce Stabilization	12,500,000	2,500,000	-	-	-	-	15,000,000
DCYF	Lead Abatement & Fire Safety Upgrades in Foster Homes	-	1,500,000	375,000	-	-	-	1,875,000
DCYF	Psychiatric Residential Treatment Facility	-	12,000,000	-	-	-	-	12,000,000
EOHHS	9-8-8 Hotline	-	1,875,000	-	-	-	-	1,875,000
EOHHS	Certified Community Behavioral Health Clinics	-	30,000,000	-	-	-	-	30,000,000
EOHHS	Early Intervention Recovery	5,500,000	5,500,000	-	-	-	-	11,000,000
EOHHS	Pediatric Health Care Recovery	7,500,000	7,500,000	-	-	-	-	15,000,000
Human Services	Child Care Support	19,000,000	21,283,000	1,217,000	500,000	-	-	42,000,000
Labor and Training	Enhanced Real Jobs	-	10,000,000	10,000,000	10,000,000	-	-	30,000,000
Labor and Training	Unemployment Insurance Trust Fund Contribution	-	100,000,000	-	-	-	-	100,000,000
Public Safety	Support for Survivors of Domestic Violence	-	3,500,000	3,500,000	3,500,000	-	-	10,500,000
RIDE	Adult Education	-	2,000,000	1,500,000	1,500,000	-	-	5,000,000
Health	Public Health Clinics	-	4,000,000	-	-	-	-	4,000,000
EOHHS	Butler Short Stay Unit	-	8,000,000	-	-	-	-	8,000,000
Health	Health Care Facilities	-	77,500,000	-	-	-	-	77,500,000
Transportation	RITBA Safety Barrier Study	-	1,000,000	-	-	-	-	1,000,000
Transportation	RIPTA R Line Free Service Pilot	-	2,500,000	-	-	-	-	2,500,000
Admin		7,011,307	4,948,839	1,621,728	1,621,728	1,621,728	125,449	16,950,779
Total		\$ 131,011,307	\$ 535,945,549	\$ 279,676,167	\$ 170,990,857	\$ 13,311,728	\$ 125,449	\$ 1,131,061,057

Senate Fiscal Office

Stephen H. Whitney

Senate Fiscal Advisor

Emmery Brakke

Legislative Fiscal Analyst I

Arts Council
Behavioral Healthcare, Developmental
Disabilities, and Hospitals
Children, Youth, and Families
Child Advocate
Mental Health Advocate

Robert C. Bromley

Senior Legislative Fiscal Analyst

Administration
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
Secretary of State

Kelly M. Carpenter

Senior Legislative Fiscal Analyst

Atomic Energy Commission
Coastal Resources Management Council
Elementary and Secondary Education
Environmental Management
Executive Office of Health and Human Services
Health & Educational Building Corporation
Higher Education
Judiciary
Narragansett Bay Commission
Resource Recovery Corporation
RI Infrastructure Bank
Student Loan Authority

MaKenzie Pratt

Legislative Fiscal Analyst I

Business Regulation
Commission on Deaf and Hard of Hearing
Ethics Commission
Health
HealthSource RI
Human Services

David Schultz

Legislative Fiscal Analyst I

Attorney General
Corrections
Labor and Training
Public Defender
Public Safety
RI Airport Corporation
RI Public Transit Authority
RI Turnpike & Bridge Authority
Transportation

David Tremblay

Deputy Senate Fiscal Advisor

Executive Office of Commerce
Legislature
Revenue
RI Commerce Corporation
RIHMFC (RI Housing)

